

# India's Worries on China's Ascent: Options for India

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## **Abstract**

*China has shown tremendous rise during last two decades. This tectonic shift in power structure is a disturbing development not only for already established world powers like USA and EU but also for a rising country like India. By all ways and means, today China is increasing military might, enhancing economic clout, increasing capacity building, developing infrastructure not only along its borders but in some distant places also and soaking up the global natural resources on a large scale and extent. These developments pose a serious challenge for rest of the world. And being a rising power and immediate neighbour, India is worried on all these developments. Today China is engulfed in maritime disputes with almost all the surrounding countries like Vietnam, Philippines, Japan, Indonesia, Malaysia, Brunei, North Korea and South Korea. Its increasing influence in Nepal, Bangladesh, Pakistan and Myanmar, its increased movements in Indian Ocean, its expansionist projects like OBOR & String of Pearls, its territorial claims on parts of India, its lack of support for India's membership in UN Security Council and other regional and global organizations are some of the strong signs of intention to prevent the rise of India as a global player. The present paper analyses all these issues which cause the serious worries in the minds of India's policy makers in particular and common masses in general. The paper also discusses some options which India can choose to overcome the worries caused by emergence of China.*

**Keywords:** *China, India, Indian Ocean, Trade Imbalance, Encirclement of India, OBOR, String of Pearls.*

## **Introduction**

China's assertion in global politics is a tectonic shift in international affairs. It is one of the most important geopolitical developments of the early 21st century. Though, there is a narrative of 'peaceful rise' from china's angle but it poses a critical challenge for rest of the world from opposite angle. By all means, China has emerged as a major international actor in the short span of three decades. Its rapid economic development, active foreign policy and growing military prowess paved the way for its entry into the club of superpowers. Over the past 15 years, China has experienced an eightfold increase in GDP, enabling it to serve as the primary engine of global economic growth in the early 21st century (Corre & Pollack, 2016, p. 1). It has leapfrogged from sixth to second place among the world's economies, trailing only the United States in absolute economic size. In addition, China has become the world's leading trading state and is now the second largest source of outward foreign direct investment. Simultaneously, its growing military might through a continuously increasing defence budget has changed the security scenario not only in Asia but in other parts of the world also. Every day and everywhere, China figures prominently in global attention—soaking up resources, investing abroad, asserting itself in its Asian neighbourhood, being the sought-after suitor in global governance diplomacy, sailing its navy into the Indian Ocean, and waters of Africa, broadening its global media exposure and trying to build its cultural presence and “soft power,” while managing a mega-economy that is a major engine of global growth. China's global impact is increasingly felt on every continent, in most international institutions, and on many global issues. Thus, by many indices, China is now clearly one of the world's two leading powers along with the United States (David, 2013, p. 1).

### **Matrix of India-China Relations**

The nature of relationship between China and India will cast a long lasting impact on international politics in general and on Asian politics in particular. Ever changing global milieu and regional compulsions are the main drivers of uneven pace of their bilateral relationship. Being the rising powers both are committed to promote peace, stability and development in the present international system (Li, 2010, p. 5). On certain issues both have convergence of interests but simultaneously divergence of interests also prevails in their relationship. Though their past relations were dominated by bitterness and hostility but with the dawn of 21st century, both the states began to shed their past hostilities towards each other by initiating a number of Confidence Building Measures in various fields like economics, politics, culture, defence, etc. to stabilise their relationship. This turn of positive development was based on the mutual need to focus on social and political stability, strong economic growth and a sense of security so that each side can avoid the dangers of stagnation and decline (Gojree, 2013, p. 49). But simultaneously, there is a great asymmetry in their relations. The Chinese are relaxed about the rise of India. Nobody in Beijing sees India as a serious competitor or threat. Most Chinese officials and scholars who deal with India say that Sino-Indian relations are very good. But Indians are much more nervous about the rise of China. New Delhi's foreign policy and defence establishments, in particular, tend to see China as a threat.

### **China's Perception about India**

The general perception, however exceptions exist, of Chinese about Indians is dominated by the sense of distrust and suspicion. The China perceives India just a player in South Asia and denies its role as a major player beyond South Asia. It does not want to consider it as its peer competitor. China has demonstrated its displeasure over recent attempts of some Southeast Asian countries to draw India into the region. China has clearly surpassed India in power competition game by acquiring potent economic and military capabilities. And the existing asymmetry in power and status serves Beijing's interests very well. Mohan Malik describes 'five don'ts' that China wants to be performed by India to keep a good relationship (Malik, 2004, p. 2). These are: (a) don't peddle 'the China threat theory', (b) don't support Tibet or Taiwan's independence; (c) don't object to the Sino-Pakistani strategic partnership; (d) don't align with the United States and/or Japan to contain China; and (e) don't see or project yourself as an equal of China or as a nuclear and economic counterweight to China in Asia. On the basis of these 'five principles,' China is willing to develop a relationship with India as part of its friendly neighborhood strategy.

China considers India as a secondary but important strategic concern which is reflected in what Beijing calls its 'primary strategic direction' and its 'secondary' or 'important' strategic direction (Murray, Dumbaugh, & Easton, 2011, p. 6). China's 'primary strategic direction' is an official judgment by party leaders about the principal direction from which China's most serious security threats and opportunities emanate. Since 1993, China has designated its southeast—including Taiwan and the South China Sea—as its 'primary strategic direction,' and its west and southwest border regions, including India, as its 'important' or 'secondary' strategic direction, and notes that countries on its western borders have an increasing impact on a wide array of Beijing's security interests.

