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White Paper



India has transitioned from a non-aligned, anti-imperial, and anti-colonial nation to the world's largest democracy – all underpinned by a liberalized economy since 1991, a leader within BRICS+ (India is anticipated to assume the Presidency in 2026), and a multi-lateral partner with the West. From a security perspective, India is a nuclear power with a robust space program, possessing the second largest active military in the world (China is the largest; the United States is third) backed by the fourth largest economy at \$4.2 trillion (just behind the United States, China, and Germany), the fourth largest GDP (tied with Japan), and with the seventh largest land mass. By almost any measure, India is a global leader with a steadily increasing momentum within the geopolitical landscape.

India as a Potential Global Power:

Since achieving independence in 1947, India has seemingly transformed as a nation. India today can be likened to an unfettered giant emerging with strength from the door of its regional home to the streets of global interaction. Consider a few notable trends relative to India since 1947 to the present: India's life expectancy has more than doubled, increasing from age 32 to 70; its literacy increased from 12% to 77%; India's average annual GDP growth increased from 3% to 7%; poverty decreased from 80% to 18%; and India's population grew from 340 million to 1.4 billion, surpassing China to be the world's most populous nation.

India's growing global significance is heightened by its geographic position. A cursory review of the world's major security threats - Russia, China, North Korea, Iran, and Violent Extremist organizations - finds India's position conspicuously central to them all. Such a "center of the court" position enables India to have direct contact on the border of China, and immediate influence on the straits of Malacca – a key chokepoint of global commerce between Asia, Europe, and the Middle East. This location also gives India the ability to exercise counter-Belt and Road Initiatives (or BRI) through an increasing alignment with Europe and the United States, and provides access to the network of Indo-Pacific allies and partners to multilaterally engage regionally threatening entities.

Economically, according to the U.S. Department of Commerce's International Trade Association, India has a strong positive business environment as a democratic nation with legal protections of assets and Intellectual Property (IP) rights, a scalable addressable consumer market, and a growing technology sector with incentives for foreign direct investments, including the elimination of a digital services tax in August 2025. That said, while legal and favorable tax structures are in place, some research sources indicate that enforcing and navigating the court system can be difficult and lengthy.

In relation to technology, India's vast English-speaking STEM talent and its proven competency in IT execution make it a potential large hub for AI implementations as they evolve. Recent research by Goldman Sachs highlights India as a future major player in the Artificial Intelligence (AI) triad, with the U.S. leading in innovation, China leading with chip production, and India leading with AI deployments for major enterprises.



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In terms of trade, according to the Office of the U.S. Trade Representative, “U.S. goods and services trade with India totaled an estimated \$212.3 billion in 2024, up 8.3 percent (\$16.3 billion) from 2023” and the “U.S. goods trade deficit with India was \$45.8 billion in 2024, a 5.9 percent increase (\$2.6 billion) over 2023.” The U.S. is also one of the largest foreign direct investors in India. Many U.S. companies, particularly across technology, financial, and professional services industries, are invested in India with direct foreign investments, outsourcing relationships, manufacturing, and supply chain operations. Time will tell if this slows due to the impacts of U.S. tariffs.

On to tariffs...early last month, the Trump Administration imposed a 25% tariff on Indian exports to the United States. Later in August 2025, frustrated with Russia’s disinterest in ending its war against Ukraine, President Trump placed an additional 25% penalty tariff for India’s purchase of Russian oil and military equipment, equating to a total tariff of 50%. India is the second largest buyer of Russian oil (China is first), making a major contribution to Russia’s war economy. India has an existing 17% tariff on U.S. goods imported, and as high as nearly 40% on agricultural goods. While the U.S. and India continue to negotiate, pressure could increase – last week President Trump asked the EU to impose 100% tariffs against China and India, promising that the U.S. would follow suit, though analysts believe it is unlikely that the EU will consider this bold move.

Regarding geopolitics, although it has been increasingly Western-leaning, India has significant ties to China and Russia. China is India’s largest trading partner with an asymmetrical trade balance of \$100 billion of imports from China weighted toward electronics, machinery, and pharmaceuticals versus about \$14 billion of exports. As for Russia, India imports over \$65 billion of goods, primarily focused on energy and defense weapons. Russia is India’s largest supplier of crude oil, while also providing it with coal, liquefied natural gas, and nuclear fuel. As these energy imports have increased in recent years, Russia has been able to withstand Western sanctions imposed from the Ukraine war. Russia also accounts for approximately 33% of India’s defense imports, down from past levels as high as 80%.

India’s dependency on China and Russia to fuel its economy through energy and defense sets a complex environment for free market nations considering long-term investments and strategic positioning within India, particularly when trying to derisk exposure. India’s emerging role in BRICS+ may temper such risk. While China’s economic power enables it to be the most significant influencer in BRICS+, India’s strength is growing in this forum. The World Economic Forum suggests India’s increasing role in BRICS+ counterbalances China’s and Russia’s anti-Western positions, particularly as India is expected to assume the BRICS+ presidency in 2026, with the potential to increase collaboration across the globe.

