

India's Strategic Challenges

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Abstract

This article examines India's strategic landscape in 2026 as a direct extension of the turbulence and realignments of 2025. It analyses renewed tensions with Pakistan following Operation Sindoor, persistent instability in West Asia, maritime disruptions in the Red Sea and Arabian Sea, and the broader implications of major power competition. The article also assesses political churn in India's immediate neighbourhood, a cautious thaw in relations with China, and the impact of an increasingly transactional United States on India's strategic and economic choices. It argues that India's foremost imperatives include sustained vigilance against Pakistan-backed terrorism, accelerated defence modernisation under the jointness, atmanirbharta (self-reliance), and innovation framework, deeper jointness, streamlined procurement, and scaled-up indigenisation. Simultaneously, maintaining steady economic growth, safeguarding energy and diaspora interests in the Gulf, and preserving strategic autonomy will be central to India's ability to navigate an increasingly polarised, fluid, and unpredictable international environment.

India's strategic landscape is an extension of the events and experiences of 2025, with major shifts in strategic relations, old and new security threats, and changes in trade and economic

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relations. The strategic environment and ensuing challenges are likely to expand in 2026. It would be useful to review the year gone by to better examine the challenges that lie in the year ahead.

The Year Gone By

The world and India faced a tumultuous and challenging 2025. The year started with a resurgent Trump, with the world—and India—getting literally ‘Trumped’ in several ways during the year. India also faced a reprehensible return of terrorism against innocent civilians, emanating as always from Pakistan, and undertook retaliatory strikes against terrorist havens in Pakistan. In the ensuing short, sharp Operation Sindoor, India displayed remarkable strategic restraint, while Pakistan let loose with its range of conventional arsenal—to find them all effectively countered and becoming practically defenceless against India’s next escalatory steps. But, with Pakistan suing for immediate peace, and a clear strategic message having been emphatically sent, India chose to hold back—only to find Pakistan obfuscating their close shave from a decisive defeat. Far from learning the right lesson, Pakistan Armed Forces have portrayed their veritable defeat and sheer defencelessness as a tactical victory and seem to have convinced themselves and their trusting countrymen that they remain an effective force. In the same vein, they have twisted and supplicated before the United States (US) President Donald Trump to get into his favour, with the likely hope that it would provide them a longer term, strategic advantage.

Meanwhile, the Russia-Ukraine War raged on, as did the Israeli military onslaught on Gaza. Attempts to usher peace between the warring sides had limited effect. The Iran-funded Houthis, Hezbollah, and Hamas attempted to apply parallel military and strategic pressure on Israel in 2024-25¹, with the Houthis also targeting merchant shipping in the Red Sea and Gulf of Aden by drones, rockets, and missiles. While Israel undertook highly effective counterstrikes against Hamas and Hezbollah, the Houthi attacks succeeded in reducing merchant shipping around the Bab-al-Mandeb by half², but it plateaued thereafter due to defensive and offensive countermeasures by the Western forces. A simultaneous, anything but coincidental or opportunistic, resurgence of piracy in the Somali Basin and Arabian Sea in 2024 failed in the face of robust Indian Navy actions, which were aimed to protect

Indian trade, citizens, and vessels, and practically petered out by 2025.³

Israel maintained and escalated its military actions against Hamas, Hezbollah, and Houthis in 2025, and then undertook direct strikes against Iran in Jun 2025, with the US also getting involved.⁴ The ensuing military actions sharply weakened Iran and its allied forces in the region, leaving an uneasy tension, intermittent military actions, and with looming resumption of major kinetic actions against Iran. Israeli aerial strikes against Hamas leaders in Qatar in Sep 2025 violated the latter's sovereignty and enhanced concerns of the Arab states.⁵ While the latter were generally positive to the US-Israeli strikes against Iran, they were understandably disturbed, concerned, and wary about the effect of an incessant Israel on the rampage in Gaza and increasingly in the region. Saudi Arabia consequently signed a Strategic Mutual Defence Agreement (SMDA) with Pakistan in Sep 2025.⁶ A fragile truce was reached between Israel and Hamas in Oct 2025, brokered by President Trump. There has also been a steadily growing schism between Saudi Arabia and the United Arab Emirates (UAE) on their strategic outlook and the latter's relations with Iranian-supported proxies.