Chinese also regard India's nuclear weapons as a growing source of concern. People's Liberation Army (PLA) also portrays India as an ambitious; potentially expansionist power, especially in the Indian Oceanic Rim (IOR), and some analysts in China assert that India is quietly searching for an opportunity someday to avenge its 1962 military defeat. They also describe India as very willing to cooperate as a partner of the United States or another potential Chinese adversary, such as Japan, Vietnam, Taiwan, or even Russia. Finally, China

expresses clear concern that India could further exploit its resident Tibetan exile community to exacerbate the already serious ethnic unrest China faces in its Tibetan-populated regions.

### **India's Perception about China**

India perceives China as a potential security threat but after Pakistan. Pakistan remains its chief security obsession. Although China's military buildup in border regions, its growing ties with India's neighbors and its increasing presence in the Indian Ocean are sources of anxiety for New Delhi (Murray, Dumbaugh, & Easton, 2011, p. 7). India's long-term strategic anxiety about Chinese power is also related with China's rapid growth, as well as a perception that statecraft is easier to pursue in an autocratic state such as China. Indian security specialists often portray China as a highly strategic-minded actor that can maintain a single minded focus on long-term security goals, ignore dissenting voices, and marshal all of its resources toward achieving its end. By growing its defense economy, Beijing has established the logistics and transport infrastructure necessary to move its forces, if need be, from China's interior to the Indian border region, while also starting to build a blue-water navy to operate in the IOR. Likewise, India perceives China as effectively using its economic power to gradually build a network of security partners and near-allies on or near India's border that will support its presence in the region (Murray, Dumbaugh, & Easton, 2011, p. 8).

### **India's Worries**

Policy makers and experts in India are worried on various issues in relation to China's ascent. Though Indian leaders speak positively about India-China relations in public sphere but in private they express strong concerns on China's rise. India's concerns on the issues include:

***China's Increasing Presence in Indian Ocean:*** The increasing presence of China's military in Indian Ocean is a cause of constant worry for India. The activities have increased considerably over the last five years. China is spending billions in expanding its ports network to secure sea lanes and establish itself as a maritime power. It is building commercial ports along the shores of the Indian Ocean in Burma, Pakistan, Sri Lanka and elsewhere. The Chinese economy is highly reliant on trade routes that pass through the Indian Ocean, which serves as a vital pathway, particularly for energy supplies. Though China has repeatedly asserted that it doesn't plan to use the port for military purposes but some Indians worry that the ports could have a military use. The Chinese say they need to be in the Indian Ocean to secure supply routes for imports of oil and raw materials. Over 80 percent of China's crude oil imports travel through the Indian Ocean. Since January 2009, the PLA Navy has sustained counter piracy operations in the Gulf of Aden, which is located in the western portion of the Indian Ocean, to protect Chinese commercial shipping interests. In 2012, the PLA Navy for the first time began deploying ships to the Indian Ocean for maritime intelligence collection. In early 2014, a PLA Navy surface task group conducted a long-distance combat readiness patrol that spanned the South China Sea, eastern Indian Ocean and Philippine Sea. The deployment marked the first time the PLA Navy conducted a surface combat readiness patrol in the Indian Ocean. Since then, at least one and potentially two additional PLA Navy submarines have deployed to the Indian Ocean. Now Chinese submarine patrols in the region are becoming routine. In recent years, China has played a large role in financing and constructing civilian port infrastructure in the Indian Ocean, including the Ports of Colombo and Hambantota in Sri Lanka, and Gwadar Port in Pakistan. Furthermore, PLA Navy counter piracy task groups have made port calls in at least 12 regional countries for resupply and replenishment and military-to-military engagements. Chinese investments in commercial ports in the Indian Ocean and Chinese naval diplomacy with countries in the region probably will improve the PLA Navy's ability to replenish supplies and fuel using regional ports, and

could lay the groundwork for future logistics hubs in the Indian Ocean. New Delhi perceives that China's growing military activity and investment in and around the Indian Ocean are designed to encircle India and challenge India's goal of being the primary security guarantor in the Indian Ocean.