Militarily, while India did not politically align with what was considered Eastern or Western bloc nations during the Cold War, its close relationship with the Soviet Union resulted in Russia being the primary source for India’s military procurement from the 1960s to the 1980s. With the collapse of the Soviet Union, India diversified its military procurement sources; starting in the 1980s, it sought to procure more equipment from other nations to include the United States, Israel, and France, while sustaining its relationship with Russia.

India's military procurement from foreign countries is consistent with its "Make in India" and strategic autonomy policies. The following is not an exhaustive list, but open-source examples of the diverse foreign-produced military equipment that are still in its procurement portfolio:

- India-Russia: air defense systems, MiG-29 and Su-30MKI fighters, and BrahMos supersonic cruise missiles.
- India-UK: STATSTREAK missiles (MANPADS), and short-range air defense missiles and test facilities.
- India-France: Rafale-M aircraft and the Scorpène-class submarine project.
- India-Thailand: defense coordination, technology transfers, joint training, and industrial collaboration.
- India-United States: C-130J, C-17 Globemaster, P-8I Poseidon, CH-47F Chinook, MH-60R Seahawk, AH-64E Apache, Harpoon missiles, M777 howitzers, and MQ-9B remotely piloted aircraft systems.

Yet, despite India's potential to be a global power, several areas may hold it back. India's rise as a global power in part depends on its image as the world's largest democracy, yet concerns are mounting about democratic backsliding. Observers have noted increased pressure on the judiciary, suppression of dissent, reduced freedom of the press, and rising political polarization. Minority communities, particularly Muslims, have voiced concern over exclusion and marginalization in the face of Modi's growing majoritarian rhetoric. These internal dynamics not only threaten domestic cohesion but also undermine India's credibility as a leader among democratic nations. For Western nations, India's internal political trajectory may complicate deeper partnerships and raise questions about its long-term reliability as a democratic counterweight to authoritarian powers.

Similarly, while India's economy has grown rapidly, the benefits have not been evenly distributed. Economic inequality is widening, and youth unemployment remains alarmingly high, particularly among graduates and in rural areas. Despite being one of the youngest countries in the world (over 65% of the population is under 35), India struggles to provide enough meaningful employment opportunities. This mismatch threatens to squander the country's demographic dividend, fueling social unrest, political discontent, and a growing sense of disenfranchisement among the youth. The lack of job creation in the formal economy also limits domestic consumption and weakens India's internal market, both of which are critical for sustained long-term growth.

One of the most persistent and dangerous challenges India faces is terrorism, particularly from Pakistan-based groups. In addition to cross-border terrorism, India contends with internal security threats from separatist movements in Kashmir, Maoist (Naxalites) insurgencies in central India, and periodic unrest in the northeast. The cross-border threats are globally the best-known terrorist threats, but the internal separatists' threats are the most dangerous and disruptive to India. These threats require substantial national security resources, contribute to regional instability, and deter foreign investment and tourism –factors that could undermine India's aspirations as a stable and attractive global power.

India – Maintaining “Strategic Autonomy” as an Emerging Global Power:

Although it has a growing influence regionally and globally, India has yet to produce anything like a National Security Strategy. Instead, India takes great care to maintain what is commonly referred

to as “strategic autonomy” with priorities focused on domestic and regional security interests, while also engaging in global diplomatic and economic policy relationships that do not lock it into the commitments or decisions of other nations.

India’s posture of strategic autonomy has its roots in its traditional place in the Non-Aligned Movement. After 190 years of British rule, India gained independence in 1947 and has a deep cultural proclivity to not be influenced or controlled by other nations’ interests or proprieties. During the Cold War, India did not take a position of supporting Western nations such as the U.S. and its NATO allies or the USSR and its Warsaw Pact partners. Rather, India consistently took an “India First” policy position to preclude its being entangled with decisions or commitments related to foreign alliances and interests. Its posture of strategic autonomy still exists to this day and is reflected in everything it does, from defense procurement to diplomatic and economic associations related to international collaboration and cooperation forums.

India Has a Large Diaspora (But Its Impact is Limited):

India’s diaspora of over 32 million is an underused strategic asset. Spread across North America are about 5 million ethnic Indians, with many also in Europe, the Gulf, and Oceania – these communities could boost India’s global influence through soft power, economic ties, and policy advocacy. While diaspora members hold key roles in countries like the United States, the U.K., and Canada, India’s engagement remains largely informal and focused on remittances, lacking coordinated geopolitical impact. In contrast, Israel (estimates vary, but its diaspora is likely over 10 million worldwide, but only 200,000 in the U.S. per the 2020 census) has effectively mobilized its Jewish diaspora to support foreign policy, military aid, and technology, with organizations that play a strategic role. Israel also uses its diaspora to strengthen soft power and innovation, particularly in cybersecurity and defense. For India to maximize its global potential, a shift from cultural celebration to a strategic, coordinated approach that aligns diaspora engagement with national goals in diplomacy, innovation, and economic growth would better its global position.

