

[Home](#) / [Premium](#) / [China's shadow on India's defence budget](#)

PREMIUM

# China's shadow on India's defence budget

Lasting peace in Asia can occur only when Beijing accepts that a hostile India can thwart its global ambition



**REAR ADMIRAL RAJA MENON RETD**

Updated At : 06:55 AM Jul 02, 2026 IST



FOLLOW US



CONNECT WITH US



India's defence debate is correctly framed through the lens of two adversaries - Pakistan and China. But a closer examination reveals that Pakistan, with a GDP smaller than that of Tamil Nadu, is a military challenge only as a proxy within a much broader geopolitical competition driven by China's rise. If that assessment is correct, India's defence spending should be evaluated not simply against threats on its borders, but against the wider objective of safeguarding the country's economic lifelines and long-term strategic interests.

The evolution of India's military posture since the 2020 border crisis at Galwan illustrates this shift, which recognises that China has become India's principal long-term military competitor. Significant investments in border infrastructure, high-altitude logistics, surveillance systems, air power, long-range fires and advanced missile capabilities have all been accelerated in response to developments along the Line of Actual Control. Bereft of Chinese economic, technological, space, air, naval and military hardware support, Pakistan would pose a far smaller military challenge and would primarily require a counter-insurgency strategy.

So, there is a growing school of strategic thought in India, which argues that Pakistan's value to Beijing lies in its ability to compel India to restrict its strategic vision to South Asia. Every Indian rupee spent on the western border is one less spent on the maritime front. This enables Beijing to not look simultaneously at two fronts, a disastrous possibility that some Indian analysts are happy to consider.

From this perspective, Pakistan's strategic importance extends beyond its own military capabilities, a threat that will not disappear unless India can identify a serious Chinese strategic vulnerability so as to threaten the Sino-Pak link. Studies show that its greatest weakness is its poor maritime geography, confirmed by its own leader, who coined the term 'Malacca Dilemma'. Despite China's GDP of about \$19 trillion compared with India's roughly \$4.4 trillion, India's maritime geography remains a strategic advantage.

The larger question, however, concerns defence policy priorities, which necessitates identifying both Indian and Chinese 'vital interests'. Defence policy ultimately exists to protect vital interests and those interests increasingly derive from both India's and

China's economic integration with the world. India today earns \$135 billion annually through remittances from overseas Indians and more than \$800 billion from exports. India's oil dependence is 85% and gas 50%. As much as 40% of the UAE population comprises Indian passport holders.

Against this backdrop, China's expanding maritime reach assumes increasing significance. Over the past two decades, Chinese state-owned enterprises have invested in or operate 129 commercial ports across Asia, Africa, Europe and Latin America. China is also the largest trading partner for 120 countries, reinforcing its global economic influence. Its dependence on imported oil is 70% and gas 40%. These developments constitute a coherent "grand strategy", the first part of which is to dominate Eurasia, since it blundered in an overstretch, attempting a foothold in the American continent in Venezuela, which ended in Trump's only victory. While there is no single document entitled 'Chinese Grand Strategy', it screams out loud from a reading of China's Military Strategic Guidelines and White Papers -- a development to be studied at the highest levels of the Indian government.

How do these strategic priorities get reflected in the macro allocation of the Indian defence budget? Several think tanks in India and the US have attempted to infer India's strategic allocation based on force deployment, procurement, infrastructure spending. The best estimate, subject to correction, is 45-55% on the northern frontier, 25-35% on the western frontier and 20-30% on oceanic dominance. The present allocations do not match our vital interests. Just as we have our vital interests, in the pursuit of which we frame our defence policy, so do China and Pakistan. It is inconceivable that left to itself, Islamabad would consider "invading India", as suggested by Lt Gen Hamid Gul, decades back.

Similarly, China's grand strategy is global and hardly involves

territorial gain at the cost of India.

Lasting peace in Asia can occur only when Beijing accepts that a hostile India can thwart its global ambition by denying access through the Indian Ocean.