***China's Growing Influence in India's neighbours:*** Influence of China is increasing in India's Neighbouring countries such as Bangladesh, Myanmar, Nepal, Pakistan, Sri Lanka and Maldives. Some Countries like Philippines, Cambodia and Vietnam are already within China's dominance. China is the largest trade partner of Bangladesh. Xi Jinping, during his visit to Bangladesh in October 2016, signed a number of agreements and memorandum of understanding for infrastructure construction, energy, power, transportation, communication and establishment of economic and industrial zones worth approximately \$25 billion (Narasimhan, 2017). China is also developing Sonadia Port. 80 percent of equipments for Bangladeshi armed forces come from China. China has also provided Bangladesh with substantial resources to bolster its civil service and law enforcement agencies. Reciprocally, Bangladesh supported China's entry into SAARC. It was at the invitation of Bangladesh that China was given an observer status in SAARC. Energy cooperation between the two is also increasing year by year. In Nepal, China has good relations with the Maoists, who are the most powerful force in that unstable country. China has built influence predominantly through investments in connectivity and infrastructure projects, which allow land-locked Nepal to reduce its reliance on India for trade and transit. Beijing has pledged to invest US\$8.3bn in road and hydropower projects, while New Delhi has committed only US\$317m (Solanki, 2018). China has also proposed building a US\$8bn railway between Lhasa in Tibet and Nepal's capital as part of the Belt and Road Initiative (Solanki, 2018). A new cross-border fibre optic internet link from China to Nepal, opened in January 2018, further reduces Nepal's reliance on India. Military to military cooperation is also increasing between China and Nepal. Recently on 19<sup>th</sup> June 2018 eight deals worth \$2.24 billion were signed by China and Nepal through which Chinese investors will put money in developing hydroelectricity, water resources, cement factories and fruit cultivation & farming (The Tribune, 2018). China is the dominant power in Myanmar, where it is building pipelines to transport oil and gas from the Bay of Bengal to the province of Yunnan. After the current Myanmar government took office, the country's economic relations with China remained strong, with bilateral trade figures estimated at US\$10.8 billion for the 2016–17 fiscal year (Lanteigne, 2018). Beijing views Myanmar as an essential component of the Belt and Road Initiative (BRI), given Myanmar's resource endowments and its location on the Indian Ocean. China has invested massively in Sri Lanka, constructing ports, roads, power plants and airports. China remains the biggest donor to Sri Lanka so far. From 2005 to 2015, China provided \$15 billion in official development assistance and foreign direct investment (Mushtaq, 2017). Beijing also played a major role in providing military equipment to help Colombo fight the militant group, the Liberation Tigers of Tamil Eelam. It is also the country's main supplier of weapons. China is assisting Maldives with infrastructure projects: Developing Laamu Atoll, construction of Male-Hulumale bridge, upgrading Male airport, tourism resorts and housing projects. Chinese tourists make up 30 percent of visitors to Maldives. In case of Pakistan, China has been very sensitive and emotional while providing each and every kind of assistance only to counter India. China and Pakistan have a longstanding diplomatic alliance and do not criticise each other. This friendship started in 1950 when Pakistan gave its recognition to the People's Republic of China. Since then, both countries are in a close and confidential relationship enriched by high-level visits resulting in a variety of agreements. The PRC has provided economic, military, and technical assistance to Pakistan, and each country considers the other a close strategic ally.

***Strong China-Pakistan Nexus:*** Due to India's bitter rivalry with Pakistan, China's friendly relationship with Pakistan is a source of great worry for India. China and Pakistan have enjoyed amicable relations since establishing diplomatic ties in 1951 (Afridi & Bajoria, 2010). Chinese and Pakistani officials often describe the bilateral relationship in exceedingly positive terms: "sweeter than honey," (Telegraph, 2013) "deeper than oceans," and "all-weather friend." Among other objectives, the bilateral relationship serves each country as a means of strategic and military balancing against India (Pant H. , 2011, p. 84). In addition, China's trade and investment ties with Pakistan have been expanding since the late 1990s, with Chinese companies investing in Pakistan's transportation and energy-related infrastructure (Shah, 2014). China's strong ties with Pakistan affirm the fears of some Indians that China is attempting to encircle India. India is especially concerned about China's support for Pakistan's military through arms sales and technology transfers. China has been the biggest supplier of arms to Pakistan which included ships, submarines and fighter jets. According to the Stockholm International Peace Research Institute (SIPRI), between 2004 and 2013, Pakistan received \$4.1 billion in deliveries of Chinese arms, exceeding the \$2.7 billion in U.S. arms deliveries during that period (SIPRI, 2014). After the suspension of US security assistance, Pakistan's dependence on its long-time ally China is bound to increase. China delivered major arms to 48 countries in 2013–17 and Pakistan was the main recipient (35 per cent) (Wezeman, 2018, p. 5). Among the platforms and weapon systems Pakistan procured from China are airborne early warning and control aircraft and missiles and bombs for the JF-17 combat aircraft. Pakistan also acquired Chinese JIANGWEI-class frigates and ship borne surface-to-air and anti-ship missiles. All of these platforms and weapon systems could be used to challenge the Indian Navy and Air Force in a potential India-Pakistan conflict. With a strong defence-industrial cooperation China played a critical role in Pakistan's acquisition of nuclear weapons and ballistic missiles. Beginning in the 1970s, China is reported to have provided Pakistan with support for its nuclear weapons program, including nuclear weapon blueprints, weapons-grade uranium, and various components for the production of a nuclear weapon. These capabilities fundamentally changed the India-Pakistan security relationship, because they provided Pakistan with a deterrent against invasion by the more militarily powerful India. Moreover, China and Pakistan reached a deal in 2013 for China to build two more civil nuclear power plants in Pakistan, which would supplement the two plants that China has already built.

China's presence in Pakistan occupied Kashmir (PoK) is yet another matter of concern for India. As far as physical occupation of Jammu & Kashmir is concerned, it may be mentioned that while India holds 45 per cent and Pakistan controls 35 per cent, China occupies about 20 per cent of the Jammu & Kashmir territory. China seized about 38000 sq. km. (14,670 sq. miles) of Indian Territory in Aksai Chin as well as another 5,180 sq. km. (2000 sq. miles) of Northern Kashmir that Pakistan ceded to Beijing in 1963. The Karakoram highway, which connects China's Xinjiang region with Gilgit-Baltistan region, under Pakistan occupation, was constructed by both Chinese and Pakistani engineers, and was completed in 1986. China is currently involved in several infrastructures in the disputed region. China and Pakistan signed a deal in 2006 to upgrade the Karakoram highway. Once the projects are completed, the transport capacity of this strategically significant region will increase significantly. The Karakoram highway will facilitate unfettered Chinese access to the oil-rich Gulf through the Pakistani port of Gwadar in Balochistan. During the visit of the Pakistani President Asif Ali Zardari to China in August 2010, he declared Kashgar as a Special Economic Zone like the Shenzhen. The announcement makes Kashgar in the north-west China's Xinjiang Uighur Autonomous Region, the sixth Special Economic Zone of China.

