

# INDIA'S 'WAIT AND WATCH' DIPLOMACY: REDEFINING REGIONAL ENGAGEMENT IN SOUTH ASIA

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*India's 'Wait and Watch' approach has reinforced its foreign policy strategy of 'Neighbourhood First' and hence allowed it to adjust to the changing political landscapes in South Asia. This issue brief looks at how India's measured response to political changes in Afghanistan under the Taliban and in the Maldives under President Mohamed Muizzu has boosted India's regional influence by exercising strategic patience and calibrated diplomacy. India has managed to reposition itself as an indispensable partner to both nations by striking the right balance of economic and humanitarian engagement with security concerns. This approach broadens its geopolitical contours, by counting external influences, advancing regional integration and entrenching India's leadership within South Asia. India's diplomacy is pragmatic and provides a guide to engage with unstable regimes without compromising national security. This approach, in the end, not only strengthens bilateral relations but also provides an example of stabilizing the region in light of changing geopolitical challenges.*

## Introduction

India's 'Neighbourhood First' strategy has remained the linchpin of its foreign relations policy in South Asia's evolving global and geopolitics. The strategy emphasizes promoting trade, connectivity and contact among people with neighboring countries to promote South Asian peace and cooperation.<sup>1</sup> Through the

years India has had various approaches to dealing with the complexities of her geopolitical setting, but the 'Wait and Watch' approach has lately proven to be her most potent diplomatic weapon. The 'Wait and Watch' policy of strategic patience and calibrated response has been useful in dealing with changes in political regimes in both Afghanistan and the Maldives.

In Afghanistan (2021) the resurgence of the Taliban and in the Maldives (2023) the electoral victory of Mohamed Muizzu were challenges to India's diplomatic stance. India historically has had strong ties to the previous governments in both countries, and the political change initially appeared to undermine those relationships. However, in contrast to a knee-jerk reaction, India took a cautious and calculated side and chose to engage for the longer haul while reacting for the shorter.

While India did not officially recognize the Taliban government in Afghanistan, it still pursued its humanitarian aid and development efforts—a sign that India remained intent on the Afghan people rather than the regime. This balanced approach contributed to India's influence without sacrificing its security concerns of terrorism and regional instability. In 2025, India and the Taliban dialogue represents a new phase of diplomatic dialogue highlighting mutual interests in security and economic cooperation.

Similarly, India's relations with the Maldives also came under stress over Muizzu's anti-India posture and realignment with China. Despite these setbacks, however, India also played a key role in giving the Maldives critical financial assistance needed for it to survive a particularly difficult economic crisis. However, diplomatic engagements and economic cooperation have over time helped to restore positive bilateral relations, proof of India's successful patience and pragmatic diplomacy. Despite the early indications of falling out of favor due to a transition in the political regime in these two nations, both have come to learn that India is an essential requirement in their economic, humanitarian, and infrastructural requirements as well as regional security, showing the success of India's redefined diplomatic approach to maintain relations with its immediate vicinity. Apart from these two cases, India's 'Wait and Watch' policy has wider implications for South

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Asia, as discussed ahead. India has established its leadership position in South Asia by prioritizing economic partnerships, security cooperation and strategic patience, which makes the regional states view India as one positive, reliable and stabilizing force in the volatile geopolitical region.

### **Afghanistan: Balancing Security and Engagement**

India had been notably cautious in its response when the Taliban regained control in Afghanistan in 2021. India's concerns over terrorism and the potential use of Afghan soil by anti-India groups like Lashkar-e-Taiba and Jaish-e-Mohammad, the Taliban's close nexus with ISI of Pakistan and its impact on Indian security had dwindled in recognizing the Taliban

government at the official level.<sup>2</sup> India for the most part continued humanitarian support, delivering wheat and medical supplies in a sign that it was not buying into the regime but rather the Afghan people. Recent developments in which the 2025 Dubai dialogue between Indian Foreign Secretary Vikram Misri and Afghan Foreign Minister Mawlawi Amir Khan Muttaqi saw a thaw—the Taliban expressing readiness to engage with India on its security concerns and India also willing to engage constructively with the Taliban—reflecting a change in dynamics.<sup>3</sup>

