

Emerging Dynamics of India – China Trade: Challenges and Prospects

Saima Akhtar¹, Dr. Sona Shukla²

¹Research Scholar Barkatullah University Bhopal (M.P), 462026

²Professor, Department of Political Science, Government Hamidia, Arts and Commerce Degree College Bhopal (MP)

Abstract:

India and China have been two great economies acknowledged on international front. Even on the pages of early Indian history it is manifest that these two nations had grown closer to foster coexistence and unity in the attainment of prosperity in a very affirming manner during the reign of Chandragupta Moriya as per the records from Chanakya. However, after the two great World Wars the two nations diverted so much so that there came conditions on the way for bilateral trade. So many plans and agreements were made to adhere strictly for the peaceful relations between the two. Panchsheel in this regard is of great historical importance. Currently, both of the countries although manage the certainty of generating import and export and have established trade centers and business units on each other's land, there is chaos and ambivalence due to certain serious reasons like China's passive attitude towards the extinction of terrorism, China's support to Pakistan on terror attitude and effort. More dominant issue on China's is her illegal claim on the land of Leh, Ladakh which is geographically part of India. The endeavor shall be made in this paper to highlight bilateral trade relations between India and China, the challenges precluding the trade continuity and prospects including emerging dynamics.

Keywords: Bilateral, Dynamics, Co-existence, Ambivalence, Prospects, Panchsheel.

INTRODUCTION

Despite having plethora of chaos and tension due to many reasons particularly in terms of territorial issues between India and China, both of the countries have emerged on that acknowledged front where on to keep pace with the international developmental process, it is just a moonshine for them to remain aloof from being proximate with each other for trade and commerce to evolve more crystal clearly, for the excellence in the field of economics. On political stand both the neighboring countries have come to emerge on the international threshold, distinctly and have tremendously impacted on the universal economic scenario shunning the aspects of internal and external chaos away both of the countries have tried successfully in the contribution to trade and other related domains that determine their cumulative accomplishments in the field of trade and economics. Historically, the nexus of this sort finds internal conducive elements in the principles enclosed in Panchsheel which literally means 'The Five Principles' meant for serenity between the two nations to have coexistence for the fiber of betterment. With this Panchsheel put forth by J. J Nehru in 1954 containing the principles emphasizing mutual reverence for integrity and freedom, mutual aggression, mutuality, non-interference, the sense of symbiosis and peaceful co-living helped a lot in the successive times to foster the atmosphere and environment best

suited for trade and commerce and economical co-development. However, there still have remained crevices in the go. For years together India surpassingly had imports which included pharmaceuticals, mechanical gadgets, electrical appliances, etc. Nevertheless, where the bilateral trade between the two countries reached to 135.98 billion American dollar that too in the year 2022, Though there was a decline in exports of India at the cost of a hundred billion dollar. There is really flowering dynamics which finds vivid exposition in the robust endeavors from both sides in the sense that China has acted as quite active having gone beyond USD two trillion in the year 2005 with GDP, there, “India’s recent economic dynamism has led many to compare it with china and to expect a similar dramatic insertion in the world markets” (Pillania, 2010 p.132).

Undoubtedly, with the harsh impact of colonialism India and China could not escape themselves during the culminating period of 19th century and with the beginning of the 20th century. Historically, these two nations have many significant things they had been sharing with each other prior to colonial period. As per historical records, these two nations shared their esoteric or spiritual connections as since all round the first millennium both had emerged as the epi-centres for religious and spiritual enterprises. The old Indian Sanskrit work of Chanakya (Kautilya) written on the systemization of, political and military schemes, besides recording the ties of the then Indian economy with China during the Chandragupta Mauryan times which is more vividly exposed with the mention of Cheen Amshuk and Maha Cheena). Xinru Liu in his book *Ancient India And Ancient China* clarifies, the ancient ties of trade and commerce while writing, “When Emperor Wu once heard from Chang Chien about a possible shortcut to India through South-West China, he sent an expedition to open the route to obtain access to Indian rarities” (Liu, 1988, p.15). It was during these times. India and China, besides having shared trade, had good multitude of irresistible cultural and spiritual exchange also. Moreover, with colonial onslaught during early 20th century, both India and China restricted trade ties with each other for many reasons which nonetheless took a shift and had a positive look back to create again mutual milieu which encouraged them to make agreements for further provisions of trade.

