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ABSTRACT

Is India the regional hegemon of South Asia? If so, what kind of hegemon is it? India has long been considered the regional hegemon of South Asia, primarily based on relative power considerations alone. We critique this material basis for hegemony. Hegemons must act to establish their hegemony, and smaller states must acquiesce to some degree to establish the relationship. We follow the literature to identify three strands of behavioral definitions of regional hegemony—leadership, domination, and sphere of influence—each drawing on different theoretical foundations, liberalism, realism, and imperialism, respectively. India has demonstrated characteristics of each, depending on the period and dyadic relationship one examines. During its early independent period, India showed features of domination, at least concerning some actors like the princely states. India was reluctant to produce public goods as the leadership school expected until recently. Instead, we identify India's preferred method of hegemony as an attempted sphere of influence. However, they were only successful in creating or maintaining their inherited sphere in a few cases, notably in the Himalayan states of Nepal and Sikkim. This paper applies the theoretical categories of hegemony to India historically, with particular attention to the Himalayan states. Though they share several historical trajectories, these states have recently diverged in their level of acceptance of India's hegemony as Nepal has sought to leverage Chinese influence.

Keywords: India, Himalayas, Nepal, Bhutan, hegemony, regional hegemon, regional order, sphere of influence, public goods

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1. Introduction

India is the largest military power in South Asia and is geographically centered at its core. Its economic and military growth demonstrates the potential for great power status with current trends. Yet India's performance as a hegemon has lagged expectations. India has not led the building of a regional order architecture, preferring bilateral relations to multilateral. The result is that South Asia is the least connected region with the lowest amount of intra-regional trade among recognized regions. India's attempts to shape the neighborhood have historically been heavy-handed, with many peripheral countries seeing India as the regional bully rather than the leader of a shared future. South Asia is also unstable. It is home to countless armed groups, with nearly every country experiencing an armed insurgency currently or in the recent past. South Asia is also home to the world's most unstable nuclear rivalry between India and Pakistan.

How India manages or mismanages its neighborhood is important for various reasons. India is under increasing competition for influence among South Asian states. While countries like Pakistan or Myanmar were never in India's political orbit, the ones that were have seen China challenge India. China has made significant inroads in challenging India's position, primarily through its Belt and Road Initiative (BRI). For instance, China now makes up a greater percentage of Foreign Direct Investment (FDI) in Sri Lanka at 35% than India at 16% (Xavier 2020, 10). The most egregious case of the BRI infrastructure project gone awry occurred with Sri Lanka's Hambantota port, which China now controls on a 99-year lease, threatening Indian control of the Indian Ocean. Nepal has openly shifted its alignment toward China, signing on to the BRI and reopening territorial disputes with India.

China's rising influence is alarming to the United States as well, which has bet on India in its Indo-Pacific Strategy to counter China and promote a free and open Indo-Pacific. The Strategic Framework for the Indo-Pacific, declassified in the last days of the Trump presidency, makes this intention explicit. Regarding South Asia, the objective is to "accelerate India's rise and capacity as a net security provider" (O'Brien, 2021, p. 5). It lists several desired end states about India playing a greater role in the region, such as India being the pre-eminent power, taking the lead in maritime security in the Indian Ocean, and increasing "cooperation with U.S. allies and partners in the region" toward the goal of India countering Chinese influence in South and Southeast Asia and having the capacity to counter Chinese "border provocations" (O'Brien, 2021, p. 3).

A stable and prosperous South Asia would only enhance India's great power ambitions. Indeed, India's rise as a great power is predicated on regional stability, which is required for India to project power and play a more significant global role expected of a great power (Levy, 1983, pp. 10–14; Rasler & Thompson, 1994).[1] Furthermore, India's local hegemonic behavior may portend what kind of great power India is to become and what its global managerial role may look like. While India generally produces a positive international image by contributing to peacekeeping missions, participating in multilateral institutions, and making friends across

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[1] See Hultquist (2021) for an analysis of India's great power potential across different theoretical traditions.

entrenched global partisan lines, its behavior toward its South Asian neighbors is often met with animosity, resistance, and a quick look for exit options.

This paper is interested in a relatively narrow set of questions. Is India a regional hegemon? If so, how does India approach its region as a potential hegemon? India is clearly the largest power, but we contend that structural disparities do not make one a hegemon. A hegemon must act as a hegemon. It must accept its hegemonic role and behave in such a way to demonstrate it. Despite their necessarily weaker status, the small states in the region have agency in many cases and must acquiesce to the hegemon's role.

Hegemony is one of the most invoked concepts in international relations, yet its definition is contested across various theoretical traditions. We identify three behavioral definitions of hegemony and apply them to India from a historical perspective. Liberal theorists expect hegemons to *lead* their region (or the globe in a systemic theory) by producing liberal public goods such as infrastructure, free trade, and security. Realists, especially offensive realists, expect hegemons to *dominate* their neighborhoods. Last, a sphere of influence perspective, drawn from realist and imperialist traditions, expects hegemons to *control* the subordinate states, *exclude* other great powers, and produce a core-periphery economic relationship.

India's approach to regional hegemony most consistently approximates the sphere of influence approach, though it has characteristics from each tradition, depending on which portion of its history one looks.

The paper examines the concept of hegemony from a theoretical perspective to identify the categories for analysis. It then applies these categories to India's historical experience, from British India to the post-independence period to today. We then look closely at the Himalayan cases, which demonstrate the strongest characteristics of being in an Indian sphere of influence. Nepal and Bhutan each inherited a relationship with India like they had with the British, where India controlled some aspects of their foreign policies, excluded other great powers from exerting influence, and developed core-peripheral economic relations. Yet the two countries diverge in their response to India's attempt at hegemony. Bhutan has stayed firmly in the Indian camp while Nepal has challenged India's hegemony at multiple stages.

2. Hegemony in theoretical perspective

Much of the work on regional hegemony in international relations stems from systemic (typically global) theories of hegemony. Systemic theories arguing for the stabilizing role of hegemons include both liberal and realist variants. Hegemonic stability theory, the more liberal and economically focused of the two, argues that hegemons create stability by solving collective action problems unilaterally, smoothing frictions to increase global cooperation, and creating economic openness (Ikenberry, 2001; Keohane, 1984; Kindleberger, 1973; Krasner, 1976). Power transition theory, the more realist and security-focused of the two, emphasizes how hegemons deter conflict by the plain fact that they are much more powerful than any challenger (Gilpin, 1981). It is at moments of relative power parity, not preponderance, that systemic wars between rising hegemonic challengers and stagnant status-quo hegemons are most likely (Kugler & Lemke, 1996; Organski, 1968; Organski & Kugler, 1981).

Scholars contest what features and how much relative power defines a hegemon (Cerny, 2006). Although the literature proffers many definitions, we identify four principal strands of

thinking—three of which derive from systemic hegemonic theories, and one is specific to conceptions of hegemony at the regional level. We further distinguish them here between structural (or material) and behavioral. The former is concerned simply with material power differences. The other three—leadership, domination, and sphere of influence—require the powerful state to *act* in ways consistent with their definition. As Lentner (2006, p. 90) writes, "Hegemony in the international politics literature has two separate though related meanings: leadership and dominance." Thus, we spend more time on these views although we identify a sphere of influence school as a subset of dominance.

The *structural* or material school is most prevalent in early or classic hegemonic theories. Hegemonic stability theory and power transition theory define hegemons rather broadly. The hegemon needs a preponderance of power—qualitatively more power than the next class of powers (Brooks & Wohlforth, 2010, pp. 27–34; Clark, 2011; Krasner, 1976; Posen, 2003). Keohane (1984, chapter 3) calls this material or structural power the "basic force model."

Keohane (1984, chapter 3) differentiates the basic force model from the force activation model where the preponderant state has the will to lead. Thus, the *leadership* definition is related in that it sees structural preponderance as a necessary condition to lead the international system (Kindleberger, 1973).[2] That is, the hegemon makes a choice to use their power to lead. These scholars draw the term hegemony back to its Greek origins, *hegemonia*, with the example of Spartan hegemony simply meant that it led the alliance (Cooley & Nexon, 2020, p. 26) or that *hegemonia* denoted legitimacy (Smith, 2012, p. 29). In most uses, hegemons lead by creating international public goods like free trade regimes, banks of last resort, and even international security. Hegemons establish ordering mechanisms, like the World Trade Organization, the International Monetary Fund (IMF), and the United Nations, to institutionalize them (Cooley & Nexon, 2020; Gilpin, 1981; Ikenberry, 2001; Sobel, 2012). Thus, the leadership school follows from the liberal theoretical tradition of hegemonic stability theory. Hegemons lead rather than coerce smaller powers to produce goods seen as beneficial to all by liberalism. As Kindleberger (1981, p. 242) notes, "It is often difficult to distinguish dominance from leadership in international economic relations. The latter concept, however, rejects exploitation and implies an often critical production in the provision of public goods."

