

INDIA'S RELATION WITH CHINA- COMPETITION, CONFLICT AND COOPERATION

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Abstract:

The bilateral relationship between India and China is one of the most consequential in contemporary Asia. It is characterised by a complex interplay of competition, conflict and cooperation. On one hand, India and China share deep historical, cultural and civilisational links and substantial economic engagement; on the other hand, they confront unresolved border disputes, strategic rivalries and asymmetric power dynamics. This paper seeks to map the evolving relationship between the two countries, by first outlining its historical and strategic foundations, then examining the drivers and instances of conflict and competition, followed by areas of cooperation, and finally assessing the prospects for the future. The analysis suggests that while competition is likely to remain the dominant mode, careful management of conflict and selective cooperation can help stabilise the relationship — albeit within the constraints imposed by structural asymmetries and mutual distrust.

Keywords: India-China relations, competition, conflict, cooperation, geopolitics, border dispute, trade, diplomacy, regional security, global governance

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Introduction:

India and China, accounting for more than a third of humanity, wield significant political, economic, and military power on the Asian continent and beyond. Their bilateral relationship is crucially important but beset by historical grievances, unresolved disputes, and strategic balancing, offset by economic interdependence and shared aspirations. Understanding this relationship is key to projecting future trends for Asia and the world.

Historical Background:

The roots of the India-China relationship span millennia, built on the exchange of goods, ideas, and culture along ancient Silk Road pathways and Buddhist circuits. Modern diplomatic relations began with India recognizing the People's Republic of China in 1950, making it the first non-socialist country to do so. Early hopes for friendship were crystallized in the *Panchsheel* Agreement (1954), focusing on peaceful coexistence and mutual respect. However, tensions over Tibet and the definition of boundaries soon soured this amicable beginning.

The 1962 Sino-Indian War, fought over disputes in Aksai Chin and Arunachal Pradesh, brought about a deep and lasting mistrust that still resonates today. Through the 1970s and 1980s, relations were largely stagnant, but normalization began in the late 1980s, with confidence-building measures and the establishment of mechanisms for dialogue over the contested border.

Strategic and Economic Competition:

Geopolitical Rivalry:

India and China contest for influence within Asia and beyond. China's ambitious Belt and Road Initiative (BRI) stretch across the region, attempting to shape economic connectivity and infrastructure. India, sceptical of BRI's strategic underpinnings—particularly the China-Pakistan Economic Corridor running through disputed Kashmir—has sought to counter Chinese influence by building links with neighbouring states, reviving ancient maritime routes, and joining groupings like the Quad (India, US, Japan, Australia).

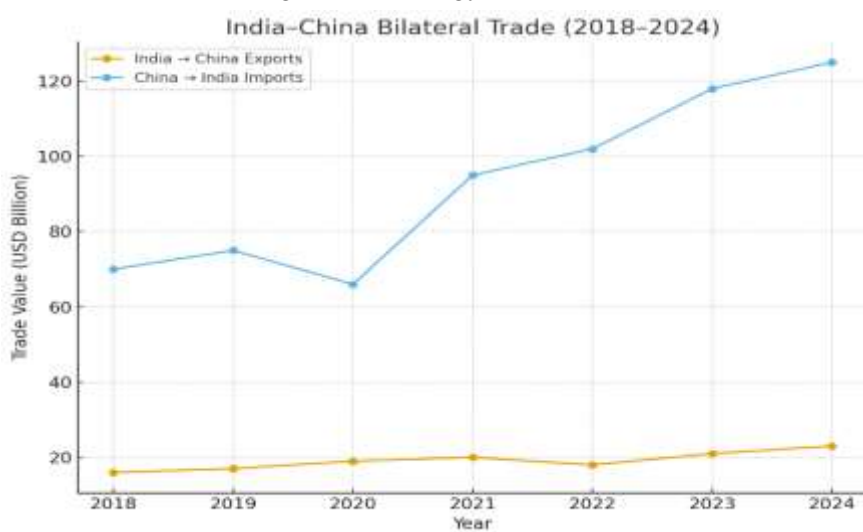
Competition extends to multilateral forums like BRICS, SCO, and the United Nations, where both countries vie to set global agendas, often from divergent perspectives. China's deepening ties with Pakistan, its presence in Sri Lanka's Hambantota port, and expanding naval activities in the Indian Ocean challenge India's sense of security and regional leadership.

Economic Asymmetry and Trade Dynamics:

China is India's largest trading partner, with annual bilateral trade around \$136 billion in 2025, although the relationship is marred by a large trade deficit in China's favour. Chinese exports to India consist mainly of electronics, machinery, and chemicals, whereas Indian exports are limited to raw materials and agricultural produce.

India has sought to address this imbalance through the 'Make in India' initiative, restrictions on Chinese investments in sensitive sectors, and the promotion of indigenous manufacturing. Moreover, after the 2020 border skirmishes, India banned several Chinese apps and technology platforms, citing national security concerns.