***Fear of Grabbing the World Natural Resources by China:*** Since the beginning of 21<sup>st</sup> century there is a major shift in focus of China's foreign policy towards securing for itself energy resources around the world. China has a drastically boosted energy demand in the global resource market, and this policy shift appears to be a result of its need to sustain the momentum of its economic growth. Over the past decade, China's growing appetite for energy and natural resources has prompted the country's imports to grow almost as fast as its exports. Since 2003, for example, China's annual purchase of raw materials has shot up from \$73 billion to \$240 billion. China continues to consume global raw materials, setting new records over the past year in imports of everything from oil to soybeans. The return on investment in raw materials in 2017 rose by 0.8% after rising by 11.4% in 2016. In 2017, China has become the largest oil importer in the world, overtaking the United States for the first time in the history. The imports of iron ores grew by 5% to 1.07 billion tonnes in 2017. The imports of natural gas grew by nearly 27% to 68.57 million tonnes in 2017. The Chinese copper imports grew by 2.3% to a record 17.35 million tonnes in 2017. Now China's foreign policy is driven by its unprecedented need for resources. China has established bilateral energy co-operation dialogue mechanisms with nearly 30 partner countries which are generally large in size economically or rich in energy resources. In most cases there is a single "take-all" mechanism between China and the country, but in some cases there are energy entities that focus on specific energy sub-sectors such as coal, oil and gas, renewable and energy efficiency. Sometimes higher-level entities covering political and economic issues within energy have been created, which may provide "package solutions" to energy-related issues. On multilateral level, China engages with over 20 multilateral intergovernmental entities as a way of effectively and efficiently complementing its bilateral co-operation such as International Energy Forum (IEF), International Renewable Energy Agency (IRENA), International Atomic Energy Agency (IAEA), International Energy Agency (IEA), Organization of the Petroleum Exporting Countries (OPEC), Energy Charter, Group of Twenty (G20), BRICS, Shanghai Cooperation Organization (SCO), Gulf Cooperation Council (GCC) and the Asia Cooperation Dialogue (ACD) (Zhu, 2016, p. 15). Today, China is busy in exploring the opportunities for natural resources in Central Asia, Middle East, Africa, Latin America, and South Pacific. It is making its strong claims and presence in Indian Ocean, South China Sea and East China Sea. Even China plans to expand its scientific research in Antarctica in coming years which is suspected to be an effort to tap mineral reserves to support its economic expansion. China is now able to reach remote parts of the world, be it the Arctic, Antarctica, deep seabed or outer space.

Backed by the Chinese government, Chinese companies have been acquiring equity stakes in natural resource companies, extending loans to mining and petroleum investors, and writing long-term procurement contracts for oil and minerals. These activities have aroused concern that China might be "locking up" natural resource supplies, gaining "preferential access" to available output, extending "control" over the world's extractive industries. In this scenario, India is nowhere in this competition for natural resources with China. But as a growing economy at an unprecedented pace energy consumption in India is also rising fast. Both, India and China, have joined the group of the world's biggest importers of oil and gas. China has been more successful than India in its natural resource diplomacy. Both worry about their dependence on imported hydrocarbons and other raw materials. The Indians often compete against the Chinese for access to natural resources, in Central Asia, Latin America and above all in Africa. China tends to win contracts against Indian competition because its state owned firms are prepared to pay over the market price; this has happened, for example, in Kazakhstan, Uganda and Ecuador. In 2009 Chinese companies spent \$32 billion acquiring energy and resources assets overseas, against a single \$2.1 billion investment by India's Oil

and Natural Gas Corporation. However, in some places, like Sudan and Syria, Chinese and Indian companies have teamed up to extract oil. Some senior figures in the Indian government are relaxed about Chinese supremacy in resource diplomacy: they believe the market will provide India with the oil and gas it needs. And they note the success of many private Indian companies in Africa, Latin America and South East Asia, in fields like telecoms, pharmaceuticals, and training for software and outsourcing.

***Huge Trade Imbalance against India:*** India's trade imbalance with China is another area of tension for India. India had a \$51.1-billion trade deficit with China in 2016-17. In the April-January period of 2017-18, India's exports to China were \$10.3 billion against imports of \$63.2 billion leaving a trade gap of \$52.9 billion (The Economic Times, 2018). Indian officials have raised this issue with their Chinese counterparts many times. Although India's goods exports to China have increased modestly, China still accounts for a larger share of India's imports than its exports. To some extent, this trade imbalance is the result of market dynamics. A substantial share of India's imports from China is composed of intermediate inputs used by Indian industry. The problem behind this huge trade deficit is India's export of raw materials as opposed to importing finished product with high technology from China. India's trade basket consists of cotton, gems and precious metals, copper and iron ore. China on the other hand, exports manufactured capital goods. Since India does not produce enough high-technology manufactured goods for exports and domestic use, it has to rely on imports from the outside world specially China. Market access is a huge problem for Indian companies. Strict government regulations in China hinder Indian companies from penetrating the Chinese market. For example, India is very strong in three key sectors – pharmaceuticals, agriculture and IT services – but Chinese regulations impose restrictions that stifle the provision of Indian goods and services. There is a serious knowledge and information deficit on China. India does not have in-depth knowledge of the Chinese market. Without such knowledge, no opportunities can be seized. The Chinese system has fewer checks and balances, so the alignment of objectives is easier, with coordinated action to follow. There are lesser checks and balances because one party controls all aspects of political economy. So the implementation of policies is quick. India, on the other hand, has a democratic system in which implementation of policies takes more time as compared to China. The complications occur when an over-zealous executive which is rule-bound interacts or counteracts with a private sector which is primarily result-oriented. Instances of judicial overreach may also threaten the economic logic of a particular policy in India.