Although in most accounts, preponderance of power and leadership go together, they are conceptually separate because not all countries with a preponderance of power choose to lead. For both classic systemic theories, the British was the global hegemon from the early nineteenth century until the First World War. The United States was the clear hegemon following the end of the Second World War, including during the Cold War, which neorealists characterized as bipolar. In the interwar period, the United States had a preponderance of structural economic power but chose not to mobilize it into military or political power. The US military demobilized after the First World War and not only did the United States refuse to lead the international order, but it also refused to join it. The Senate failed to ratify the Treaty of Versailles and with it the Covenant of the League of Nations. To hegemonic stability theorists, this lack of leadership contributed to the deprivation of the Great Depression (Kindleberger, 1973).

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[2] In some definitions, scholars blur the lines between hegemony and the order. Ikenberry (2004, p. 615) defines hegemony as "the rule and regime-based order created by a leading state." For our purposes, a leading state—with power preponderance—can choose to create an order, but that hegemony is not synonymous with the order.

In some variants, a hegemon is a more stringent category, requiring not just enough power to lead, but the power and decision to dominate (Myers, 1991, p. 5). As Carranza (2010, p. 407) writes:

> International hegemony is both a structural matter and a matter of choice. After the end of the Cold War in 1990–1991, with an enormous amount of structural power, the United States was the undisputable only superpower; but it could still have chosen not to pursue a strategy of global hegemony. Yet it decided to implement a military strategy of preventing the emergence of any potential future global competitor.

In Mearsheimer's (2001) offensive realism, all great powers will seek to dominate, but other great powers will seek to stop them. Thus, achieving a global hegemony, as envisioned in hegemonic stability theory and power transition theory, is nearly impossible. Like the British hegemon before, the United States never dominated all regions of the globe, nor all aspects of international politics. Rather, each hegemon controlled the global commons, notably sea routes, and intervened with land forces to prevent the rise of a regional hegemon. Thus, these two traditions are definitionally incompatible; for the leadership tradition, global history is the history of hegemonic rule and hegemonic transitions and, for the strict domination tradition, there has been no global hegemons and there will never be, barring unforeseen circumstances where great powers are unable to balance against its rise.

Regional hegemony

The preceding three conceptual categories transfer well to hegemony at the regional level, though we include a discussion of an additional category specific to regional behavior— spheres of influence. Scholars frequently identify regional hegemons solely on their being the largest power in the region, thus adopting the structural or material definition. Thus, Nigeria, South Africa, and Brazil are considered by some to be regional hegemons, though each has significantly less material and economic power than Japan, South Korea, or Taiwan, but the latter three are dwarfed by China in Northeast Asia. These categorizations are based on their preponderance of power, compared only to those nearby, based on material considerations. But we cannot rely on material considerations alone. These powerful regional countries do not have uniform relations with their regions (Prys, 2010).

In the leadership tradition, a regional hegemon "orders" the neighborhood through regional organizations. It takes the lead in providing public goods like infrastructure, security, and disaster response. The United States ordered North American trade by spearheading the North American Free Trade Agreement (NAFTA). It led the Organization of the American States (OAS) to build a collective political organization and even leverage it for regional security in the defense of democracy (Parish & Peceny, 2002). Although the leadership tradition is associated with liberalism, autocracies, too, create ordering institutions, such as Russia and the Commonwealth of Independent States (CIS) and China and the Shanghai Cooperation Organization (SCO). Nigeria plays an outsized role in the Economic Community of West African States (ECOWAS), which provides both economic and security public goods.

Taken together, the hegemon uses its preponderance of power to help solve traditional collective action or free-rider problems unilaterally,[3] which smooths the process for international

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[3] If they can be solved unilaterally, they really aren't collective action problems, are they?

transactions improving the aggregate economy, leads cooperative security arrangements to reduce conflict, and together improves regional stability.

In offensive realism, regional hegemony requires domination. All great powers aspire to regional hegemony—that they are the sole great power in the region (Carranza, 2010; Elman, 2004; Godwin, 2004; Mearsheimer, 2001).[4] Achieving regional hegemony is rare because other great powers will have strong incentives to thwart it. A great power that dominates its region (i.e., a regional hegemon) is safe at home and can reinvest its capabilities to project power beyond its region and threaten other great powers. Mearsheimer identifies only one regional hegemon, the United States dominating the Western Hemisphere. He identifies several attempts at European hegemony (Napoleonic France, Wilhelmine Germany, and Nazi Germany) and one attempt at East Asian hegemony (Imperial Japan). He also identifies Italy as seeking subregional hegemony, at different times, over North Africa, the Balkans, southern Austria-Hungary, and southeastern France.

What it means to dominate, however, is not clear. Mearsheimer's examples of attempted but failed hegemony are all attempts to *conquer* and expand territorially. Indeed, it was their militarized expansion that triggered counter-hegemonic coalitions among the great powers to thwart it. Nonetheless, even in the cases of failed conquest, Mearsheimer describes aspects of short of conquest as evidence of domination and expansionist intent. These actions include attempted annexation, colonization, and subordination to vassal status.

As the only example of successful regional hegemony, the United States experience provides insight into the Mearsheimerian conception of domination. The United States certainly did conquer and expand across much of North America in the absence of a great power to check it through its policy of Manifest Destiny, reminding us that we cannot take contemporary borders as a given. Mearsheimer's example of domination is not limited to the middle of North America, however, but includes the entire Western Hemisphere as the region, emphasizing the Monroe Doctrine (Mearsheimer, 2001, Chapter 7).

Mearsheimer's discussion of the Monroe Doctrine points to inconsistencies in the argument (p 247-249). Mearsheimer correctly describes the Monroe Doctrine as an attempt to exclude other great powers from re-colonizing the Hemisphere in the decline of Spanish colonization and that it feared European alliances with an American state that could subordinate their policies and thereby threaten US interests. But in doing so, he highlights that the US sought independence for American states, not conquest. Surprisingly, he leaves out a significant amount of history that one could easily infer was US domination, in terms of unequal trade relations or interventions against regimes seemingly unfriendly to the US (Guatemala 1954, Chile 1973, El Salvador 1980s, Nicaragua 1980s, among others).

From Mearsheimer's (2001) offensive realist account of regional hegemony we can derive the following characteristics of the domination school—conquest, control, and exclusion. At a maximum, a regional hegemon physically (and aggressively) *conquers* the region. Regional hegemons also seek to *control* states in the region to ensure policies that are favorable to the

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[4] Other scholars use domination to refer to regional hegemony, such as Iyub (1993, 260), who argues "All hegemonic relations are based on domination and the creation of consensus through the formulation and manipulation of existing rules, and by the invocation of' overriding principles.'"

hegemon. Last, the hegemon seeks to *exclude* other great powers from exerting influence in the region that challenge its hegemony.

Control and exclusion are central features to our fourth conception of regional hegemony—sphere of influence—which can be seen as a subset of the domination tradition. Nonetheless, a sphere of influence approach can be considered unique if we add political economic relations, which realist accounts neglect. As Jackson (2020) argues, the sphere of influence category is common in popular and diplomatic treatments of international politics but neglected in scholarly accounts. Furthermore, it's main features—control and exclusion—are underspecified and vary by theoretical tradition. Although Jackson's (2020) work is the most systematic use of the term, we differ here in two respects for categorical simplicity. First, we treat a sphere of influence approach as analytically separate from our other categories, though each could conceive of a sphere of influence in different ways. Second, we expect spheres of influence to not just be political tools but economic tools; thus, they should exhibit core-periphery dynamics common in imperialist relations.

The main criteria for a sphere of influence are political. Lake's (2009, pp. 2; 9) work on hierarchy in international relations notes that spheres of influence imply that the dominant power regulates the subordinate power's interactions with other states. As opposed to the realist conception, control in Lake's terms is entered into rationally given a preference for order over anarchy and it involves reciprocity (Jackson, 2020). Dominant states must give something in return for their control, whether that is security through an alliance or protectorate relationship, or even direct payments in terms of aid, investment, or cash transfers.