Despite competition, areas of economic complementarity persist—China's investment supports Indian startups, and Indian pharmaceuticals have a growing market in China. Both countries benefit from stable trade ties, even as competition intensifies in manufacturing and technology.



(Source- Ministry of commerce website)

The chart illustrates India–China bilateral trade between 2018 and 2024. India’s exports to China remain modest but gradually increase from around USD 16 billion in 2018 to USD 23 billion in 2024, with a slight dip in 2022. In contrast, China’s exports to India are significantly higher, rising sharply from USD 70 billion in 2018 to USD 125 billion in 2024. A notable decline appears in 2020, likely due to the pandemic, followed by a steep rise in subsequent years. Overall, the chart highlights a persistent and widening trade imbalance, with India heavily dependent on Chinese imports.

Conflict: Border Disputes and Strategic Suspicion

The Border Dispute:

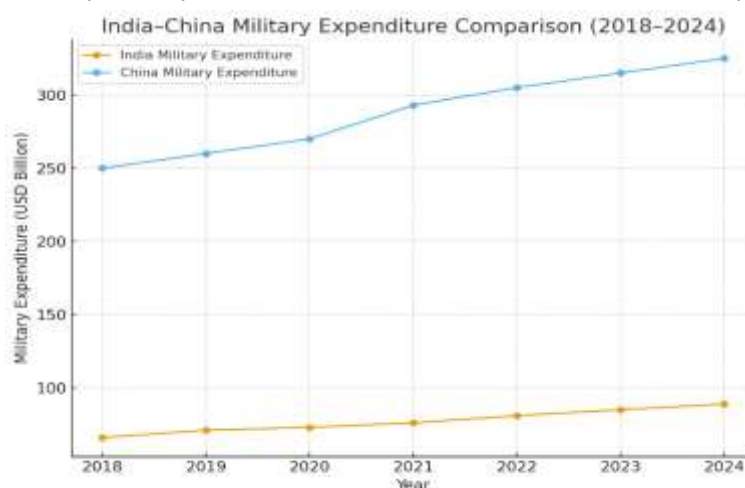
The most significant challenge in India-China relations stems from their undermarketed border, commonly referred to as the Line of Actual Control (LAC), spanning roughly 3,488 km. The Western sector (Ladakh/Aksai Chin), the Middle sector (Uttarakhand/Himachal), and the Eastern sector (Arunachal Pradesh) witness regular stand-offs. The boundary dispute has led to recurring crises—the Sumdorong Chu incident (1987), Depsang (2013), Doklam (2017), and most notably Galwan Valley (2020), which saw the first loss of life on the border in decades.

Despite agreements on peace and tranquillity (1993, 1996), complete demarcation remains elusive, and both sides have built up troops, infrastructure, and logistics in frontier regions, raising the risks of miscalculation and escalation.

Security Dilemmas:

Chinese support for Pakistan, especially through CPEC, is deeply problematic for India, which views Chinese activities in Gilgit-Baltistan as impinging on its sovereignty. Water security is another emerging flashpoint as China builds dams along the Brahmaputra (Yarlung Tsangpo), with profound implications for downstream Indian states.

The integrated nature of military, surveillance, and cyber capabilities in both countries has led to suspicions around espionage, data security, and hybrid threats in addition to conventional military dangers.



(Source- Defence ministry website)

The graph compares India and China's military expenditure from 2018 to 2024. China's defence spending is significantly higher, rising steadily from USD 250 billion in 2018 to USD 325 billion in 2024, reflecting its rapid military modernization and expanding strategic ambitions. India's expenditure also increases—from USD 65 billion to USD 90 billion—but remains far below China's, highlighting a substantial capability gap. Both countries show consistent upward trends, indicating growing security concerns and strategic competition, particularly along the border. The widening disparity underscores China's larger economic base and India's efforts to keep pace while addressing its own defence modernization needs.

Cooperation: Diplomacy, Trade, and Global Issues

Commercial Engagement:

