

**SOS POLITICAL SCIENCE & PUBLIC
ADMINISTRATION
M.A POLITICAL SCIENCE II SEM
INDIAN FOREIGN POLICY (203)
UNIT-II**

TOPIC NAME-INDIA'S RELATION WITH THE CHINA

INTRODUCTION

- **China–India relations**, also called **Sino-Indo relations** or **Indian-Chinese relations**, refers to the bilateral relationship between the People's Republic of China (PRC) and the Republic of India. Although the relationship has been cordial, there have been border disputes. The modern relationship began in 1950 when India was among the first countries to end formal ties with the Republic of China (Taiwan) and recognize the PRC as the legitimate government of Mainland China. China and India are the two most populous countries and fastest growing major economies in the world. Growth in diplomatic and economic influence has increased the significance of their bilateral relationship.

WHAT IS THE RELATION BETWEEN INDIA AND CHINA?

- The modern **relationship** began in 1950 when **India** was among the first countries to end formal ties with the Republic of **China** (Taiwan) and recognize the PRC as the legitimate government of Mainland **China**. **China** and **India** are the two most populous countries and fastest growing major economies in the world.

CULTURAL RELATION

- Cultural and economic relations between China and India date back to ancient times. The Silk Road not only served as a major trade route between India and China, but is also credited for facilitating the spread of Buddhism from India to East Asia. During the 19th century, China's growing opium trade with the British East India Company triggered the First and Second Opium Wars. During World War II, British-occupied India and China both played a crucial role in halting the progress of Imperial Japan

ECONOMIC RELATION

- **Strengthening their economic relationship can confer significant gains upon both nations. China's vast size, its growing middle class, and its bid to move towards a domestic consumption-based economy mean it offers great potential as a future market for Indian goods and services as well as a source of greater investments**

WHAT IS THE DISPUTE BETWEEN INDIA AND CHINA?

- The **Sino-Indian War**, also known as the **Indo-China War** and **Sino-Indian Border Conflict**, was a war between China and India that occurred in 1962. A disputed Himalayan border was the main cause of the war, but other issues had also played a role. There had been a series of violent border skirmishes between the two countries after the 1959 Tibetan uprising, when India granted asylum to the Dalai Lama. India initiated a Forward Policy in which it placed outposts along the border, including several north of the McMahon Line, the eastern portion of the Line of Actual Control proclaimed by Chinese Premier Zhou Enlai in 1959
- Unable to reach political accommodation on disputed territory along the 3,225 kilometre- (2,000 mile-) long Himalayan border,^[11] China launched simultaneous offensives in Ladakh and across the McMahon Line on 20 October 1962. Chinese troops outmatched Indian forces in both theatres, capturing Rezang La in Chushul in the western theatre, as well as Tawang in the eastern theatre. The war ended when China declared a ceasefire on 21 November 1962, and simultaneously announced its withdrawal to its claimed 'Line of Actual Control'.

WHAT IS THE DISPUTE BETWEEN INDIA AND CHINA?

- Much of the fighting took place in harsh mountain conditions, entailing large-scale combat at altitudes of over 4,000 metres (14,000 feet).^[12] The Sino-Indian War was also noted for the lack of deployment of naval and aerial assets by both China and India.
- As the Sino-Soviet split heated up, the Soviet Union ramped up its efforts to support India, especially with the sale of advanced MiG fighter aircraft. Initially, India had not accepted major offers of Soviet hardware, with Nehru fearing it would lead to heavy reliance on imported weapons for defence, but with major weapons being delivered to Pakistan by countries of the Western Bloc, and in particular refusal by the United States and Britain to sell advanced weaponry to India because of the political climate (India's inclination towards the Soviets), caused it to turn to the Soviet Union for military hardware.^[13] It was the first war between China and India and the latter's second armed conflict in the span of less than a year following the Indian invasion and annexation of Portuguese Goa. After the end of the war, both sides kept forward armed positions and a number of small clashes broke out, but no large-scale fighting ensued.

WHAT IS THE REASON FOR INDIA CHINA WAR?

- The main cause of the war was a dispute over the **sovereignty** of the widely separated Aksai Chin and Arunachal Pradesh border regions. Aksai Chin, claimed by India to belong to Kashmir and by China to be part of Xinjiang, contains an important road link that connects the Chinese regions of Tibet and Xinjiang

HISTORY

- PHASE ONE: BONHOMI
- The first phase lasted for a decade, from the founding of the PRC in 1949 to 1959. During these years, India regarded China as a fellow Asian country that had emerged from imperial control and stood ready to craft a new future. Although the political systems of the two countries were rather different, many Indians—including the top political leadership—believed that the countries had lots of avenues for cooperation and learning. This honeymoon period came to a close in 1959, when the border dispute came to the fore and the Dalai Lama fled Lhasa, Tibet, to take refuge in India.