Emerging Dynamics in Bilateral Trade

In Modern and Post-Modern times when interdependence of nations, in terms of sharing resources for import and export, India and China are vigorously active. The smoothness of bilateral trade between the two nations has managed to allow both to set up companies and trade headquarters on each other’s soil with the possibility of which the famous trade companies like Binani Cement, Infosys, Wipro, Aurobindo Pharma APTECH, Mahindra, Reliance Industries, etc, have been briskly business in China. No doubt:

From the start, the two trade country’s trade patterns have been largely dissimilar. In the case of china, using its vast resources of cheap labour and domestic savings to initiate infrastructure building and to invite large amount of FDI to spur the development of the manufacturing industry in coastal areas has been seen as one of the initial and leading drivers for the country’s economic success. India’s strength, on the other hand, is based on its knowledge based sectors such as IT and pharmaceuticals, its more developed financial markets and more robust private sector. (Zhao, 2007. p.2)

India's Extension of Trade Units in China

On Chinese land Indian Companies keep their work in the production of wind energy, multifarious medicines and herbals, software, banking, factories, etc. The prominent characteristics of Indian trade in the projectors established though in specific regions like Zhejiang, Shenzhen, Guangzhou, the production or the manufactured goods have won the mass appeal from almost every corner of China.

In the similar fashion, Chinese settlement of companies at present times is being observed as in its multifaceted- ness owing to new and novel methods and approaches. Presently, China has come up as the second largest country in terms of economic excellence and acceleration when it comes to mention 14.14 trillion US dollar in GDP in the year 1971. But interestingly it is the first largest country with 27.30 trillion US dollar PPP extensions.

On records from Indian concerned sources, there are almost hundred companies from China working in India. Sina Hydro Crop, Sinosteel, Bashan Iron and Steel Limited, Shougang International, etc, have been in India. These companies work for infrastructure and machinery purposes. Excluding these companies, a good number of companies have been on trade here in the field of hardware manufacturing and electronics, besides IT. Among many like TCL, ZTC, HUAWEI, are profoundly making business through India.

China's Extension of Trade Units in India

In the sector of power development Herbin Electric, Shanghai Electronics, Dongfang Electric, etc., are busy in harnessing power and electricity. They are in the arena of mobile production, and many known companies like- Oppo, Xiaomi, Vivo, etc., have also excelled in developing Chinese economy where Xiaomi as distinguishingly making progress, its concerned management has decided to invest approximately 500 million dollars to spread its retail scope and more interestingly has seven factories working in different parts of India. On such grounds, this is realistic analysis to admit, "India-China association comprises an imperative component of the strategic and co-operative partnership between the two economies. India-China bilateral trade which was low in the year 2000 has reached up to the level, making China as India's largest trading partners in goods" (Yadav & Hassan, 2022, p.1). The Chinese software companies like Tencent Holding, Cheeta Mobile, Ali baba Group, Bytendance, etc, are not the least in their remarkable flowering in terms of Chinese trade in India. The Indo- China bilateral trade is so significant for summumbunum of both of these countries that presently it is held that, "Trade Co-operation and Integration between China and India foster outward-oriented development and generate economic and social benefits which could also be a countervailing measure to withstand the excesses of economic globalization" (Bhattacharya & Bhattacharya, 2007, p.3).