Thus, spheres of influence include the control of at least some *policies* of the subordinate state by the dominant state. They also exclude other parties from exerting similar influence. In the Monroe Doctrine example, the US declared to the great powers that they were not to consider the Western Hemisphere open for influence. The dominant power may seek to exclude other powers through control of the subordinate state. This form can happen using treaties that do not allow the subordinate state to have foreign relations with external powers or maintain a veto over any future relationship.

We also expect spheres of influence to exhibit imperial economic relations in the form of core-peripheral dynamics, in a quasi-capitalist regional system, a la Wallerstein (2004) or dependency theory. The hegemon acts as the core of the regional economy and establishes unequal trade relations with peripheral states. The economies of peripheral states are tied directly to that of the core hegemon and exhibit little periphery-to-periphery trade. The character of that trade is likely also imperialistic, where the core (hegemon) imports raw materials and primary commodities from peripheral states that feed the core's industrialization. The regional core state then exports finished goods to peripheral states (and other markets).

The preceding theoretical discussion sets up what we detail in the empirical section. From the structural view, we establish India's material power preponderance, relative to its neighbors. From the sphere of influence line of thinking, we describe the orientation of the economies toward India and its great power competitors for influence in the region. While it is clear from the beginning that India does not currently dominate South Asia in the Mearsheimerian tradition, offensive realism and the sphere of influence traditions advise us to look for attempts to consolidate territory, control smaller powers, and keep other great powers out of the region. Last, we follow the leadership tradition in examining the behavior of India toward its neighbors in

establishing and leading regional organizations and by unilaterally providing public goods across two categories—security and economics.

3. India as a Regional Hegemon

India is considered a regional hegemon in South Asia based on its power differential, but its behavior dimensions are more difficult to parse. India does not dominate South Asia in the offensive realism sense, despite aggressive attempts to consolidate its territory in earlier periods. It does have the structural core-periphery relationship expected from the sphere of influence tradition, but for only two of the South Asian countries, Nepal and Bhutan. And its experience at leadership of the region is mixed, preferring bilateral relations to multilateral organizations expected from the leadership hegemony literature. This section details India's role as a potential hegemon by theoretical category before examining the two Himalayan cases in more detail. First, we put India and South Asia in historical and geographical context.

India was an especially important colony for the British. Controlling India allowed the British to supply and control the rest of the empire, at least from "Africa to the Pacific Ocean" (Cohen, 2001, 229). The British protected the Jewel in the Crown through a system of buffer states on the subcontinent, especially in the mountainous north. Afghanistan buffered British India from Central Asia and incursions from great powers through the Hindu Kush. Nepal and Tibet, and to a lesser extent, Sikkim and Bhutan, provided buffers between British India and China. Although there were differences in the relationship with each, the British typically kept a nominally independent buffer state, but considered them a sphere of influence, and controlled their external affairs.

The system broke down for India at independence with partition of India and Pakistan, which put a hostile country on each side of India, inside the buffer or inner ring. This problem was worse for Pakistan, which also lost its buffer and found itself with a giant of a neighbor, cultural animosity, and ongoing territorial claims which it felt compelled to rectify. India solved its Pakistan problem in the east when it intervened to liberate Bangladesh in December 1971, thus creating a friendly state inside the ring. China annexed Tibet in 1954, which weakened the northern buffer in the Himalayas. The Tibetan annexation worsened Sino-Indian relations in 1959, as India housed the Dalai Lama and the Tibetan government in exile. It also created ongoing territorial disputes between India and China in multiple regions, across north and northeast India.

The South Asian political geography left India in a considerably worse position than during the British period. The resulting political and physical geography centered India in South Asia as the dominant state in terms of population, economy, and military power. Each state connected to India, but not to each other, which has hurt the ability of the peripheral states to cooperate directly outside of Indian influence.

Structural hegemony

India is the most powerful country in South Asia, but this fact does not lead straight to the conclusion that India is the regional hegemon, or which concept of regional hegemony fits best. Measuring power is difficult and contentious in international relations, but it should suffice for the purpose of this article to show India's relative power using the Composite Index of National Capabilities (CINC) from the Correlates of War (COW) project (Singer, 1972). CINC scores aggregate multiple factors (i.e., total population, urban population, military expenditures, iron

and steel production, and primary energy consumption) into a single score, which represents how much of the world's total power is possessed by each country. As Figure 1 shows, India is by far the most powerful country in South Asia. Indeed, by this measure, India ranks third behind China and the United States. This has led India to believe that it deserves a permanent seat at the UN Security Council, but reform attempts have been slow with several members of the permanent class refusing to weaken their power for India's aspiration. As Cohen (2002, p. 295) writes, "the United States is comfortable with what it regards as a benign hegemony, whereas India has long preferred a world of six or seven major powers, each responsible for peace, and stability in its own region, each refraining from meddling in the affairs of other major powers, but working cooperatively with the United Nations Security Council."
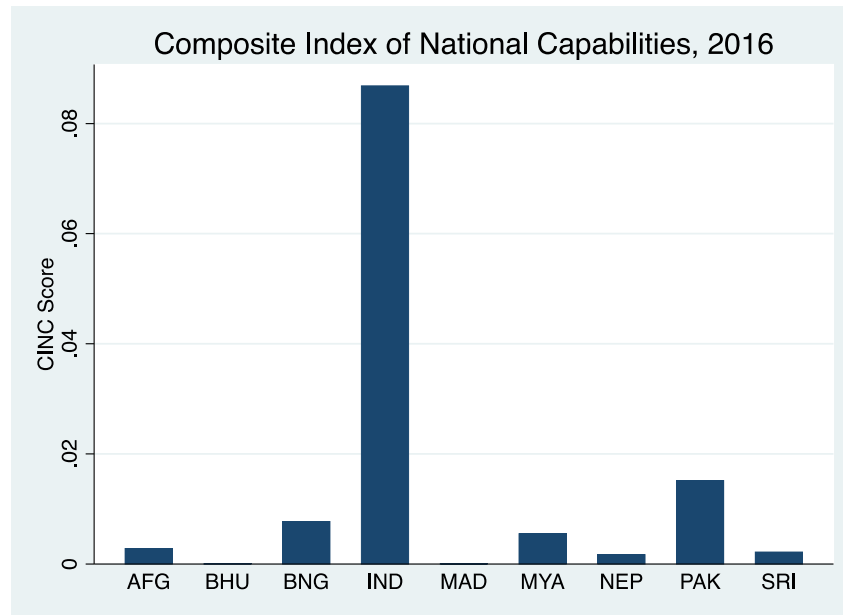

Figure 1. CINC Scores of South Asian States, 2016.

Domination

For the behavior categories, we start with the domination school of thought from offensive realism because it allows us to consider India's post-independence history of consolidating its territory as a form of domination.

India does not dominate South Asia in the Mearsheimerian sense of regional hegemony as conquest and subjugation. Indeed, many analysts consider India the status quo power in the region, not seeking to revise the boundaries through expansion (Cohen & Dasgupta, 2010; Mitra, 2003). But as Mearsheimer's use of the US example reminds us, we cannot take current state boundaries as given and should look for historical examples of domination behavior toward weaker states. Although India emerged from independence as the presumptive regional hegemon, it found itself in need of achieving and consolidating territorial gains regarding princely states, French and Portuguese colonial territories, and even nominally independent states. Thus, it is important to remember that although India can be seen as the current status quo power in the region, historically, it has had revisionist territorial intentions and has actively pursued them, despite the commonly held belief that India is strategically passive (Ganguly & Kapur, 2019).

India's integration of the princely states can be seen as the assertion of regional hegemony in the domination tradition. At independence and partition in 1947, India and Pakistan each had to deal with the princely states, which were ruled indirectly by the British in a suzerainty relationship, meaning they enjoyed local autonomy in domestic affairs but accepted British paramountcy, who managed their defense, external affairs, and communications. There were around 545 and constituted about 40% of what is now Indian territory, many of which were essentially large landlords, but some of them were the size of European countries. In theory, each princely state had the autonomy to accede to India or Pakistan, become independent, or negotiate something in between. Thus, we can see the relations with the princely states as an example of how a newly formed India with expected power preponderance would treat them.

India negotiated the accession of most princely states diplomatically but used or threatened force to acquire the accession of several. The largest and most contentious was Jammu and Kashmir, whose accession process resulted in the First Kashmir War, then several other wars, and is technically ongoing. More importantly for this paper, India coerced accession from the princely states of Hyderabad and Junagadh.