HISTORY

- PHASE TWO: CONFLICT
- Over the next three years, these tensions rose to a boil and culminated in the Sino-Indian War of October-November 1962. During the same period, public and elite perceptions of China turned sharply negative. For many Indians who lived through the defeat of November 1962, Communist China came to be seen as an aggressive neighbor that sought to humiliate a democratic, non-aligned India. It took almost three decades for China-India relations to recover. Prime Minister Rajiv Gandhi's visit to Beijing in 1989, and his meetings with Deng Xiaoping, marked the beginning of a new phase.
- PHASE THREE: CAUTIOUS ADMIRATION
- The most recent phase, over the past twenty-five years, has been marked by India's admiration for China's developmental accomplishments. India also has questions about what China's rise means for the international order and itself. Can the cooperative and competitive elements in the relationship coexist

WORLD OPINION

- The Chinese military action has been viewed by the United States as part of the PRC's policy of making use of aggressive wars to settle its border disputes and to distract both its own population and international opinion from its internal issues.^[75] According to James Calvin from the United States Marine Corps, western nations at the time viewed China as an aggressor during the China–India border war, and the war was part of a monolithic communist objective for a world dictatorship of the proletariat. This was further triggered by Mao Zedong's views that: "The way to world conquest lies through Havana, Accra, and Calcutta". Calvin believes that Chinese actions show a "pattern of conservative aims and limited objectives, rather than expansionism" and blames this particular conflict on India's provocations towards China. Calvin also expresses that China, in the past, has been adamant to gain control over regions to which it has a "traditional claim", which triggered the dispute over NEFA and Aksai Chin and indeed Tibet. Calvin's assumption, based on the history of the Cold War and the Domino Effect, assumed that China might ultimately try to regain control of everything that it considers as "traditionally Chinese" which in its view includes the entirety of South East Asia

WORLD OPINION

- The Kennedy administration was disturbed by what they considered "blatant Chinese communist aggression against India". In a May 1963 National Security Council meeting, contingency planning on the part of the United States in the event of another Chinese attack on India was discussed. Defense Secretary Robert McNamara and General Maxwell Taylor advised the president to use nuclear weapons should the Americans intervene in such a situation. McNamara stated "Before any substantial commitment to defend India against China is given, we should recognise that in order to carry out that commitment against any substantial Chinese attack, we would have to use nuclear weapons. Any large Chinese Communist attack on any part of that area would require the use of nuclear weapons by the U.S., and this is to be preferred over the introduction of large numbers of U.S. soldiers."^[76] After hearing this and listening to two other advisers, Kennedy stated "We should defend India, and therefore we will defend India."^{[76][77]} It remains unclear if his aides were trying to dissuade the President of considering any measure with regard to India by immediately raising the stakes to an unacceptable level, nor is it clear if Kennedy was thinking of conventional or nuclear means when he gave his reply.^[76] By 1964 China had developed its own nuclear weapon which would have likely caused any American nuclear policy in defense of India to be reviewed.^[76] The Johnson Administration considered and then rejected giving nuclear weapons technology to the Indians. India developed its own nuclear weapon by 1974, within 10 years of the Chinese

FIVE FACTS ABOUT INDIA-CHINA TRADE AND INVESTMENT RELATIONS — AN INDIAN PERSPECTIVE

- **Knowledge Sharing for Governance:** India and China account for over 1/3rd (or 2.8 billion people) of the world's population and ~20% (of the global GDP). Many challenges pertaining to governance, allocation of resources and developing human capital are common to both neighbours. As of now, China's economy is ~4.7x of Indian economy. China also fairs better than India on most human development indices. **India has a lot to learn from the development trajectory and planning process of China, especially in areas like strengthening manufacturing sector, infrastructure development and rapid urbanization.**

TRADE DIVERSIFICATION POTENTIAL FOR CHINESE CAPACITY

- China-India bilateral trade touched \$87.1 bn in FY19, accounting for a trade deficit of \$53.6 bn for India. The trade has grown to 37x in the last 20 years. Bilateral trade is likely to easily achieve \$100 bn target set by the two countries. Another interesting fact is that India is the 7th largest export destination for Chinese products and is likely to be amongst the fastest growing destination. A looming trade deficit for India (swelling from \$9.2 bn in FY07 to \$53.6 bn in FY19) is the point of contention for over a decade in every China-India dialogue. Experts argue that for FY19, the rare trade deficit of \$5 bn with Hong Kong should also be added to China's tally. China should seriously consider allowing greater market access for Indian specialities like pharmaceuticals, agri-commodities and movies. **Today, India holds a critical and alternative market opportunity for Chinese companies, severely affected by levy of hefty duties on US export consignments**