Challenges in Bilateral Trade Between India and China

On international level India and China have grown as the two most close neighbors that may not progress without being in mutual co-operation co-existence when it comes of the bilateral trade and commerce. The more these two countries go with alliance, the more they need to consolidate the edifice of trade ties. However, what is or may be the case there remains imbalance in partial economic apex and decline due to which there is trade deficit which is certain due to lesser multitude and lesser number of commodities India exports to China. Admittingly, India's chief export of Aluminium, Copper, Cotton, Ore, etc., which however, are overshadowed or dominated by China's bulk of export. The other issue of not least importance is that Indian made agricultural products experience issues related to their

availability and access in China. As of now when there is rising greater need of bilateral trade between the two nations, India for many reasons has come to bridle on the excessive trade relations with China. The year 2020 has witnessed retrogression in the conducive bilateral trade relations due to frequent border disputes that always take the shape of tussles and skirmishes on borders and create a kind of civil war situations. Out of such uncertainty trade relations could see overabundance of breach and blockage, notwithstanding the import and export goods between the two powers. It is held :

the measure significant issue between Republic of China and India is boundary issue question. Their bilateral relations and has perpetually been challenge to the leaders of each country. The signing of the Agreement on the upkeep of peace and Tranquillity on the road of actual management on the China – India border areas. (Rahmati et al, 2020, pp.1-2)

Prominently, the two nation's severity in the wretchedness lies in the issue of Aksai Chin region which India claims as a part of Leh, Ladakh (UT) which has been under the occupation of China's dominance. In the history of both of these nations, the aftermaths of Sino- Indian war that was waged between October and November in the year 1962 has still drastic impact in recollections of bloody skirmishes in the minds of Indian people which accordingly change present nations of proximity and hence affects the process of free bilateral trade freely. From two years back China has had a claim on Leh and dwindled thousands of miles in her control using military might and, in the process, even many soldiers from both sides witnessed canes, stones and oozing blood and the fresh wounds yet do not allow India to let trade be there on multitude base.

On one hand India considers Pakistan her rival in many ways but China has very cordial reliability with Pakistan which somehow breaks a trust of closeness. The trade relations between India and China could be found in reality that, "Pakistan always provided the country with diplomatic support to China in every need of the hour. In history, Pakistan had opened the US-China diplomatic channel through a secret meeting in 1972" (Yaseen et al, 2017 p.23). What is thoughtful and apprehensive object for India, is not China-Pakistan relations but in quintessence, China's illegal support on the issue of terrorism in Kashmir is really a case of concern for India that happens to be a point of neutrality in trade between the two nationalities and so takes the bilateral trade in its influence. There seems no diversion on the point of consensus that the issue of terrorism has long been a common among the trio but the irony is that despite having proximity Pakistan and China do not seem to come on the stage to share the ways and methods to nip the evil in the bud.

Another related aspect is that China has been failed to condemn anti Indian activities which prove egregious for other neighbouring countries as well, instead China has been thus utilizing Veto privilege in support of Pakistan. India deems China an accomplice of Pakistan in terror strategies to such an extent that Pakistan receives ammunition from China in abundance to ill use it against India. These factors swallow the spirit of smoothness of bilateral trade at such a pace that currently there has been dramatic narrowing scope to give five for trade continuity.

China also has some severe type of allegations against India and takes severity with the issue of Dalai Lama—a religious Buddhist monk and spiritual figure who fled from China to Twang with all his family in the year 1959 under the threat of being detained by Chinese Govt for internal reasons; what outraged Chinese Govt was that Dalai Lama was received with great fervour and esteem which China did not expect from India. This was, as China narrated it, a kind of illegal interfering on part of India in the internal affairs. This issue also showed repellent leaven on China trade relations.

From one corner, there is resplendent gloomy scenario seen and felt for the aforementioned reasons which have blemished the serenity in bilateral trade relations between the two nations and from other corner in many ways both nations have been observing exemplary growth of bilateral trade ties and the current nature of the same ignite more expected prospects for further excellence to emerge economically as developed and ultra-developed.

Both of the nations are well aware that wars bring no peace; they kill national and international spirit of the state. The aftermaths of past wars are reminiscent of the drastic effects for the two nations and this consciousness allows them to stop enmity and antagonistic mentality for each other which positively has provided favourable stand to evolve further as sharers of resources and, as such, have given flip to multidimensionality to bilateral trade relations. In the year 2021 the trade between the two nations excelled beyond 125 billion USD which in percentage soared more than 43% of 2020. The aggregate commodity crossed the demarcation of 34.6% to 115.83 billion USD in 2022.