In Junagadh, when the Muslim prince of Hindu subjects chose accession to Pakistan and threatened other princes going to India, India mobilized troops to the surrounding areas initiating an effective blockade while negotiations took place. Eventually, a plebiscite confirmed the wishes of the overwhelming majority to accede to India (Menon & Sarangi, 2014). Not surprisingly, India and Pakistan see the issue differently, with Pakistan seeing it as a clear act of aggression. Indeed, Pakistan still claims Junagadh on official, but aspirational, maps released in 2020 (Subramanian, 2020).

The Hyderabad case demonstrates a similar story. Hyderabad was one of the largest princely states landlocked in the center of south India. The Nizam of Hyderabad, a Muslim ruler of a Hindu majority princely state, sought independence rather than accession to India or Pakistan. Hyderabad and India had signed a one-year standstill agreement—with India replacing the British as paramount in control of defense, external relations, and communications. In the meantime, a pro-India State Congress Party held protests and demonstrations, a pro-Pakistan militia (the Razakars) raided and threatened Hindus, and a communist insurgency had taken over 1000 villages, all while Churchill implored Parliament to stand up for an independent Hyderabad (Guha, 2008, pp. 65–70). As negotiations broke down, India sent troops in what they called a police action and secured Hyderabad's accession to India (ibid, 70).

Thus, we can see some aspects of domination of princely states—states that could have been a different type of state in South Asia under India's hegemony, such as independent or nominally independent and controlled peripheral states. It is also worth noting that the instrument of accession signed by all princely states, not just Jammu and Kashmir, Junagadh, and Hyderabad, to accede to India only gave India powers for defense, external relations, and communications—like the deal they had with the British—yet India reneged on this deal relatively quickly and further integrated them into the Indian Union with no special status (except for Jammu and Kashmir) after the 1956 States Reorganization Act. For example, the Nagas asked for autonomy a year before India got independence. India eventually gave them statehood after coercing them to join the union.

Beyond princely states, India has also annexed neighbors through force or threat of force, which can be seen as attempts at hegemony in the domination tradition. Portugal held Goa and

several port cities along the Indian coast as colonies for centuries. At independence, India sought to negotiate their independence and merger into India, but Portugal maintained, incredibly, that they were not colonies. In 1961, India gave up on its declaration that Goa decolonization would be negotiated peacefully and raised troops to take Goa, Daman, and Diu by force.

Sikkim was an independent Himalayan state with a similar status to Bhutan, which is discussed more below. For the British, Sikkim was a buffer state alongside Tibet, Nepal, and Bhutan. It was nominally independent but had characteristics of a princely state with suzerainty under British paramountcy. At Indian independence, Sikkim successfully negotiated to remain independent and retain a similar relationship with India, arguing that Sikkim's population and culture were significantly different. It became an Indian protectorate, and with China's annexation of Tibet, became a border state in need of significant protection. India, too, had an interest in the protection because a defenseless Sikkim would enable a route to India through the Himalayas (Karan & Jenkins, 1963). India covertly facilitated the merger of pro-democracy and pro-India groups, winning the 1974 election. Pro-India demonstrations broke out, and the new prime minister requested India's help. The Indian Army stood down Sikkim's Palace Guards and oversaw a referendum that favored joining India (Eurasian Times Desk, 2018; Mukharji, 2019; Panda, 2014).

In these cases, as in the cases of Junagadh and Hyderabad, most of the people in them wished to be a part of India, which complicates the story of domination. Indians, of course, see the annexations as liberations and continuations of decolonization. Other communities in India see themselves as Indian colonies, especially in the Northeast states of Nagaland and Manipur. These states were much less incorporated into British India and have been peripheral to the political development of Indian power centers.

Sphere of influence

India's experience with a sphere of influence is mixed. While India has the aspects of control and exclusion for some South Asian states, suggesting a sphere of influence relationship, others have successfully resisted such a relationship. Economically, India has a center-periphery relationship most strongly with Nepal and Bhutan, while most other South Asian states are more tied to China than India.

The British created and maintained a sphere of influence relationship with British India's neighbors, particularly the Himalayan neighbors. Recall that the other neighbors, Ceylon (now Sri Lanka) and Burma, were British colonies, with Burma separating administratively from British India in 1937. The British held a suzerainty relationship with the princely states internal to British India boundaries. The relationship with the northern buffer states in the Himalayas was like suzerainty though they each had nominal independence. Britain sought to *control* their foreign and defense policies to *exclude* other powers who may seek to influence the state and compromise British India's security. In Afghanistan, the British contested Russia and Germany for influence. Along with control of the Indian Ocean to prevent attacks from the sea, the buffer state sphere of influence approach defined British India's strategic framework (Cohen 2001).

India inherited and sought to maintain much of British India's strategic framework, although it had to do so with much fewer resources. Despite Nehru's commitment to an idealistic foreign policy, this strategy included the sphere of influence approach to its neighbors. India also faced a more difficult political geography than British India, which meant it had to maintain the sphere of influence where it existed, build one where it had not, and do so with a hostile country

along multiple borders (West Pakistan, East Pakistan, and China after the Chinese annexation of Tibet). Upon moving from a dominion to a republic, India signed treaties with her northern neighbors, maintaining the sphere of influence Britain had created, albeit with some minor revisions.

Similarly, India's economic relationships with South Asia countries exhibit core-periphery dynamics in some cases but not in others. Table 1 shows the trade orientation of South Asian states toward either India or China in 2019 as a snapshot sample. The Orientation figure shows how aligned each country's total trade (imports and exports) is with India or China. It subtracts total trade with China from total trade with India and divides that difference over a denominator of total trade with India and China. Thus, the values range from -1.0 to 1.0, with -1.0 indicating 100% of a country's trade with the hegemonic contenders being with China and 1.0 indicating the same but for India. On average, South Asian states are more oriented toward China than India, especially Myanmar and Pakistan. Bhutan's and Nepal's economies are most closely aligned with India, indicating a core-periphery dynamic. Table 1 shows the core-periphery relationship of only two states and shows many others more closely aligned economically to China, at least in terms of trade.

Table 1: Trade Orientation of South Asian States, 2019

Country	Imports from India	Exports to India	Total India Trade	Imports from China	Exports to China	Total China Trade	Orientation
Bhutan	694.35	248.96	943.31	10.80	0.05	10.85	0.98
Nepal	7,101.75	648.91	7,750.66	1,483.42	33.52	1,516.93	0.67
Afghanistan	889.64	492.76	1,382.40	601.00	29.29	630.29	0.37
Sri Lanka	4,227.53	993.47	5,221.00	4,088.06	396.58	4,484.64	0.08
Maldives	226.20	5.88	232.08	342.00	33.72	375.72	-0.24
Bangladesh	8,134.06	1,229.86	9,363.92	17,335.12	1,036.44	18,371.56	-0.33
Myanmar	961.02	505.25	1,466.27	12,331.17	6,381.77	18,712.94	-0.86
Pakistan	1,192.59	67.09	1,259.68	16,183.49	1,807.88	17,991.37	-0.87
Total	23,427.14	4,192.18	27,619.32	52,375.07	9,719.23	62,094.30	-0.19 (mean)

Source: IMF Direction of Trade Statistics (DOTS) https://data.imf.org/?sk=9d6028d4-f14a-464c-a2f2-59b2cd424b85. Figures in millions of US Dollars. Orientation calculated by subtracting total China trade from total India trade divided by total trade with India and China. Orientation varies between -1 (100% of relevant trade with China) and 1 (100% of relevant trade with India).

Leadership

India's experience as a hegemon in the leadership tradition has been mixed. In liberal hegemony theory, the hegemon should seek to order their neighborhood to produce public goods and institutionalize them through multilateral institutions led by the regional hegemon. India-Pakistan tensions have hampered attempts at a broad South Asian community, while India has preferred bilateral relationships to multilateral institutions. The result is that South Asia is one of the least connected regions. Despite India's power and central geographic location, it has not acted to lead the region, at least not multilaterally, though there are some attempts, which we will discuss here.

The most common form of international ordering is through regional organizations, such as the European Union, the Economic Community of West African States, Mercosur, the

Organization of American States, or the Shanghai Cooperation Organization. The corollary organization on the subcontinent is the South Asia Association for Regional Cooperation (SAARC), with a membership of Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan, and Sri Lanka. Formed in 1985, SAARC eventually facilitated the negotiation of a South Asia Free Trade Agreement (SAFTA) that came into force in 2006. Nonetheless, the region has the least amount of intra-regional trade among world regions (Bhattacharjee, 2018; Kathuria, 2018). Rather than spearhead SAARC as the regional hegemon, India was a latecomer to accepting the SAARC; Bangladesh originally proposed it in the late 1970s. While the SAARC was created to promote cooperation among South Asian states, the regional bloc has essentially failed primarily due to a lack of trust between India and Pakistan. Bhattacharjee (2018, p. 3) argues that another source of friction is the fear of smaller neighbors that India may use the SAARC for its hegemonic goals.