ATTRACTIVE MANUFACTURING DESTINATION

- India has emerged as one of the most attractive destination for global FDI, consistently winning the title of “Best Global Location for Greenfield FDI.” China is a relatively late entrant — compared with its Asian neighbours like Japan and South Korea — in India as far as foreign direct investments in manufacturing and services sector are concerned. However, the momentum has built since 2014 which has accelerated post Modi-Xi Informal Summit in Wuhan in 2018. There are roughly 800 Chinese companies in India, with roughly 75 with manufacturing facilities across sectors such as smartphone manufacturing, consumer appliances, construction equipment, power equipment, automobiles, optical fibres, chemicals, etc. **As per China MOFCOM data, Chinese FDI in India is ~\$8 bn, whereas DPIIT reports official FDI figures at \$2.26 bn. India is a unique proposition as it has a large and fast-growing domestic market, and it is striving to improve its competitiveness to emerge as a major export hub. Read more [about Manufacturing in India](#)**

INDIAN START-UP ECOSYSTEM — LEVERAGING CHINESE CAPITAL AND IDEAS

- Chinese capital that has received cold shoulder elsewhere is welcomed with open arms by Indian Start-up ecosystem. As per data from Traxcn, China's VC investments in India grew 5x to \$5.6 bn in 2018 compared to \$3 bn in 2017 and \$668 mn in 2016. India has emerged as the Start-up Capital of the world — with 1000+ funded companies, 100+ Active VCs (including 21 Chinese VCs) and 18 unicorns (\$71 bn in valuations). Majority of these unicorns and several fast-growing start-ups in segments — such as B2B and B2C E-commerce, payments, mobility, education, food delivery, logistics, fintech — have investments from Chinese investors such as Alibaba, Tencent, Meituan, Didi, Shunwei Capital, Xiaomi, Hill House Capital, Fosun RZ, NGP Capital, etc. **Unlike traditional Indian businesses where CXOs have preferred cooperation with the West, Indian Start-ups are favouring China for faster closer of funding rounds and learn latest in the consumer Internet tech. China's consumption market resonates with the situations in India, and hence China offers a much better growth template for Indian Start-ups than its Western counterparts**

INDIA IS THE VALUATION DRIVER FOR CHINESE INTERNET FIRMS

- China is good at Hardware and India is good at Software,” (hence, India-China cooperation a marriage made in heaven) is a familiar statement at discussion tables set in government offices. On the contrary, Chinese companies have also gained significant competitive advantage in software space, especially in the Consumer Internet segment. Peking and Tsinghua University have been churning some of the best software development brains in the world. Offerings of Chinese Consumer Internet companies are not unknown for India’s recently enrolled Internet Users (total users 450 Mn). Content sharing platform Shareit has 200 Mn Monthly Active Users (MAUs) in India, and nearly 400 Mn installed users. Tik Tok app (from Bytedance) is the new favourite with 120 million MAUs in less than 3 years of its Indian operations. Chinese Apps like NewsDog, Live.me, Musicly.ly are banking on growth in regional content to tap new content consumers in Tier II and Tier III cities in India, rather than focusing on the English-speaking populace in Metros. **India is a hot favourite market for Chinese Internet companies due to faster customer acquisitions, which in turn helps in commanding better valuations during fund raising rounds**

CONCLUSION

- the two countries have to figure out a way to increase people-to-people interactions. And this means granting each other more visas and promoting tourism and cultural exchanges. It's important to remember here that governments can only play the role of a facilitator. Ultimately, it is the people of the two countries who have to develop free, shared interests and influence the government-to-government relationship through a bottom-up approach.
- My second observation is that there now seems to be a consensus between New Delhi and Beijing that a new understanding is needed between the two. They realise that they can't escape the fact that they are two large Asian neighbours and have to co-exist. But what does this new understanding mean? And how can the two nations evolve a common worldview? It is here that I feel that the Chinese want India to be a part of their development-driven roadmap for Asia. For, one of Beijing's core philosophies is that development for all can alleviate most of the problems faced by the world today. This is a compelling philosophy. And yes, development can change a lot of things. But the big question is development on whose terms.

THANK YOU