***Issue of Tibet:*** The presence of the Dalai Lama and his 120,000 followers in India since he fled to India in 1959 is a constant source of friction in India-China Relations. Besides, the border between Tibet Autonomous Region (TAR) and India is a major bone of contention between the two Asian neighbours (Singh, 2013, p. 12). Today China is far more entrenched inside occupied Tibet than India is in its own territory along 4000 km long border between India and Tibet. Today China's defence machinery enjoys support of a massive network of logistic facilities like roads, military establishments, even nuclear facilities and communications network in occupied Tibet. For example, China's Army along the Indian Himalayas is served by a set of end to end all-weather roads along this border. These roads are well integrated with the main network of Chinese highways in Tibet. Parallel road links along the border line on Indian side don't even exist as a concept. It was only after a barrage of Chinese claims and threats on Arunachal Pradesh that Indian government has suddenly woken up and has decided recently to connect some border points with roads. China's militarisation of the Tibetan Plateau is another important piece of complex relationship between India and China. Early on, following Tibet's absorption, China set out to

build three major roads on the Tibet Plateau. These roads made it possible for China to garrison and secure the area as never before. In addition, in 2006, a rail line between Beijing and Lhasa became operational. The actual number of Chinese troops stationed on the Plateau is not public information and only approximation can be made. However, estimate place a total Chinese military force of possibly 400000 in the TAR out of which as many as 60000 may be stationed in Lhasa. But it is impossible to know exactly how many soldiers are there at any specific time. Military exercises have shown that China has the capability of rapidly mobilising and airlifting significant forces into Tibet from surrounding provinces. The number of airfields on the plateau is at least 25, but it is expanding; in 2010 a new airport was announced for Nagchu, some 230 kilometres to the north of Lhasa. In addition, China has significant nuclear launch facilities on the Tibetan Plateau.

Control on water source of major rivers is also a cause of concern for India. Since TAR is the source of all major rivers that flow into South Asia, South East Asia and the territories to the West, China seeks to control this vital resource to compensate its own critical water shortages in the North and North West of China. The river Brahmaputra, one of India's major rivers, begins in the TAR. To generate electricity, China is constructing dams on the river, and India plans to do so as well. In November 2014, the first Chinese hydropower dam on the river, one of four the Chinese government plans to build, began partial operation. New Delhi and Beijing have discussed these projects and the Chinese government has stated the dams will not affect downstream areas, but if the dams lead to worsened flooding or lessened water availability in India, this issue could become a major source of tension in bilateral relations.

***Border Dispute:*** The continuous unresolved Sino-Indian border dispute is another source of tension for India (Scott, 2012). India-China border dispute is not only the largest territorial dispute in Asia but is also one of longest running conflicts in the history of Post-World War II Asian politics (Economist, 2012). The two nations sharing a 2520-mile-long border are embroiled in a contest for over 47,000 sq mile of Himalayan territory. The chief irritant between them is their disputed border in the Himalayas, where a Line of Actual Control (LAC) demarcates an effective boundary. The LAC runs along the southern part of the Aksai Chin region, the northern part of Sikkim State, and the northern part of Arunachal Pradesh. China and India engaged in a full scale war in 1962 and several small military confrontations along their shared border over the next 25 years and in 1986-1987 came close to another war. In 1988, a Joint Working Group (JWG) was constituted to expedite the resolution of the conflict. By 2003, the JWG had met 14 times. In 2003, special representatives were appointed by the two governments to explore from the political perspective of the overall bilateral relationship framework of a boundary dispute. Fifteen rounds of talks have taken place between the special representatives so far. But frequent and strident Chinese claims about the Line of Actual Control in India's Northern sector of Ladakh and its North East have become a norm rather than an exception. During the 1962 Sino-Indian border war, China seized (and still retains) the 36,000 square kilometre area of Aksai Chin—the "Western Sector." In the "Eastern Sector," despite considerable advances, in 1962 Chinese forces withdrew behind the McMahon Line, though Beijing still claims some 90,000 square kilometres south of that line in the Indian state of Arunachal Pradesh. The Doklam dispute is the latest in a long-running series of territorial flares-up between India and China.