Given the difficulties of the SAARC, observers had higher hopes for BIMSTEC, which excluded Pakistan and added Southeast Asian countries, thus making it an interregional organization. Formed in 1997 with Bangladesh, India, Sri Lanka, and Thailand, the grouping added other members (Myanmar, Nepal, and Bhutan) and revised the name to the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation. By removing Pakistan as a source of friction and adding Thailand, whose influence can balance India's, many saw BIMSTEC as more promising for cooperation, now across 14 sectors (Bhattacharjee 2018). Despite some achievements, such as creating a permanent secretariat, BIMSTEC trade and cooperation still lags behind other such groupings.

Still, there are signs that India seeks to take on greater leadership in the region, with the Modi government prioritizing its "Neighbourhood First" policy that aims to improve connectivity across the region. Along similar lines as BIMSTEC, the BBIN—Bangladesh, Bhutan, India, and Nepal—initiative facilitates connectivity projects from the Himalayas across India's Northeast. Rhetorically more than in policy, Modi frequently speaks of SAGAR—an acronym for Security And Growth for All in Region and the Hindi word for ocean—as a framework for maritime cooperation from eastern Africa to Indonesia. Despite slower than hoped implementation, India is doing more for connectivity public goods than in the past. India has undertaken an increased number of infrastructure projects, such as integrated check posts for trade and mobility, a four-fold increase in rail lines across Bangladesh, and an oil pipeline with Nepal (Xavier 2020, 12).
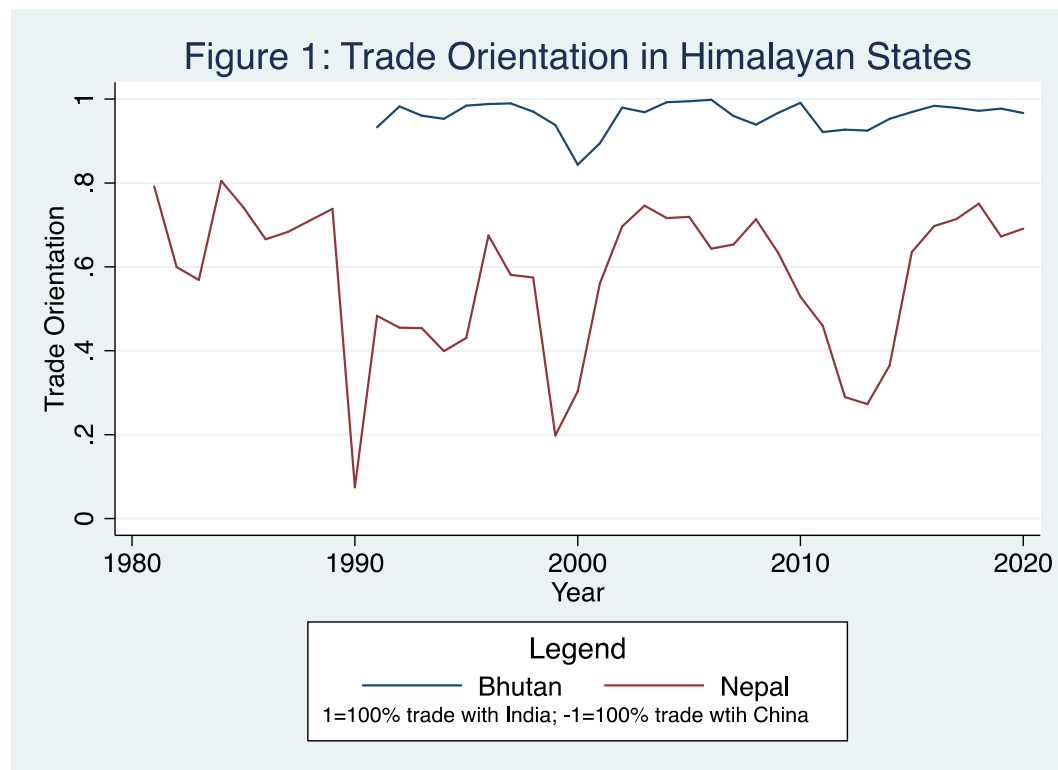
For most of its independent history, India has been reluctant to play the role of the hegemon as leader (Mitra 2003). Indeed, "As the region's hegemon, India severed most economic ties with its neighbours, at the same time also opposing their attempts to connect beyond the region, whether with China (Nepal) or Southeast Asia (Sri Lanka)" (Xavier 2020, 8). India's newfound interest in the inner ring comes with a growing recognition that what is good for the region is good for India, at least in economic growth and stability. India also faces a serious challenge from China, whose Belt and Road Initiative have made significant inroads into India's neighborhood, which it wished to be its sphere of influence (ibid). The following section examines India's history of attempted hegemony in the Himalayas, where its relations with Nepal and Bhutan can be described as a sphere of influence. However, that influence is eroding in Nepal.

3. Hegemony in the Himalayas

To provide more depth to our study of India's approach to regional hegemony, we explore the Himalayan countries of Nepal and Bhutan in more detail. The Himalayan states of Nepal, Bhutan, Sikkim (now part of India) and Tibet occupy an important place in India's international relations. The Himalayas worked as buffers between British India and China when the British operated according to a 'ring fence' system that considered Nepal an independent state, Sikkim and Bhutan Indian protectorates and Tibet an "autonomous buffer state guaranteeing India's commercial and strategic interests" (Kumar 2011, 70). In 1910, the British government warned China not to interfere in the internal affairs of the Himalayan states. Post-independence India wanted to continue British India foreign policy but in 1949, Mao Zedong proclaimed founding of People's Republic of China (PRC) and threatened to 'liberate' Tibet. As soon as Chinese Peoples Liberation Army (PLA) started marching towards Tibet, Nehru rushed through a series of defense treaties with the Himalayan states (Bhutan in August 1949; Nepal in July 1950; and Sikkim in December 1950 –we discuss these in detail in the next section). In the following year, Nehru established the North and North-Eastern Defense Committee and in 1959, he publicly announced India's commitment to defend Nepal, Bhutan and Sikkim if China were to invade them (Kumar 2011, 71). However, these statements did not translate into a formal agreement between India and China with the latter gradually gaining hold on the Himalayas after the departure of the British from the Indian subcontinent. Worst of all, China refused to respect Tibetan autonomy, and in 1954 the two countries signed an agreement in which India recognized Tibet as part of China, effectively surrendering its outer ring of defense. Thus, the Chinese invasion of Tibet shifted India's buffer zone to Nepal-Bhutan and Sikkim, or the 'immediate neighborhood' according to the concept of Kautilya's *concentric circles* (circle of states) that guides India's foreign policy.[5]

Independent India's relationship with its reduced buffer states continued the British sphere of influence approach. Economically, both Nepal and Bhutan trade more with India than any other country. Figure 1 shows the changes over time to each country's trade orientation (introduced above). Data is lacking before 1980 for Nepal and 1991 for Bhutan, but the figure shows that the orientation toward India (as compared to China) has existed for several decades and likely before. Bhutan's orientation toward India is extreme, with nearly all trilateral trade with India and little variation over time. Nepal is more oriented to India than China for all years but with significant variation, although the reasons for the variation are beyond the scope of this paper (and may be statistical anomalies).