In India's immediate neighbourhood, instability and political challenges were evinced in Bangladesh and Nepal. In Bangladesh, the interim government under Muhammad Yunus continued to meander and flirt with Islamists, Pakistan, and China, keeping up a hostile stance against India.⁷ Nepal faced unique Gen-Z protests against misgovernance and corruption, which led to the fall of the government in Sep 2025.⁸

Relations with Sri Lanka, Maldives, and China, meanwhile, steadied and improved. The new Sri Lanka government under President Anura Kumara Dissanayake that came to power in 2024 reached out to India and has maintained steady relations since then.⁹ Maldives, which also saw a new government coming into power under President Mohamed Muizzu in early 2024, with a sharp 'India-Out' campaign, thereafter displayed pragmatism in power and pursued cooperation in trade, digital payments, health, fisheries, infrastructure, etc.¹⁰

The stand-off with China after the 2020 Galwan clash and Chinese aggressive stance underwent a thaw in 2025 and saw resumption of several stalled economic engagements and activities.¹¹ However, given the periodic provocations and rise in tensions over the past decade, India has continued to maintain a cautious, watchful military posture.

The Year Ahead

India's foremost strategic challenge in 2026 is, ironically, likely to be Pakistan—a country that New Delhi had started ignoring and believing to be no longer a major factor in India's strategic path. Pakistan, however, remains a significant danger—to itself and others—given there is no let-up in its single-minded, visceral opposition to India and its rise. Pakistan has also seemingly failed to draw any of the correct lessons from the Operation Sindoor—or its past conflicts with India. Meanwhile, it has been re-arming and will be militarily better prepared—or at least think itself to be—in the year ahead. It also faces an increasing economic crisis, a fragmented polity under the Army's supremacy, a burgeoning demographic disaster, an increasing push back from Baloch fighters, and a hard take-down from its own creation, the Taliban. Pakistani leadership, primarily Field Marshal Asim Munir, will remain pivotal in the time ahead and bear close watching. He has consolidated power as the new Chief of Defence Forces¹² and has been able to successfully keep the political and military leadership aligned, with former Prime Minister Imran Khan incarcerated—the only political leader opposed to the current Army dispensation while enjoying mass popularity. Pakistani leaders' development of warm personal rapport with President Trump will likely raise expectations of economic and strategic resurgence for Islamabad, boosting their confidence and influencing their strategic moves. The SMDA with Saudi Arabia, and re-armament support from China and Turkey, would further add to the wind under Pakistani sails.

Pakistan's internal problems, however, are likely to remain and only exacerbate, given the poor state of their economy, continuing prioritisation of the armed forces over other national developmental requirements, a polity deficit to cushion reversals and shocks, and security problems with the Baloch and Afghans, especially the Taliban. In a heady, cocktail mix of high confidence

and sense of military preparedness, enjoying tight political control (which may change should Imran Khan get released from jail) and perceiving external strategic support while facing setbacks on the economic and internal security fronts, there will remain a high possibility that the Pakistani Army may encourage or enable further terrorist attacks in India.

It will also not be implausible to consider a pre-emptive strike by Pakistan, if it faces a serious setback of sorts and feels it can prevent retaliation by India through strategic posturing and external support. India and its security forces will have to remain on alert against all such moves by Pakistan, while revitalising diplomatic efforts to hold Islamabad to account for its unabated sponsoring of terrorism.