Security Interest Priorities:

India’s security interests are primarily driven by domestic border and regional priorities and are a critical influence in global trade. Most publicity focuses on the indirect and overt clashes India has had vis-à-vis Pakistan (See [Bancroft GEOIntelligence Executive Summary India, Pakistan and Kashmir, and the Economic Implications](#)). China has also been a legitimate strategic threat that continues to challenge India’s sovereignty and influence in the region.

China and India have had a steady history of border clashes. The Sino-Indian War of 1962, for example, resulted in establishing a Line of Actual Control (LAC) where China is occupying parts of India. In 1967, China attacked India in the Himalayan passes of Nathu La and Cho La. Unlike the 1962 war, Indian troops were better prepared in defensible positions and were able to successfully repel the attacks. In 1987, China again moved troops into the Sumdorong Chu valley in the Himalayas, which is Indian territory on the border between Arunachal Pradesh (India) and Tibet (China). India responded with its own troops, and China eventually withdrew.

Since Xi Jinping’s presidency, China has become increasingly aggressive in its territorial stance vis-à-vis India. Additional Chinese incursions include the 2013 Depsang standoff, the 2014 incursion of Chumur, the 2015 confrontation in Burtse, the 2017 border standoff at Doklam, and

several smaller China–India skirmishes in 2020 and 2021 that resulted in 20 Indian soldiers and six Chinese soldiers killed from hand-to-hand combat in the Galwan Valley. And in 2022, Chinese soldiers attempted to enter Indian territory to encroach on the Yangtse region of Tawang that China claims to be part of Tibet.

China has been executing what is referred to as a “String of Pearls” strategy with respect to India; this amounts to a network of commercial and military infrastructure that China has been building for years to diminish India’s influence and solidify PRC dominance throughout the Indian Ocean region. China’s deliberate String of Pearls strategy has the goal of driving a wedge between India and its neighbors, thereby weakening India. Additional nodes in the string include significant BRI investments in Nepal, Bangladesh, Myanmar, Sri Lanka, and even the Maldives.

Through its Belt and Road Initiative (BRI) (See Bancroft Capital White Papers on China Strategic Positioning at [Bancroft GEOIntelligence White Paper on Free Market Nations Strategic Positioning with China, Part 1](#) and [Bancroft GEOIntelligence White Paper on Free Market Nations Strategic Positioning with China, Part 2](#)), China has been systematically using “Gray Zone” warfare efforts across non-military elements of power to diminish India’s influence and power in the region and among the BRICS+ nations.

Within the context of BRI, China has made infrastructure investments with most of India’s neighbors. The most overt investments start with Pakistan and the development of the China-Pakistan Economic Corridor (CPEC). The CPEC passes through the disputed Kashmir region, which India sees as a violation of its sovereignty. Although many of the goals of BRI and CPEC have not been realized by China or Pakistan, BRI and initiatives like CPEC are still viable to exercise national power and influence. For example, in 2025, despite a lack of operational success with CPEC, China and Pakistan agreed to expand the program to include Afghanistan to gain leverage across all elements of DIME.

Bhutan is another location where China is employing an encroachment strategy to expand its territorial borders and pressure India. Although Bhutan is an independent nation, China has been building settlements and infrastructure within Bhutan, using justifications of historical, cultural, and strategic significance that closely resemble the framing Putin used to justify Russia’s invasion of Ukraine. China’s strategic goal is less about Bhutan and more about pressuring the border with India. India’s Army Chief recently made an official state visit to Bhutan and was welcomed with strong public and political support as a show of unity between India and Bhutan, with the hopes of deterring further hybrid or direct military aggression by China.