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[5] India's foreign policy experts frequently mention that the country's foreign policy is guided by the concept of circle of states. For example, speaking at the International Institute for Strategic Studies, former Indian external affairs minister Yashwant Sinha mentioned, "Just as Kautilya talked of the Circle of States, a useful conceptual framework for the consideration of India's foreign policy would be to view it as consisting of three concentric circles around a central axis- the first of our immediate region, the second of the larger world and the third of overarching global issues." (Sinha, Y. (2022). February 3, 2022 https://www.outlookindia.com/website/story/future-directions-of-indias-foreign-policy/217736)

Figure 1: Trade Orientation in Himalayan States

Nepal[6]

      Nepal is a landlocked country, surrounded by India on three sides (east, south, and west) and the Himalayas on the north. While Indo-Nepal relationships are rooted in pre-historic Vedic period, the current relationship between the two neighbors is linked with Prithvi Narayan Shah's (PN Shah) unification of various mountainous principalities into a single territory during the latter part of the eighteenth century. Shah was originally the ruler of Gorkha Kingdom, which is now a district in west Nepal. Shah died in 1775 but his descendants continued with the conquest, expanding the Gorkha Kingdom to the Tista River (now in India) in the east and Kumaon and Garhwal in the west (also in India). The Gorkha expedition was halted when the East India Company fought the Gorkhali soldiers from 1814 to 1816. The Anglo-Nepali war ended with Nepal conceding defeat and signing the 1816 Sugauli Treaty. As per the terms of the treaty, Nepal ceded Kumaon, Garhwal, territories of Sikkim, and some parts in the southern plains to the British, agreed to host a British residency in Kathmandu, and provide Gorkha soldiers for the British army (Thapa and Sijapati 2004; Thapa 2005; Whelpton 2005). After the death of PN Shah, Nepal was ruled for the next 70 years by several Shah kings. Family and factional feuds among the Shah Rulers and top administrators paved the way for the seizure of power by the Kunwars, who later rebranded themselves as Ranas, in 1846. In 1856, the Ranas forced the Shahs to issue a royal decree that reduced the monarchy to a figurehead. The Rana family thereafter ruled Nepal for the next 104 years until a popular mass movement forced its abolition in 1950, aided by India.

      Although Nepal was not formally colonized, the Ranas pursued a policy of appeasing the British government in India. During the Sepoy Mutiny of 1857, when Indian soldiers rose up

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[6] This section borrows heavily from Adhikari and Lawoti (2015).

against the East India Company, the Ranas supplied the British with Gorkhali troops to brutally put down the rebellion. The Ranas also allowed the British to recruit Nepali soldiers, who had started joining the British Army after the Suguali Treaty, during the first and second world wars, and the British showed their appreciation by formally recognizing Nepal as an independent state in 1923.

The anti-British independence movement in India inspired an anti-Rana movement in Nepal. Beginning 1947, Nepali exiles in India started grouping and in 1950, they formed a Nepali Congress (NC) party and formally launched an armed rebellion to oust the Ranas. Independent India in response brokered a compromise between the Ranas, King Tribhuvan Shah, and Nepali Congress party. On February 7, 1951, the three parties agreed to introduce democracy in Nepal under what came to be known as the 'Delhi Compromise.' As we discuss below, this sets the stage for India to 'interfere' in Nepal's political affairs.

Nepal's geopolitical importance is frequently described as "sandwiched between two Asian giants", and the country emerged as a new buffer zone between India and China in the 1950s (Rose 1971, Kumar 2001). India remains Nepal's most important neighbor, although the relationship has had its fair share of tensions largely due to India's ambition to become a regional hegemon. Below we evaluate India's performance as a regional hegemon in terms of its contribution to Nepal's security/foreign policy and economic development.

a) Security provider

India started exerting its hegemony over Nepal's foreign policy right after gaining independence from the British. For example, in 1948-49 Nehru declared that India's political interests in Nepal are so great that India will not allow any foreign country to exploit Nepal (Nehru, 1949). In July1950, the two countries signed a Treaty of Peace and Friendship, formalizing the above-mentioned political interests. Under the terms of the treaty, the two countries "agree mutually to acknowledge and respect the complete sovereignty, territorial integrity and independence of each other" (Article 1). However, India retained significant control over Nepal's foreign policy and arms trade. Article 5 of the treaty states "The Government of Nepal shall be free to import, from or through the territory of India, arms, ammunition or warlike material and equipment necessary for the security of Nepal. The procedure for giving effect to this arrangement shall be worked out by the two Governments acting in consultation" (Article 5).[7] In a1954 letter addressed to his Nepali counterpart Matrika Prasad Koirala, Nehru reiterated, "there should be full cooperation between foreign policy and the defence policy of the two Governments" (Nehru 1954, 458). While India has maintained that it would defend Nepal if the latter were to be attacked by another state, Nepal views the 'military consultation' provision as encroachment over its sovereignty.

Under the same treaty, nationals of one country are given the same privileges in the other's territory with regard to residency, ownership of property, participation in trade and commerce, and movement across borders. The open movement of people across the border has had a tremendous impact on the two states' foreign policy, not to mention domination of Indian businesses in the Nepali market. A major point of contention between the two countries is the alleged use of Nepali territory by Pakistani Inter-Services Intelligence (ISI) "as a launching pad

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[7] Nepal-India Treaty of Peace and Friendship 1950. https://mea.gov.in/bilateral-documents.htm?dtl/6295/Treaty+of+Peace+and+Friendship

for its activities in India" (Kumar 2001, 75). India frequently uses this as an excuse to send its armed forces into Nepali territories prompting public outrage in the Himalayan state.

India also played a crucial role in ending the Maoist insurgency in 2006. Several rounds of meetings were held between the rebel leaders and representatives of political parties in New Delhi. India facilitated a 12–point understanding between the two parties that laid the groundwork for signing the Comprehensive Peace Agreement, which ended the Maoist civil war in Nepal. After the abolition of monarchy in 2008, China has started making attempts to break Nepal's attachment with India.

b) Economic development/investment

Nepal is heavily dependent on India for its economic development, providing India an opportunity to exert is domination. King Mahendra recognized the importance of gaining economic development for achieving political autonomy and made several attempts to break away from India-dependence after introducing a Panchayat regime in the country. For example, Nepal and China signed a road agreement in October 1961 and in October 1962, Nepal signed a trade treaty with Pakistan. To mobilize surplus manpower from agriculture to the industrial sector, his royal government emphasized creating employment opportunities in the industrial sector. While Kathmandu defended these agreements as important steps for Nepal's economic development, India viewed these developments as steps towards undermining their position along the Himalayas (Rose, 1963). In the following decades, India responded by pursuing aggressive economic development policies in Nepal.

Much of landlocked Nepal's trade with the rest of the world passes through the Indian port of Calcutta. As a regional hegemon, India has sought to control Nepal's economic growth by restricting the latter's access to seaports. In 1950, the two countries had signed a treaty of trade and transit that allowed Nepal to use Indian highways and harbor for accessing the sea. In 1978, this treaty was split into two separate treaties—Treaty of Trade and Treaty of Transit. In 1989, relations between Nepal and India deteriorated after Nepal started tilting toward China. India responded by suspending the treaties demanding that they be combined into a single document. The ensuing economic blockade led to shortage of goods and frustrated the population, out of which a people's movement emerged that displaced the royal regime. Thus, India played its economic card in ending the *panchayati* regime in 1990 by refusing to renew the trade and transit treaty mentioned above, forcing Nepal to import essential items like food and petrol via airplane from China and rest of the world.

Based on India's domination of Nepali economy, Nepal can be described as India-locked. India is largest trade partner of Nepal as well as the largest sources of foreign direct investment. India shares 15 inland transit roues with Nepal, two-thirds of merchandise trade, supplies almost 100 percent of petroleum products, and is a significant source of remittances from migrant workers, Nepalis (Gorkhas) working in India army, and pensioners.

Nepali nationalism is to a certain extent based on Indian hegemony because the country relies significantly on Indian aid even as Nepalis feel strongly that India frequently interferes in the country's domestic affairs especially during natural disasters and political crises. Although the two countries share a common culture and are practically inseparable in terms of socio-religious practices, India has done a poor job in being a good neighbor when Nepal is in difficulty. For example, relations between the two neighbors soured when India imposed an undeclared economic blockade when Nepal promulgated a new constitution in 2015, leading to

the economy being crippled. This coincided with a pair of devastating earthquakes that killed over 9,000 Nepalis. This came in the wake of a nationwide protest staged by Madhesis against the newly issued constitution. Various newspapers reported that New Delhi had recommended amendments to accommodate Madheshi's demands in the new constitution and the blockades were imposed in retaliation to Nepal's refusal. While India denied such reporting, the blockade led to a dramatic shift in Nepal's relationship towards China. When in October 2015 K.P. Sharma Oli became Nepal's first prime minister under the new constitution, he was tasked with calming protests in Madhes as well dealing with enormous economic crisis caused by shortages of essential commodities such as petroleum and cooking gas, among others. Oli wasted no time in correcting New Delhi's misreading of Nepal as a client state. Rather, he took a defiant position refusing to capitulate on India's undeclared demand for an amendment to the new constitution and turned to China. In March 2016, Oli visited China and signed various bilateral agreements including: a new transit and transport agreement, free trade agreement, agreement related to installing solar grids at 32,000 houses, loan agreement for construction of an international airport in Pokhara, agreement on exploration of gas and petroleum in Nepal and constructing a bridge in the Nepal-China bordering town of Hilsa, among others. This was followed by several rounds of visits by India's external affairs minister and China's foreign minister to Nepal, often in quick successions as well visits by Indian prime minister and Chinese president to Nepal. Nepal and China signed 20 bilateral agreements during the visit of Chinese President Xi Jinping to Nepal in October 2019, including two memorandums of understanding (MoU) on a China-Nepal Cross-Border Railway project and tunnels construction to link Chinese border town of Jilong/Kerung with Kathmandu. Apart from bilateral agreements, Nepal also signed a MoU with China on cooperation under the Belt and Road Initiative (BRI) in May 2017. While some of these projects are simply too ambitious and have yet to be initiated, conclusion of over two dozen agreements virtually at all levels --academic, governance, intelligence, economy, the two communist parties, and so on --within a span of five years was significant.