***China's Expansionism and Encirclement of India:*** China is an expanding power in Asia. Its expansionism is evident from the fact that it is involved in disputes with almost all its neighbours for territorial claims. No other nation today has made such large territorial claims against so many countries and has demanded the return of such a vast area (more than 10 million square kilometers) as the leaders of China. Significantly, China is trying to



substantiate its territorial claims by giving them a historical basis. For example it alleges that the full territory of 11 countries and a large part of other 8 countries are China's "lost territories" which once belonged to or were even part of Chinese Empire. It has developed a specific pattern on disputes with neighbors: construct a dispute, initiate a jurisdictional claim through periodic incursions, and then increase the frequency and duration of such intrusions, thereby establishing a military presence or pressuring a rival to cut a deal on China's terms. What is ours is ours, the Chinese invariably claim, and what is yours is negotiable. Today China is engulfed in maritime disputes with almost all the surrounding countries like Vietnam, Philippines, Japan, Indonesia, Malaysia, Brunei, North Korea and South Korea (Parthasarathy, 2009). Its increasing influence in Nepal, Bangladesh, Pakistan and Myanmar, its territorial claims on parts of India, its lack of support for India's membership in UN Security Council and other regional and global organizations are some of the strong signs of intention to prevent the rise of India as a global player (Pant, 2006, p. 762). China is thus involved in a complex game of encirclement with India. China has made concerted efforts to marginalize India in South and Southeast Asia (Dwivedi, 2011). It has armed Pakistan with nuclear weapons and ballistic missile technology, and has built strong military-to-military ties with Burma, Pakistan, Nepal, Bangladesh and Sri Lanka as part of what Indians see as a strategy to tie India down. China is also developing deep-water ports throughout the Indian Ocean to support its projected blue-water naval capacity. It has been developing a 'string-of-pearls' strategy, expanding influence into ports in Myanmar, Sri Lanka and Pakistan. It's 'String of Pearls' strategy fits well with its China-Pakistan Economic Corridor initiative and Belt & Road projects. Moreover, as its power grows, China has also started establishing international institutions like the Asian Infrastructure Investment Bank and has also been shaping other multilateral organizations to promote Chinese interests, such as the BRICS (a group consisting of Brazil, China, India, Russia, and South Africa) and (SCO) the Shanghai Cooperation Organization. China's great economic power allows it to spread its influence around the world, which it could use to India's detriment. Beijing has used its aid and trade policies to promote its interests, and it is not difficult to imagine that it could use these tools to pressure others, especially developing countries, to support China in a potential disagreement with India. For example, Beijing has used economic boycotts to punish countries like Norway and South Korea for actions deemed to be unfriendly to its interests. China has also used aid to advance its foreign policy objectives in its relations with countries like the Philippines. China is constantly opposing India's efforts to get into the Nuclear Suppliers Group and a permanent seat at the UNSC. Recent meetings between China-Pakistan-Russia and Russia-Pakistan military exercises despite terrorist attacks on Indian military installations, is a case in point. China is building strategic relationships along the sea lanes from the Middle East to the South China Sea in a way that suggests defensive and offensive positioning to protect its energy interests. China emerged as the biggest military spender in the Asia-Pacific in 2010, and now has the second largest defense expenditure in the world. China's navy is considered the third-largest in the world behind only the US and Russia, and superior to the Indian navy. In this context, India perceives Chinese actions as power maximization, and fears that China's forward-basing strategy will be used to contain India and rapidly achieve hegemony in the Indian Ocean.

***China's Increasing Military Expansion:*** China's modernization of the PLA over the past two decades, coupled with its attempt to change the status quo in Asia's strategic fault lines, has brought China to the forefront of any discussion on India's ability to defend itself and its interests. Notwithstanding its intentions, China's rapid rise and its growing military profile has suddenly transformed the threat matrix for India. China's economic transformation has given it the capability to emerge as a major military power. China, the second largest spender

globally, increased its military spending by 5.6 per cent to \$228 billion in 2017. China's spending as a share of world military expenditure rose from 5.8 per cent in 2008 to 13 per cent in 2017. India spent \$63.9 billion on its military in 2017, an increase of 5.5 per cent compared with 2016 (SIPRI Fact Sheet, 2018). China's military budget is the second highest of the world, and roughly a quarter of what the United States spends. And this is when vital elements of the Chinese military build-up, including cyber warfare and space capabilities (as well as foreign procurement) were not included in the announced budget. The bulk of the increased defence spending will go to the Chinese Navy, Air Force and the Second Artillery Corps, which runs the strategic nuclear forces. This unprecedented military rise of China has created a unique geopolitical situation for India. For the first time in its independent history, the emergence of a great military power at its immediate frontiers now appears imminent.

China's military is developing ships, submarines, aircraft, intelligence systems and foreign bases in a bid to become a global military power. It is a direct military threat. China actually has slightly fewer ground forces (1.15 million troops) than India (1.20 million troops), but the former enjoy critical terrain advantages along the Sino-Indian border, accentuated by far superior transportation and communications infrastructure in bordering Tibet. Meanwhile, China fields almost twice as many modern combat aircraft (of the Mirage-2000 vintage or newer) as India (653 to 349) and nearly three times as many major surface combat vessels (79 to 28) and submarines (53 to 14). China is also building its own fifth-generation fighter jet and a new aircraft carrier that will be larger than any Indian carrier. China's growing military muscle would be a concern for India even in the absence of any direct disputes. Though the possibility of another war between India and China might appear remote, but the combination of China's military power and its proclivity to use military force present a serious threat. In addition, China's naval foray into the Indian Ocean could also represent an emerging threat.