India's approach to Afghanistan is based on two core imperatives: to safeguard its security and extend developmental assistance to Afghanistan as all of these are in tune with India's strategic legibility and regional responsibilities. Afghanistan's proximity and its risks from terrorism and drug trafficking, as well as regional instability, make security paramount.<sup>4</sup> India's continuous commitment to the development of Afghanistan is equally important to the belief that only a stable and prosperous Afghanistan would provide for regional peace and economic growth. India has a range of initiatives focused

on infrastructure development, capacity building, educational scholarships and humanitarian aid, all aimed at tackling governance and economic problems and improving the living standards in Afghanistan.<sup>5</sup> However, in 2025-26, Afghanistan's aid allocation has halved from Rs 200 crore in 2020-21 to Rs 100 crore. It is a drastic drop from the Rs 207 crore allotted two years ago.<sup>6</sup> But, the dual approach enables India to strike a balance between a security need and its aspiration of being a responsible regional power.

### **Maldives: From Anti-India Rhetoric to Partnership**

In 2023, Mohamed Muizzu's electoral victory sent India-Maldives relations into a tailspin. On taking office, the Muizzu government started showing its anti-Indian sentiments, reduced the Indian military presence, terminated strategic pacts with New Delhi and concentrated defense relations with China. Tiwari has highlighted how "Maldives fell into a financial pit which made it need an urgent fiscal reset despite its debt-to-GDP ratio being seen at 110% and external debt swelled to above \$3.4 billion, including \$1.37 billion with China. Maldives' foreign exchange reserves decreased to \$440 million in August 2024, and the country could only pay for its essential imports for six weeks raising fears of defaulting on Islamic Sukuk bonds. The Indian financial assistance to Maldives included two lifelines—a State Bank of India emergency line loan of \$50 million and \$760 million through currency swap agreements."<sup>7</sup> India's rapid emergency financial assistance to the Maldives averted the economic crisis and helped it stabilize. India became the Maldives' principal development partner through the Greater Malé Connectivity Project and a potential free trade agreement.

Economic relations are set to grow further as India has its United Payments Interface

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(UPI) in the Maldives and is also working on projects like Thilafushi Port. The recent state visit by President Muizzu marks the end of an era of hostilities in India's bilateral ties with the Maldives and the beginning of a new era of economic collaboration. The Maldives was allocated Rs 6 billion (US\$69 million) in the 2025 national budget of India, compared to the Rs 4.7 billion it got last year, which was the highest allocation of money from South Asia.<sup>8</sup>

### **'Wait and Watch' Policy: A Diplomatic Success in Afghanistan and Maldives**

India's 'Wait and Watch' policy has proven to be a diplomatic masterstroke under India's 'Neighbourhood First' policy, as it played an important role in improving bilateral relations with Afghanistan and the Maldives without plunging into impulsive reactions to the political regime change. The recent engagement among senior officials in Dubai in January 2025 and assurance by the Afghan foreign minister to address India's security concerns and in return India's commitment to providing humanitarian and development aid to the Afghan populace marks the success of India's 'Wait and Watch' Policy in Afghanistan. Similarly, the visit of Muizzu to India in October 2024 and India's economic assistance and development cooperation with the Maldives, despite anti-India behaviors in the past, is another success story. The examples show that with patience and strategic intervention methods, problematic relationships can be turned into fruitful joint ventures.

### **Broader Implications of India's 'Wait and Watch' Diplomacy for South Asia**

India's 'Wait and Watch' or passive diplomacy also bears a crucial reference to the entire South Asian region as the blueprint towards solving the region's perennial problems of political instability and threat to security. This approach

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**Stabilizing the Neighborhood:** South Asia is a region of complex regional political rivalries, economic insularity and competitive foreign interventions and interferences. India's approach towards Afghanistan and the Maldives is balanced, it stresses long-term stability rather than short-term geopolitical victories. India's soft approach has ensured that despite India's continuing humanitarian and developmental initiatives, it has not been in a hurry to formalize diplomatic relations with the Taliban regime. This dual strategy of conditional engagement lays the groundwork for India's relationship with other politically unstable neighbors such as Bangladesh, Myanmar, or Nepal, without compromising India's security and strategic interests. India's economic assistance to the Maldives functions to integrate development assistance as a keystone of regional diplomacy. When seeking financial aid, South Asian nations need to be cautious for they may get



financial help from external powers such as China which benefits in the short run but then has strings attached that could potentially harm their sovereignty in the long run. India's approach is transparent, development-focused, and a reliable alternative with clear goals that aim towards national growth and stability. Therefore, adopting India's model would protect the region against external exploitation and contribute towards making South Asia a mutually cooperative and stable region.