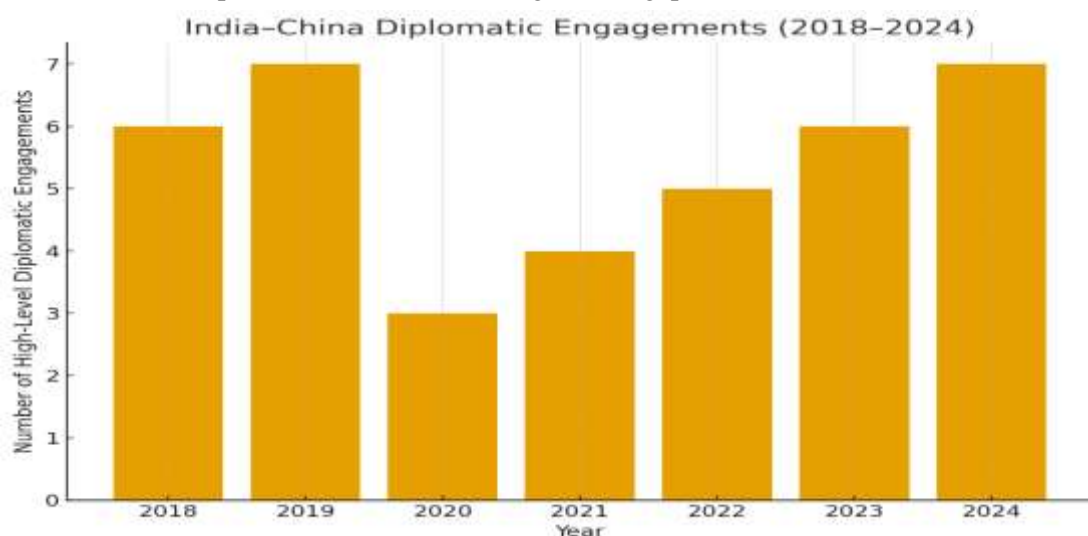
India and China have built robust trade ties that benefit both economies, despite friction and imbalances. Bilateral mechanisms such as the India-China Strategic Economic Dialogue and high-level trade summits have helped align regulatory frameworks and facilitate investment.

Recent efforts to reset diplomatic ties include the reopening of border trade routes, renewal of direct flights, and promises of assured supply of critical goods like fertilizers and electronics. India and China's joint ventures have contributed to infrastructure growth, technology transfer, and expanded people-to-people contacts through tourism and education.

Diplomatic Channels and Crisis Management:

Over 30 formal mechanisms govern diplomatic engagement, ranging from summits between Prime Ministers to Joint Working Groups on the boundary question. Military hotlines and meetings between field commanders provide frameworks for crisis management and de-escalation, particularly at the border.

Both countries have agreed to continue peaceful negotiation of their boundary dispute, increase transparency in military deployment, and work toward new confidence-building measures. While recent attempts at disengagement have led to pullbacks in some areas, significant gaps remain.



(Source- Ministry of Foreign affairs)

The bar graph shows the frequency of annual high-level diplomatic engagements between India and China from 2018 to 2024. Engagements peaked in 2019 and 2024, reflecting periods of active dialogue. A sharp decline appears in 2020, corresponding to pandemic disruptions and heightened border tensions. From 2021 onward, meetings gradually rise, suggesting a cautious effort to restore communication despite strategic mistrust. The consistent increase after 2020 indicates both nations' recognition of the need for dialogue to manage competition, reduce border friction, and stabilise bilateral relations. Overall, the graph highlights fluctuating but persistent diplomatic efforts across the period.

Collaboration on Global Issues:

Despite periodic friction, India and China are aligned on several global issues. Multilateral collaboration is strong on climate change, where both are crucial voices for the developing world in the UN and COP negotiations. Joint ventures in disaster management, counter-terrorism, and scientific research have augmented their bilateral engagement.

India and China's participation in forums such as the SCO, BRICS, and G20 often sees broad-based coordination on issues like trade norms, global equity, and reform of international financial institutions. Their capacity for joint leadership in the Global South remains significant, potentially shaping alternatives to Western-dominated governance structures.

Challenges and Prospects:

Despite progress, the India-China relationship faces major hurdles:

- 1) **Trust Deficit:** Lack of strategic trust continues to hamper cooperation, aggravated by border incidents and competition for influence.
- 2) **Border Management:** High-altitude infrastructure, regular troop mobilizations, and unclear protocol in grey zones present risks of conflict escalation.
- 3) **Economic Imbalance:** Trade deficits and protectionist tendencies could undermine economic engagement, especially if national security concerns intensify.

Yet, both nations have strong incentives to pursue pragmatic coexistence—shared economic imperatives, demographic complementarities, and common challenges like climate change and pandemics urge creative diplomacy and flexible mechanisms for cooperation.

Recommendations:

- 1) **Diplomatic Innovations:** Establish new and more frequent crisis communication hotlines, deepening trust and reducing the likelihood of escalation at the border.
- 2) **Trade Reform:** Develop frameworks for technology transfer and balanced investment, focusing on areas of complementarity such as pharmaceuticals, energy, and infrastructure.
- 3) **Multilateral Engagement:** Harness shared interests in climate change, global health, and economic governance to build sustainable collaborative platforms.
- 4) **People-to-People Linkages:** Expand cultural, academic, and youth exchange programs to foster mutual understanding and societal connections.

Conclusion:

The trajectory of India-China relations will profoundly shape the future of Asia and global governance. Managed competition, strategically constrained conflict, and expanding cooperation are the pillars on which both nations can pursue peace and prosperity. While challenges remain acute, particularly regarding the border and trust deficit, creative statecraft, robust engagement, and a commitment to dialogue offer pathways toward a more stable, mutually beneficial relationship.

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