Confession over variation in economic growth due to which there has been partial more development is a genuine thing but it must be judicious to accept that both of the countries have contributed a tremendous impact in rising the world economy. In trading with each other there has grown wide scope of in manufacturing chemicals and the related items, electronics, machine parts and parcels.

Notwithstanding the difference in socio-political visions, the future time prospects find positively desirable events casting their shadows before in the process of bilateral trade: both have won international recognition due to business relations that become a kind of modal for the other part of the globe. It is felt that the economical integrity and co-ordination between the two shall bring overall development in all walks of life particularly in Scientific inventions and innovations and economics and engineering.

The working of different factories and business units on each other's land is felt to be a strategy to create an atmosphere of living more in co-ordination and oneness that may also play its role in understanding the two different cultures. One of the prospects is that bilateral trade relations between India and China shall create an understanding of socio-scientific ideas and ideologies that can foster cumulative wellbeing and commonwealth existence. The state of India and China in relation is a consolidated procedure shared that enables the rest part of the world to look on both of them as united and so impossible to be defeated in world economic competition.

Conclusion:

The bilateral- trade relations between India and China, originally are not emergent of modern world; history is witness to the fact that these two nations have been in trade relation from earliest times and in this connection the Chandra Gupta Moriyani Historian Chanakya offers to the present readership plethora of evidences to justify the claim. In the modern sense, bilateral trade relations began earnestly with new methods and mannerism after 1991. Due to political and geographical issues and disputes from time to time the trade relations suffered havoc and downfall. But in certain circumstances trade still remained as a continuous process between the two countries owing to which they emerged as two great integrated economies in the world in general and in Asian part in particular. Both the nations have made settlements of various institutions and business units on each other's land to create acknowledged principles of symbiosis. The ties between the two suffered, however due to some anti Indian activities from China's side like China's support to Pakistan on Kashmir issue, terrorism, illegal occupation of certain regions of Leh, Ladakh. Even China also has some allegations against India like provision of

refuge to Dalia Lama, etc, that marred the smoothness of bilateral trade. Bilateral trade can ensure yet more economical development in different fields of activity for which both of the nations have to come forward for issues to tackle together and come up with resolutions for ongoing disputes. Moreover, both nations ought to ensure certainty for each other's peace and prosperity. In this connection the stringent political policies that hinder bilateral trade ought to be made flexible to necessitate brisk business which is advantageous for both of the nations.

References

1. Bhattacharya, Swapan K; & Bhattacharyay, Biswa N (2007). Gains and Losses of India- China Trade Cooperation – A Gravity Model Impact Analysis. Econstor, 1970, 1-27. <http://hdl.handle.net/10419/260152>
2. Liu, Xinru. (1988). Ancient India and Ancient China: Trade and Religious Exchanges. Oxford University Press.
3. Pillania, Rajesh K. (2010). Indo-China Trade: Trends, Composition and Future. Journal of Applied Economic Sciences, 2 (12), 129-136.
4. Rahmati, Fidel; Ali, Mohd Akhtar; & Kamraju, M. (2020). A Study on India – China Current Geopolitical Issues and Implications. IJSREM, 04 (06), 1-10. 4.
5. Yadav, Arti; & Hassan, Munir (2022). Indo-China Trade Relations. Management and Economics Research Journal, 8 (1), 1-7.
6. Yaseen, Zahid; Afridi, Manzoor Khan; & Muzaffar Muhammad. (2017). Pakistan and China's Strategic Ties: Challenges and Opportunities in Trade Perspective. Global Regional Review, 2 (I), 16-30. [http://dx.doi.org/10.31703/grr.2017\(II-I\).02](http://dx.doi.org/10.31703/grr.2017(II-I).02)
7. Zhao, Renfeng. (2007). Short Report: China and India: A comparison of trade investment and expansion strategies. Chatham House. <https://www.chathamhouse.org/sites/default/files/public/Research/International%20Economics/010607workshop.pdf>