India's next and biggest strategic challenge will remain its defence modernisation and indigenisation efforts to improve capacity, capability, and sustenance. It is apt that Indian Prime Minister Narendra Modi, while addressing the Combined Commanders Conference in Sep 2025, gave the theme 'JAI'—Jointness, *Atmanirbharta* (self-reliance), and Innovation—to guide defence reforms and transformation. While substantive efforts have been taken towards JAI in the recent years and merit appreciation, it also bears realistic note that the progress has been mainly incremental and evolutionary. Given the emerging strategic landscape, India may find these efforts unable to deliver what is operationally needed, in terms of quantity, quality, and time.

The prevalent slow, languishing, ponderous, and often looped procurement process is the result of India focusing for long on a fair, transparent, and legally impeccable process. This seeks to provide equal opportunity to all providers, while, at times, favoured public sector units, but with concomitantly lesser regard to the needs of national defence and security. The challenge is compounded by New Delhi's inability to model defence and security needs into this sequential, mathematical process to meet audit requirements. This inevitably, and often, leads to capability gaps, forcing short-term imports, albeit with limited numbers, and, thereby, creating long-term dependencies, with inherently lesser sustenance and limited repair or modification capability. The defence modernisation model India follows is of independent agencies that are segmented and often segregated, trying to work in a

coordinated manner. A joint, integrated model adequately empowered to deliver force modernisation will remain essential.

The inherently longer gestation periods for force generation need to be substantively compressed. The revised Defence Procurement Manual 2025 and Defence Acquisition Procedure 2026 are expected to support this requirement. Meanwhile, mainstreaming of the 'Emergency Powers' delegated to services as permanent 'Fast-Track Procedure' will be essential to meet shortfalls, niche requirements, and faster timelines. It is ironical that proven and indigenous systems have been exported, even as they had to await induction into the Indian Armed Forces.

The Innovations for Defence Excellence (iDEX) programme, along with Defence India Startup Challenges, have proved themselves to be enablers of innovation and indigenisation. However, in strategic terms, these can be mostly considered only as a successful 'Proof of Concept', given the lesser numbers involved and associated time-effort-cost matrix for their operational induction, with matching doctrines, training, and integration. The iDEX programme needs to scale up substantially, by a factor of at least 1,000 times, with adoption of a nomination-cum-partnership model, in lieu of competitive bidding, and empowered project management. Where required, the Government of India (GoI) or the Ministry of Defence (MoD) should be able to buy a major stake in the start-ups and niche technology intellectual property rights to safeguard the firm, technological capability, and Indian defence needs. Such firms and their products should be further invested and supported by the GoI or the MoD through repeat orders, with spiral development and scaled up production.

There has been a steady progress in jointness in recent years in multiple areas. The focus, however, has been more on people and institutions than on systems and processes. Partly, for this reason, there has also been a disproportionate attention taken up by the goal of theaterisation through establishment of 'Joint Commands'. However, the latter would not be able to deliver the envisaged results in the absence of jointness in systems and processes. Further, as consistently advocated and argued by the author while in service, the envisaged results of theaterisation need to be examined more deeply to discern the optimal model before concluding that the establishment of 'Joint Commands for

Operations' and reducing the roles of Service Chiefs to 'Raise-Train-Sustain' (RTS) would best meet the desired results. In the author's considered view, the RTS-Operations split model has serious limitations, and may take a long time to settle. India has placed the cart before the horse in focusing on determining the shape, size, location, charter, and resources of Joint Commands, without first undertaking a robust and structured 'Mission Analysis'. There is a pressing, glossed over need to properly analyse the goals of what is needed and desired, and associated assumptions, constraints, and restraints, and then, accordingly work out various models with a 'Strengths, Weaknesses, Opportunities, and Threats' and cost-benefit analysis, and, thereby, discern the optimum model for meeting the goals. Such an exercise has been done in a single service setting within two weeks and should not require more than five weeks as a joint study.