Similarly, relations between India and Nepal deteriorated even as the world was fighting the COVID-19 pandemic. On May 8, 2020, when Nepal was battling with the pandemic, Indian defense minister inaugurated a new highway connecting its border with China at the Lipulekh pass. Nepal protested immediately claiming that the road passes through its territory in far-west Nepal. One month later, Nepal amended its new constitution to formally include the disputed areas of Limpiyadhura, Lipulekh and Kalapani on its official map. When India halted exporting oxygen and vaccines to Nepal during the spring of 2021 due to worsening situation at home, China started delivering vaccines to Nepal. Nepal had a good start with vaccination program to deal with COVID-19. In early March 2021, the government gave emergency authorization to COVAXIN, India's Covid-19 vaccine. Under a previous agreement between the two countries, Nepal had received over 2.3 million doses of AstraZeneca vaccine including one million in gift, and Nepali government was negotiating with India's Serum Institute to procure another five million doses. The negotiation froze as soon India was hit by a second wave and Nepal's traditional neighbor stopped exporting vaccines to Nepal. Earlier, China had promised to provide a total 800,000 doses of vaccines to Nepal and the World Health Organization had provided 348,000 doses of Covisheild vaccines. After India stopped supplying vaccines to Nepal, China announced to provide one million doses to the country.

There is an old saying in South Asia that loosely translates to *a friend in need is a friend indeed*. Without a doubt, India is the largest donor to Nepal but it has frequently failed to be a friend in need for Nepalis. Rather New Delhi has exhibited predatory behaviors whenever Nepal

is in crisis likely contributing to Nepalis doubting their traditional neighbor's long-term intentions. China is considered a good neighbor since it has provided aid to Nepal but does not appear to be interfering.

Bhutan

Nepal and Bhutan share several similarities making them perfectly comparable cases. For example, like Nepal, Bhutan is a mountainous landlocked country, surrounded by India on three sides (east, south and west) and Tibet (China) on the north, was never colonized, and is India-locked (its nearest seaport is Calcutta). Bhutan became the outer rim of India's buffer zone after China invaded Tibet. China has repeatedly claimed that the Indian states of Arunachal Pradesh and Sikkim that lie to the east and west of Bhutan are its territories. A 19th century treaty with the British governs Bhutan's southern border with India, post-independence India claims that it inherited responsibility from the British to look after Bhutan's foreign policy and that it would never allow Chinese influence over the dragon kingdom.

While the "ancient history of Bhutan is deeply wrapped in mystery," modern history of the country begins in 1907 with the crowing of Ugyen Wangchuk as the first hereditary monarch (Rizal 2015, 3).[8] Much like unification of Nepal by PN Shah, prior to Ugyen's crowning, Bhutan was ruled by a disparate collection of monastic and religious elites. King Wangchuk combined spiritual legitimacy at home with political endorsement from the British to establish political authority and stability in Bhutan. He used a combination of carrots and sticks policy to insert his authority over the territory and a policy of appeasement with the British to maintain Bhutan's sovereignty. Ugyen introduced structural and operational reforms within the country to centralize power and introduced a hereditary monarchy. Departing from the previous century's tilt "toward the Lamaist theocracy of Tibet for support, the new regime aligned itself with the British Indian Empire" (Rizal 2015, 24). The newly established monarchy brought the entire state institutions under its control, diminishing the role of Lamas in the countryside.

King Ugyen died in 1926 and was succeeded by his son Jigme Wangchuk. Unlike Nepal, Bhutan did not experience royal coups and the transition of power has been rather peaceful among the Wangchuk family. King Jigme further centralized political authority by appointing members of the royal family to run important bureaucratic positions while transferring or dismissing disloyal civil servants. He introduced policies to sponsor education for loyalists but kept the citizens out of touch from modernity. Jigme was succeeded by his son Jigme Dorje Wangchuk in 1952 after the death of the second king. Responding to a changed political climate in South Asia at the time of his crowning, the third Wangchuk king introduced a wide range of political reforms including establishing a National Assembly "empowered to pass a no-confidence motion against any king who is found unfit to rule the country" (Rizal 2015, 27). Bhutan joined the United Nations in 1971 ending its isolation from the rest of the world, a year before the third king's death in 1972. The third king was succeeded by his son Jigme Singye Wangchuk who introduced further reforms in his kingdom including issuing a new constitution. In 1974, foreigners were allowed to visit Bhutan for the first time as tourists. In December 2006, the fourth king Jigme Singye Wangchuk abdicated the throne in favor of his son Jigme Khesar

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[8] See Rizal 2015, chapter 1 for a history of prior regimes in Bhutan.

Namgyel Wangchuk. In 2008, the fifth Wangchuk king transformed Bhutan into a constitutional monarchy with him as the head of the state.

Just like Nepal, Bhutan is frequently described as 'sandwiched between India and China.' It emerged as a new buffer state between India and China after the latter formally invaded Tibet in 1959. India remains Bhutan's significant neighbor and the relationship between the two states has been rather harmonious compared to Indo-Nepal. Below we evaluate India's performance as a regional hegemon in terms of its contribution to Bhutan's security/foreign policy and economic development.

   a) *Security provider*

The British first made contacts with Bhutan in 1772 in Cooch Behar (present day West Bengal) when East India Company was exploring trade routes in north India to enter Tibetan markets and Bhutan expanding its territory southward. By 1760s, Bhutan had gained control over Cooch Bihar. Under attack from the British soldiers, Bhutan sought help from Tibet. In response, the Panchen Lama claimed Tibet's suzerainty over Bhutan. This forced Bhutan to sign a Treaty of peace with the British East India Company in 1774 and retreat its forces from Cooch Behar (Savada, 1991). This was followed by decades of conflicts between Bhutan and East India Company (British India after 1858) culminating into the Duar War (1864-65) that lasted for five months. "The sturdy Bhotias, using the hills as natural fortifications, defeated an English garrison in 1865, inflicting heavy losses on the British. This defeat, combined with developments inside India, probably deterred the English from further expansion in this area, and helped Bhutan to maintain its independence" (Belfiglio, 1972, p. 681). The war ended with the signing of Treaty of Sinchula in 1865, Bhutan conceded defeat, and ceded the territories of Duars in Assam and Bengal as well as other territories in Southern Bhutan (Kharat, 2012).

Bhutan and British India developed a closer relationship when Ugyen Wangchuk became king in 1907. Fearing potential British claim over Tibet, China started sending troops to Tibet in 1908-09, forced the 13th Dalai Lama to flee to India (the Lama returned to Lhasa in 1912 after Chinese troops retreated), and started claiming control over Bhutan, Sikkim and Nepal (Savada 1991, 262). In January 1910, Bhutan and British India signed the Treaty of Punakha. Under the terms of the treaty, British Government agreed "to exercise no interference in the internal administration of Bhutan" and Bhutan government agreed "to be guided by the advise of the British Government in regard to its external relations." (The Treaty of Punakha, 1910).[9] While the 1910 treaty ensured autonomy to Bhutan, it also marked the beginning of Bhutan's surrendering its foreign policy to British India.

After gaining independence from the British, Indian prime minister J. Nehru promised Bhutan that free India would honor treaties concluded by the British. In 1949, the two countries signed a Treaty of Friendship and Neighborliness in Darjeeling. Article 2 of the treaty states "The Government of India undertakes to exercise no interference in the internal administration of Bhutan. On its part the Government of Bhutan agrees to be guided by the advice of the Government of India in regard to its external relations." The treaty was revised in 2007 to remove the "guidance" clause. While Bhutan received the same assurance from free India as it did from the British in terms of its survival from potential Chinese invasion, India was able to

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[9] The Treaty of Punakha, 1910: http://14.139.211.59/bitstream/123456789/1254/15/15_appendix.pdf

assert is hegemony on its northern neighbor while also using it as a buffer state thwarting direct Chinese influence in Bhutan.