***China's Increasing Economic Expansion:*** China is emerging as an economic powerhouse which is further a cause of concern for India. After joining the WTO in 2001 it demonstrated a tremendous economic expansion. Its GDP grew at an average of 10.5% in the first decade of the 21<sup>st</sup> century. China's share of world GDP doubled from 7.5% to 15% between 2001 and 2012. As per the data of IMF, in 2017 China was ranked 1<sup>st</sup> with \$23,159.1 billion in PPP terms while in nominal terms it stood 2<sup>nd</sup> with \$12,014.6 billion. In the same year India stood 3<sup>rd</sup> in PPP terms with \$9,459.0 billion and 6<sup>th</sup> in nominal terms with \$2,611.0 billion. In a projection by IMF in 2018, in nominal terms China again ranks the 2<sup>nd</sup> after US with \$14,092.51 billion while India slips to 7<sup>th</sup> place with \$2,848.23 billion. In PPP terms, China ranks the 1<sup>st</sup> with \$25,238.56 billion and India 3<sup>rd</sup> with \$10,385.43 billion with the same ranking as was in 2017. In both methods, United States and China occupied first two places. US is the largest economy of world on nominal basis where as China is largest on PPP basis. USA is ahead of China by \$6320 billion in 2018. China has overtaken US in 2014 on PPP basis. China will remain the world's largest economy on PPP basis over the next few decades as 2<sup>nd</sup> ranked USA is growing slow and 3<sup>rd</sup> ranked India is way behind (World Economic Outlook, 2018). The Chinese economy experienced astonishing growth in the last few decades that catapulted the country to become the world's second largest economy. In 1978—when China started the program of economic reforms—the country ranked ninth in nominal gross domestic product (GDP) with USD 214 billion; 35 years later it jumped up to second place with a nominal GDP of USD 9.2 trillion. Since the introduction of the economic reforms in 1978, China has become the world's manufacturing hub, where the secondary sector (comprising industry and construction) represented the largest share of GDP. However, in recent years, China's modernization propelled the tertiary sector, and in 2013, it became the largest category of GDP with a share of 46.1%, while the secondary sector still accounted for a sizeable 45.0% of the country's total output. Meanwhile, the primary sector's weight in

GDP has shrunk dramatically since the country opened to the world. Today the Chinese economy is the second largest in the world and although it experienced massive growth in that 35-year span, authorities have taken a new approach to the economy called the “new normal.” Economists generally attribute much of China’s rapid economic growth to two main factors: large-scale capital investment (financed by large domestic savings and foreign investment) and rapid productivity growth.

On the other hand, India, in the third quarter of FY 2018, posted GDP growth of 7.2%, making it the fastest growing major economy, upstaging China. While there is certainly some reason for celebration as it is the highest quarterly GDP growth rate in India since the second quarter of 2016-17, the reality is that the pace of India’s growth is simply not enough to topple China in absolute terms, anytime soon. If India were to grow at 7.5% in 2018-19, the more optimistic of the estimates in the Economic Survey 2017, the size of the economy will grow by \$0.195 trillion. If China, were to grow at 6.9%, the same rate it clocked in 2017, the size of its economy will grow by \$0.86 trillion. That’s nearly eight times more than India. Further, even if China was to stagnate and economic growth completely stops while India’s economy grows at 10% every year (which is unlikely) it will still take up to 2034 to catch up. While this is a fanciful scenario, the reality is that even the most optimistic economic models for India predict that by 2050, India will remain only the second largest economy in the world. The gulf between India and China becomes more apparent when one looks at other indicators. For example, China exported \$2.16 trillion worth of goods to the world in 2017, compared with India’s \$299.3 billion, according to the Central Intelligence Agency’s (CIA) World Fact book. According to the WEF’s Inclusive Development Index 2018, in India, 6 out of 10 Indians still live on less than \$3.20 per day. In China, that proportion of the population is 12%. The WEF also ranked India, 62nd out of 74 emerging economies on its Inclusive Development Index 2018, while China was placed 26th.

### **What India Can Do? Options for India**

***Increase Military Power:*** It is a historical fact that no nation can become a global power without the ability to project military power in the region or across the globe. The Navy and the Air Force are major players in developing this capability. China’s military modernization, capacity-building, infrastructure development in Tibet, and moves into the Indian Ocean pose serious challenges to India’s security. China’s growing footprint in South Asia and attempts to bring peripheral states into its circle of influence only add to these concerns. Though India’s land centric or continental fixation has created a very large Army which continues to grow but its Navy and the Air Force are much smaller and in their present size and shape cannot support the nation’s long term ambitions. India must expeditiously rebalance the mass of its three Services. The Navy and the Air Force must grow and get much larger allocations of the Capital Budget. Their manpower ceilings also need to be increased. To be more practically, India needs to take strategic decision to develop and maintain indigenous asymmetric capability against China both on the border and the Indian Ocean. Acquire military hardware to preserve military asymmetric edge both in Tibetan-Xinjiang border and the Indian Ocean. In case of Chinese military incursion in Tibet or elsewhere build capacity for swift, decisive and even disproportionate escalation that includes air superiority edge. Additionally, explore all options to exploit Chinese vulnerabilities that include action against vital Chinese SLOCs, and develop credible nuclear deterrence. If India wants to seriously aspire to be a great power it will need to make its own arms, tanks and bombs. There is an urgent need for the government to focus on indigenous production of defence hardware and technology by carefully articulating long-term strategic plans to augment India’s military power. As India is a rising power with a huge economic base, India has to look beyond the buyer-seller relationship that had almost become a feature of its defence industrial policy, and

should instead develop means to produce advanced weapons system and defence technology indigenously. For the time being, India can enhance defence cooperation with its traditional defence allies i.e. USA, Russia and Israel.