Another major strategic challenge for India in the coming year will be enhancing its economy and trade amidst a sharply polarised world, with 'Trumpian' twists and turns and a fluid international security environment, which may continue to see old and new conflicts over the next year. The barrage of US tariffs imposed on all countries, including an extra dose for India last year, also encouraged it to undertake a slew of economic reforms and strong outreach for bilateral trade deals. This has had good results over the past year and paved the way for the 'Mother of all Deals' with the European Union in Jan 2026. It has also led to an eventual trade agreement with the US, even as the US Supreme Court struck down the earlier Trump tariffs as being illegal without Congress approval. Notwithstanding, the US President retains substantive leeway to impose tariffs under various other clauses, and the full range with Congressional approval. So, the coming year will continue to pose a strong strategic challenge, wherein, India will need to maintain a steady trajectory of economic growth, while navigating between the narrowed strategic choices available, and retaining its strategic autonomy. A strong domestic savings component, steady macro-finances, progressively improved connectivity—roads, rail, ports, inland waterways and digital; a large market with economies of scale, a substantive and young skilled work force, and ongoing economic reforms serve to provide a steady base for India to weather the challenges and turn them into opportunities over the coming years.

The fraught security situation in the Gulf may pose a significant strategic challenge to India as well, given the large numbers of Indians working there, with their substantive annual remittances supporting their families at home, New Delhi's immense energy dependence and interests, and continuing good relations with all sides. The Saudi-UAE schism and Israel-Gaza conflict have put the India-Middle East-Europe Economic Corridor (IMEC) on the backburner. With Saudi Arabia working on an alternative to the IMEC, bypassing the UAE and Israel while including Qatar, Jordan, and Syria, India will need to reach out pro-actively to not be left out of any new trade and economic routes.

The Israel-Gaza truce remains uneasy amidst efforts by a US-led 'Board of Peace' that aims to provide substantial aid for reconstruction of Gaza and a 20,000 strong stabilisation force, whilst bypassing the United Nations. Notwithstanding the laudable aims, given the record of continuing truce violations reported by both sides with persistent and mostly low-level violence, there is likelihood of a fresh outburst of conflict derailing the peace efforts. More significantly, Israel has continued to advocate for military strikes against Iran and has been pressing the US to participate in the same. The US massive naval and air build-up in the region in early 2026, amidst pull-back of troops stationed regionally within striking range of Iran—with demands for Iran to agree to give up its nuclear programme under threat of military strikes—poses a major threat to Tehran.

The risks of military action against Iran are high, especially in early-mid 2026, with all forces poised on both sides and a weakened Iran, whose proxy forces and deterrence strategy have been substantively damaged. The ensuing fall-out could range from limited retaliation by Iran to a wider escalation, depending on the type and impact of any US-Israeli actions, especially on Iranian political and military leadership. The present trend points towards continuing fragility at best, and possible sudden flare-ups with severe impact on regional stability and security.

It will be in India's interests to weigh in diplomatically with all sides, to maintain engagement and leverage relations towards preventing any further deterioration, considering the likely sharp adverse effects that would impact New Delhi directly and indirectly. However, it would also be prudent to prepare for such deterioration, which would need attention to multi-agency contingency plans for

enhancing the safety and security of the 10 million Indians across the Gulf region, India's energy security, and the security of New Delhi's trade and energy routes with the Gulf.

Another major challenge for India will remain its relations with the US, given the sharp tirades and trade tariffs it faced over the past year. It will take time to overcome the setbacks to Indian trust and belief, built up steadily over the past two decades, that the US can be a reliable partner. With the current Trump administration being avowedly transactional, India will need to continue managing and maintaining its relations with the US in similar manner, avoiding direct opposition, progressing issues where there exist mutual convergence and necessity, while hedging its strategy by building self-reliance and relations with other partners. Trade, investment, and economic issues; defence cooperation comprising military sales and exercises; and the Quadrilateral Security Dialogue for multilateral government interactions will likely remain the main pillars of the Indo-US strategic engagement for 2026.