Nehru, who is regarded as the architect of India's foreign policy, recognized the importance of keeping Bhutan under its sphere of influence. "Bhutan has always been considered a strategic buffer for the Siliguri Corridor that connects India's northeastern states with the rest of the country" (Holslag, 2009, p. 818). The relationship between Bhutan and India has remained largely harmonious after the departure of the British. With an objective to further solidify ties, the two countries exchanged several diplomatic visits during the 1950s. In 1954 Nehru described Bhutan in the following words:

> Our relations with Bhutan are friendly. Bhutan is a semi-independent State whose foreign policy has to be conducted in consultation with us. The State receives a subsidy from us also. They are very anxious to preserve their independence, but realise that they have to rely on India. We have no desire to interfere internally in Bhutan but we have made it clear that, so far as external matters are concerned or any defence matters, India is intensely interested and must have a say. This is the position. (Nehru, 1999, p. 464).

India's interests in Bhutan are driven by its conviction to keep the territory from use by the Chinese and India is committed to protecting the Dragon country. Beginning the 1960s, Indian military officers started visiting Bhutan on a regular basis, providing trainings to national army under the Indian Military Training Team (IMTRAT). "India has assured Bhutan of its continued support for military and development projects, and is currently preparing a comprehensive modernization package for the Bhutanese Army" (Kumar 2014, 77). On its part, Bhutanese military forces have reciprocated by taking actions against Indian insurgents hiding and training within Bhutan's territories.

From a security point of view, India has provided a reliable assurance to Bhutan while also benefitting from Bhutan. As an immediate neighbor, Bhutan provides a natural barrier to a potential Chinese invasion. Unlike Nepal, and somewhat surprisingly, India and Bhutan have a friendly relation on security front.

b) *Economic development*

British India started providing Rs. 50,000 in financial assistance per annum to Bhutan after concluding the Treaty of Sinchula with an objective to "discourage Bhutan from aligning with China" (Rizal 2015, 36). The 1910 Treaty of Punakha doubled the annual assistance to one hundred thousand and the 1949 treaty granted free trade with independent India. Despite financial assistance from India, Bhutan remained primarily an agrarian economy with little to no economic infrastructure until it launched five-year economic development plans starting 1961. Indian government covered 100% of the expenses for the first two five-year plans (1961-1971), 90% of the third (1971-76), 77% of the fourth (1976-81) and 30.2% of the fifth five-year plan (1981-87) (*ibid*, fn 163).

In 1972, the two countries signed an Agreement on Trade and Commerce that formally established "free trade and commerce" between the two states (Article 1, Agreement on Trade and Commerce). The treaty is renewed every 10 years providing Bhutanese products duty-free access to Indian market as well as duty-free transit of Bhutanese products to third countries (Rizal 2015, 55-56). Article VII of the treaty also provides citizens of the two countries the right to "carry on trade in each other's country." This provision provides Indian merchants the right to

carry out business in Bhutan, and similar to Nepal, an opportunity to dominate the Bhutanese consumer market. In 1974, Bhutan pegged its currency with Indian rupee.

India is the destination for majority of Bhutan's export (over 90%) as well as the source for majority of its imports (over 70%). Major exports from Bhutan include electricity, silicon, timber and agricultural products such as fruits and vegetables. "With the commissioning of the first two units of Chhukha Hydro Projects in 1986, and the other two units in 1988 Bhutan substantially increased its electricity generation and became a significant exporter of electricity to India. The revenue earned from export of electricity is a significant contributor to the overall revenues of the kingdom. In 2018, the total electricity generation was 6,940.58 Million Unit." (Statistical Yearbook of Bhutan 2019, 202).[10] Major imports from India are petroleum products, machinery, rice and other essential commodities. In 2018, the government of Bhutan recorded a balance of payment deficit of 30 million Nu, of which with India alone was 27 million.

Experts have expressed concerns over the excessive dependency of the Bhutanese economy on India. For example, when the India economy was hit by a shortage of rupee in 2011-2012, Bhutanese economy suffered from monetary shortage and an unusually high inflation. The Indian rupee crisis forced Bhutan to sell its own foreign exchange reserves to rescue the economy. Bhutanese businesses that are usually small-scale in nature have also expressed concerned about the monopolies of Indian merchants in Bhutanese markets (Rizal 2015, Ura, 2015).[11] Baring these rather rare discomfort, India has had a fairly stable economic relation with Bhutan with New Delhi being Bhutan's biggest donor.

4. Conclusion

This working paper sought to understand India's approach to regional hegemony from a theoretical and historical perspective. We surveyed the literature to identify the various traditions for defining a hegemon. From the structural or material perspective, India is clearly the dominant, if not dominating, power in South Asia. Its material resources upon which power is built dwarf the neighbors, but structural power is not a sufficient condition for hegemony. It requires the would-be hegemon to act in some way to establish its hegemony. A hegemonic relationship requires the small state to acquiesce to the hegemon, at least while there are other options. From here, we identify three strands of behavior definitions of hegemony—leadership, domination, and a sphere of influence.

India has been reluctant to play the leadership role envisioned by liberal hegemonic theories until recently. India's greater foreign policy goals of non-alignment and protectionist industrialization meant India was wary of the broader liberal order led by the United States, which it saw as imperialist, and hesitant to create one in South Asia. India was also beset by a hostile neighbor with revisionist intentions, which fueled mutual distrust. More recently, Indian foreign policy has sought to take a more leadership role and pursue regional public goods in a more multilateral avenue. These efforts are promising, but implementation is slow and tedious.

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[10] Statistical Yearbook of Bhutan 2019: https://www.nsb.gov.bt/wp-content/uploads/2020/09/yearbook2019.pdf

[11] Ura, Karma. 2015. Bhutan's Indian Rupee Shortage: Macroeconomic Causes and Cures: https://www.adb.org/sites/default/files/publication/174841/south-asia-wp-040.pdf

We also found that historically India pursued a domination hegemonic role regarding the princely states, extra-regional colonial holdings, and at least one nominally independent state, Sikkim, to consolidate territory upon independence. Although these actions are taken as the status quo now, an alternative history where India existed alongside nominally independent princely states is not farfetched. And while that consolidation has facilitated India's rise, India does not appear to continue the domination mode of hegemony toward its neighbors in recent history.

The main finding is that India's foreign policy has sought to maintain the sphere of influence type of hegemony it inherited from the British. Numerous statements and the historical record demonstrate that Indian elites view the region in a sphere of influence manner, trying to control external relations of dependent states, exclude outside powers from exerting influence, and develop a core-periphery economic relationship with subordinate states. However, India has only been partially successful in this endeavor. For many of the new countries birthed by partition and decolonization, India has had difficulty establishing this type of hegemony, in part because of the smaller powers' agency and attempts to reject India's hegemony. In only two states has the sphere of influence been complete, the Himalayan states of Nepal and Bhutan.

The Himalayan states of Nepal and Bhutan (like Sikkim before) play the role of a buffer zone between China and India. The British recognized the importance of this buffer soon after China started invading Tibet and warned China in 1910 "that no interference in the affairs of the Himalayan states would be tolerated" (Kumar 2014, 70). Since ancient times, India sees the Himalayan states firmly within its "sphere of interest and this fact has remained unaltered since independence despite setbacks to its practice" (Dutt, 1980, p. 72). For example, addressing the Indian parliament on December 6, 1950, Nehru stated: "From time immemorial the Himalayas have provided us with magnificent frontiers. . . We cannot allow that barrier to be penetrated because it is also the principal barrier to India. Therefore, much as we appreciate the independence of Nepal, we cannot allow anything to go wrong in Nepal or permit that barrier to be crossed or weakened, because that would be a risk to our own security" (Nehru 1950, cited in Rose 1974, 194). Given centuries of cultural and religious relationships, independent India was relatively optimistic about its relationship with Nepal. However, our preliminary findings show that the relationship between Nepal and India is gradually eroding in recent decades with the former increasingly tilting towards China.

Given the important role that they played in helping the Wangchuk family establish a heredity monarchical regime, the British Raj had no doubt about the loyalty of Bhutan. As Rose (1974, 192) observed, "The British recognized Bhutan's internal sovereignty and did not even insist upon the establishment of a 'Residency' in Bhutan as they had in Nepal and Sikkim." While independent India was not so certain about the Dragon kingdom "because of the Buddhist cultural background it shared with Tibet" (Rose 1974, 194), our survey of literature above shows that India has total hegemony over Bhutan's foreign policy compared to Nepal. Why? In the next stages of this project, we will address this question more systematically.

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