**Countering External Influence:** The presence of extra regional powers such as China is fast changing South Asia's geopolitical landscape through the growing influence of the Belt and Road Initiative (BRI). A broader strategic insight for the region lies in India's capability to counter balance Chinese influence in South Asia. For example, the greater Malé Connectivity project is an investment by India in sustainable infrastructure projects, very different to the debt traps often put by projects involving the Chinese. India offers an alternative model of development for South Asian countries as opposed to the Chinese model, one which prioritizes transparency, building up of local capacity and long-term economic sustainability

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and without undermining sovereignty. In spite of its reservations about Pakistan-backed militancy, India has remained diplomatically engaged with the Taliban as it realizes the need to be involved in the process of constructing a regional architecture of security. India is gradually positioning itself as a stabilizing force that would be able to neutralize external influences by signaling its willingness to work with the Taliban on common concerns like terrorism and drug trafficking.

**Enhancing Regional Integration:** India's actions show that a focus on connectivity projects, humanitarian aid and financial and other cooperation with regional states can contribute to the emergence of wider regional integration in South Asia and help to eliminate the potential for conflict through economic interdependence. The initiatives also extended to other South Asian nations such as Bhutan, Nepal as well as Sri Lanka in the past to further a web of economic ties and help bolster South Asia's digital payment ecosystem, acting as a building block in strengthening economic regional integration. India's United Payments Interface (UPI) system adoption by South Asian countries serves as an example of how digital integration and economic integration be used as a soft power tool. Additionally, the depoliticization of development assistance can be illustrated through India's patient and restrained approach to 'regime changes' in South Asia. India has replicated its aid and investment strategies in alignment with the broader developmental goals of South Asian nations and has consequently fostered shared growth over ideological alignment. Indeed, this approach of India is pertinent to South Asian neighbors where political transitions are generally associated with policy reversals that adversely affect long-term development efforts.

**Reinforcing India's Regional Leadership:** India's strategic recalibration is helping to reinforce

India's position as a regional leader in its capacity to address shared challenges of South Asia. India's 'Wait and Watch' policy towards South Asian neighbors is a success that demonstrates the importance of reconciling national security with the region's responsibilities. However, India's approach goes beyond bilateral engagements as it reflects its willingness to exercise a leadership role in upholding regional stability, eliminating extremism as well as promoting sustainable development. India has succeeded in positioning itself as a reliable partner that will ensure regional prosperity, becoming the chief stabilizing force in the region. This strategy also further supports the broader vision of a cooperative and interdependent region that is consistent with India's longer-term aspirations for the region based on inclusive growth and security in the environment of great power competition.

## Conclusion

India's 'Wait and Watch' policy has worked out to be a very useful diplomatic strategy that allows it to deal with dynamic changes in the South Asian political landscape without giving up on its national security or strategic interests. The 'Wait and Watch' policy of India has not only enhanced India's relations with Afghanistan and the Maldives but has also seen India place itself as a key player in South Asia with pragmatic policies. The reason this approach was effective was that India did not hurry into formalizing ties with the Taliban, instead moving ahead with humanitarian support and keeping up infrastructure development, thereby maintaining its presence in Afghanistan. Similarly, India used its economic strength to salvage the Maldives' financial crisis, even as early tensions with the Muizzu government were mended, showing that strategic patience can bear desirable diplomatic results.

This pragmatic engagement with these South Asian nations is an indicator of the success of India's 'Neighbourhood First' policy under the banner of the 'Wait and Watch' strategy. The adaptability of this approach is once again seen in the way in which India has chosen to engage with Bangladesh during its shifts in politics, revealing that no country in South Asia can afford to ignore the fact that it needs a stable and prosperous India for their growth and stability. This 'Wait and Watch' strategy only points to India's quest for stability in the region and its position as a pragmatic and responsible power.

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## Endnotes

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