India's relations with its immediate neighbours will continue to need attention, with Bangladesh and Nepal ushering in new governments amidst anti-India sentiment being sponsored in these countries in recent years. Bangladesh has seen the return of the Bangladesh Nationalist Party to power and rise of the Jamaat as the main Opposition, with the Awami League being banned in the recent elections. The last two years of turbulence in Bangladesh will likely take time to settle, with anti-India sentiment and enhanced Pakistani influence probably continuing over the next year. The new government in Nepal will also have to cater to long years of economic problems and governance issues, in which India was a handy bogeyman, before the politico-economic-social situation substantively improves. For this, Nepal will likely reach out to both India and China to maximise its gains.

The increased role and involvement of the US in the recent years in these countries, the continuing influence of China, and likely increased outreach by Pakistan will all need to be factored by India. It will be required to have continued and steady engagement with the new governments in Bangladesh and Nepal—at multiple levels and across the spectrum of political, diplomatic, economic, and military—to strengthen relations and counter internal and external negativity.

Last, but by no means the least, and likely the longest continuing strategic challenge for India would remain China. While the relations have steadied and improved, albeit incrementally and cautiously, over the past year, the underlying strategic differences between the two countries remain. There is little reason to believe that China would seek to settle these. At the same time, China has become India's largest trading partner, with bilateral trade estimated to cross USD 155 bn in 2025—with 87 per cent of this constituting Indian imports from China to Beijing's major advantage. The growth of Chinese national power—economic, industrial, technological, and military—over the past two decades has been simply phenomenal. It has the largest naval force today, which is more than the US, although its combat power and force projection capability is still relatively lesser. China's global outreach and leverage have also grown significantly, supported by its Belt and Road Initiative across Asia, Africa, Europe, and the Americas. It has displayed a rugged approach to its core interests, including in the South China Sea and border areas with India. It has continued to coerce Taiwan, bully the Philippines, and pressure the Association of Southeast Asian Nations. It has strongly supported Pakistan, Russia, Iran, and North Korea. It has built substantive relations and leverage with India's immediate neighbours, including Pakistan, Nepal, Bangladesh, Myanmar, Sri Lanka, and Maldives, which impact Indian interests.

China has posited itself as the next largest power after the US and has become its putative challenger. It has readily pushed back against the US when directly pressured. But, despite its huge power, China has been relatively careful—even calibrated and cautious—in displaying this overtly or directly beyond its immediate neighbourhood. The US-China relations underwent trade and tariff tensions in 2025, before reaching a mutual accommodation towards 2025's end. Further interactions and possible jostling may be expected in 2026, which bears watching with keen interest for its impact on India. This could see progress in the ongoing mutual accommodation towards enhanced cooperation and possible 'G-2'. It may also see further steady curtailment of China's strategic leverage by the US actions in South and Central America, and, thence, the Gulf region, which intentionally or otherwise also target Chinese interests therein. If China gets accommodated in the G-2 format, it will have lesser

reason to similarly accommodate India's interests in Southern Asia. If it comes under pressure, its reactions could be either insular or aggressive, depending on the impact of the pressure on the Communist Party of China and its future. The best-case scenario for 2026 would, therefore, be the maintenance of stability in India's relations and posture with China, allowing time for the other changes and challenges to pass.

The past year has been strategically challenging for India and the world. It has also offered opportunities and thrust to safeguard Indian interests. The coming year portends to be equally challenging but relatively a little more stable, with India getting the measure of strategic fluidity that prevailed, whereupon it is possibly better positioned to address the same.

Conclusion

India enters 2026 being better prepared but not less challenged. Pakistan's volatility, China's structural competition, instability in West Asia, and an evolving US posture will test India's strategic resilience. The need for credible deterrence, accelerated defence reforms, economic strength, and diplomatic agility is evident. Stability with China, calibrated engagement with the US, and proactive neighbourhood outreach will remain essential. Ultimately, India's ability to integrate military preparedness, economic growth, technological self-reliance, and strategic autonomy will determine whether it merely navigates turbulence or shapes its regional and global environment with confidence.

Endnotes

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