***Increase Economic Strength:*** No nation can enhance its military power without increasing the economic strength. India, while also a large and stable economy, is challenged with transitioning traditional economic strategies to the level of modern sectors. India was world's 3<sup>rd</sup> largest economy based on its GDP of \$9,459.0 billion in PPP terms in 2017 (World Economic Outlook, 2018). But it has a long way to go to beat the top two performers: China (\$23,159.1 billion) and the United States (\$19,390.6 billion). In 2017, China was the world's largest economy for the third year in a row. So India needs to take serious efforts to boost the economy to meet the current requirements to cope up the Chinese challenge. International trade and economic cooperation are useful tools for growing the Indian economy, generating greater wealth and developing India's technological capacities. Greater wealth and technological capacities are essential building blocks of military power and greater international influence, both of which are necessary for meeting the challenge China poses. Even India can use trade and economic cooperation with China also as one way of enhancing Indian economic growth, but New Delhi should be careful about buying into the idea that such cooperation can ameliorate potential conflict with Beijing. More broadly, greater trade and cooperation with friendlier countries and blocs, from the United States and the European Union to Japan and other countries in the Indo-Pacific region, can also help expand India's wealth and power

***Make a Regional Balancing:*** Regional balancing is a strategy India could pursue to align with other Asian countries in order to balance against China. Such partners could include Australia, Japan, Philippines, Singapore and Vietnam. Indonesia and Malaysia could potentially be incorporated in future. These countries are also concerned about China's rise and aggressiveness, and they may be open to India playing a role in establishing a more favourable balance of power in the region. Though over the last two decades, India's Look East and Act East policies have aimed at closer economic and strategic links with other countries in the region but follow-up has been unsatisfactory, as India is still trading less with members of the Association of Southeast Asian Nations. This regional balancing would allow India to balance China without the disadvantage of aligning with another great power such as the United States. In this way India would likely be the more powerful partner in the relationships that would form a regional alignment in Asia, where only Japan is of comparable power. Moreover, building up such links will give economic benefits also, particularly in terms of trade-fuelled economic growth.

***Establish a Cooperative Security Framework:*** Together with the U.S. and its other strategic partners, India must take the lead in establishing a cooperative security framework for peace and stability in the Indo-Pacific and for the security of the global commons – air space, land space, cyber space and the sea-lanes of communication to enable the freedom of navigation and the free flow of trade. If China is willing to join this security architecture, it should be welcomed. For the same system, USA, Japan, India, and Australia are already thinking on the creation of a common infrastructure in order to potentially develop a new “Indo-Pacific Strategy” designed to Counter Chinese Belt and Road Initiative.

The defence cooperation element of the Indo-US strategic partnership must be taken to the next higher trajectory to enable joint threat assessment; contingency planning for joint operations; sharing of intelligence; simulations and table-top exercises – besides training exercises with troops; coordination of command, control and communications; and, planning

for deployment and logistics support. All of these activities will need to be undertaken in concert with other strategic partners such as Australia, Japan, Singapore, South Korea and Vietnam.

***Use Multilateral Diplomacy:*** One more strategy India can adopt is the use of multilateral diplomacy. India could potentially use multilateral institutions such as the United Nations to constrain any aggressive behaviour of China in the international arena. In addition, although India is not a permanent UNSC member, but it could conceivably garner support on issues it feels important from other states, especially more powerful ones like the United States, and, in so doing, attempt to isolate and deter China from acting against India's interests. Admittedly, China could opt to veto such proceedings in the UNSC, but it would likely pay a diplomatic cost for doing so, and such veto power does not extend to the UN General Assembly. Meanwhile, in some situations, New Delhi could also conceivably partner with Beijing in such venues, in order to give China an incentive to be more accommodating of India's interests. Platforms like SCO and ASEAN can also be used by India to raise the concerned issues with China.

## **Conclusion**

China is becoming increasingly assertive on world stage. As a rising power, it is determined to have an independent say in the economic, political, and security order around her and in the world. China's ascent as a world power has so many implications for so many nations. Being a rising power in itself and a close neighbour of China, India has some serious implications of China's rise. Although both nations seek to reduce tension in their relationship, the potential for competition, miscalculation, and conflict between the two countries persists. Mutual perceptions and misperceptions to each other further complicate their relationship. While China is relaxed about the rise of India and does not see India as a serious competitor or threat but Indians are much more nervous about the rise of China. China's increasing activities in Indian Ocean, rapidly growing economy, strong nexus with Pakistan, unresolved border disputes, growing influence in India's neighbours, fear of encirclement of India through OBOR, CPEC and String of Pearls, trade imbalance against India, increasing military might, grabbing of natural resources at a very large scale and jeopardize of water resources caused by occupation of Tibet are some of the issues which increase the worries of India. Now the question arises how India can cope up with these problems. First, India should increase its military power by strengthening its own R&D programme in long run and by procuring sophisticated weaponry from USA, Russia, Israel and other potential sellers for the time being. Second, India should increase its economic clout by initiating economic reforms at home and by enhancing international trade and commerce. Third, Regional balance can be established with other Asian countries against China. Such partners could include Australia, Japan, Philippines, Singapore, Vietnam, Indonesia and Malaysia. As these countries are also concerned about China's rise and aggressiveness, they can be easily agreed for the same. Fourth, establishment of a Cooperative Security Framework with US and its strategic allies for peace and stability in the Indo-Pacific can also be helpful in this regard. Finally, use of Multilateral Diplomacy is a conventional and time tested approach. India could potentially use multilateral institutions such as the United Nations and other regional platforms to constrain any aggressive behaviour of China in the international arena. The bottom line is that in any case India needs to adopt a firm and clever diplomacy to tackle the rise of China.

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