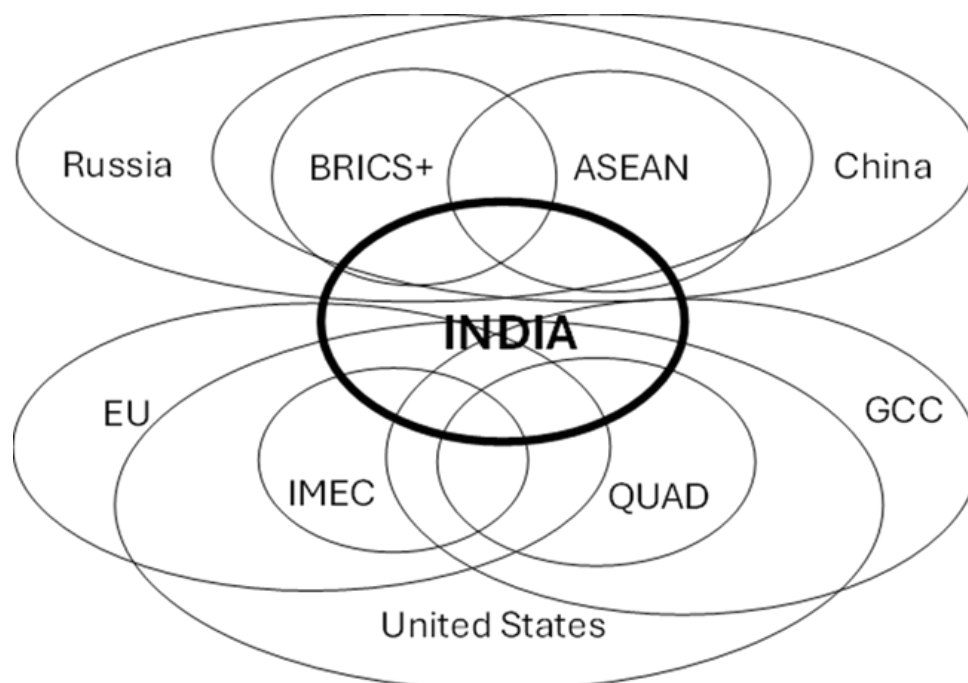
India Response vis-à-vis Strategic Autonomy:

India’s response to deter aggression from China and Pakistan continues to follow its commitment to strategic autonomy. India has been working on diplomatic solutions while conducting joint military exercises with nations across the spectrum of interests and alliances. India is careful to enhance collaboration and cooperation without becoming committed to alliances requiring mutual defense obligations. For example, in 2025, India conducted a joint naval exercise with Russia (INDRA 2025), and later an Air Force exercise with Japan, Korea, and the U.S. (Exercise Sea Dragon), as well as bilateral military exercises with the Maldives, Bangladesh, France, and Uzbekistan. Recently, India has been participating in a large, multinational exercise called

Talisman Sabre led by QUAD nations and hosted by Australia. The exercise includes over 30,000 personnel from 18 other countries to demonstrate coordination and collaboration for integrated military combat operations that can ensure a free and peaceful Indo-Pacific region.

India's interests are driven by its growing realization that China is a real and growing military threat. Unilaterally, Indian leaders know (though they will not acknowledge it publicly) that India is currently incapable of decisively defeating China. As such, India wants to remain non-aligned and strategically autonomous while keeping options open with the understanding that in a crisis, it may require multi-lateral assistance from free-market nations.

The diagram below depicts a high-level view of how India balances strategically autonomous relationships; India has multiple bilateral agreements within and across many of the major groupings.



India's Strategic Autonomy

India's strategic autonomy applied across all domains creates complexity and uncertainty with friends and foes alike. Such an approach in partnerships makes it difficult for other nations to fully trust India's commitments, increasing risk due to ambiguous values and interests. Its non-committal strategic approach also makes it more vulnerable to China's String of Pearls approach and Russia-China transactional relationships.

What results is a strategic paradox - India's demographics, economy, military strength, as well as its geographic positioning, show great potential for strengthening relations with free market nations, influencing international norms, and enhancing global stability. At the same time, India's commitment to non-alignment and strategic autonomy means that nations and sectors as potential collaborators must assess risk and prepare mitigation strategies accordingly. India must protect itself from a potential rapid realignment that could emerge based on changing Indian interests and

a lack of commitment to global and regional expectations of the free market and democratic nations, and institutional norms.

Economic Considerations:

- Strategic autonomy provides India with the opportunity to transact broadly; it also holds it back from becoming a trusted partner across all elements of national power.
- Strategic autonomy will continue to clash with China's hegemony and the Russia-China partnership.
- Flashpoints resulting from China's String of Pearls strategy are smoldering threats with increasing volatility for India.
- India's landmass, population, competency in technology, and growing global influence are assets that provide significant opportunities and are attractive to global partners.
- The U.S. is India's largest economic partner, with the combination of trade and foreign investment. Tariff negotiations between countries need to be monitored for impact on U.S. business economics and sentiment.
- India's dependence and proximity to China and Russia provide vulnerability, potential economic coercion, and influence that must be considered in business investment and partnership, specifically regarding cybersecurity, supply chain disruption, and sanction compliance.
- India is positioned to be a significant player in global AI deployments given its current relationships and deep talent STEM pool; however, the technology supply chain is complex, and collaboration could compromise IP and information given Chinese electronics and economic influence.
- India is a critical player in the future global power balance; U.S. and free-market nations need to consider how to position investment and partnerships accordingly.

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