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The China and India: Liberal Aspects of Cooperation

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ABSTRACT

With the ongoing ascent of China and India in the global arena, there is a prevailing inclination to examine and evaluate these two prominent Asian powers. However, it could be more advantageous to investigate the prospects of Sino-Indian collaboration that might provide reciprocal benefits. China and India's interests are progressively aligning regarding their economic and geopolitical objectives and ambitions to attain global power status. The growing depth of their interactions indicates the growth of confidence, which may pave the way for establishing distinct forums for collaborative endeavors, educational opportunities, and humanitarian assistance. Implementing such procedures would have practical use and contribute to fostering trust and assurance for subsequent endeavors. This paper examines several domains in which the relationship between India and China is aligning. This study also recommends addressing the trade gap between India and China.

INTRODUCTION

India and China are widely regarded as two of the world's most ancient and populous nations. Both countries hold significant economic, political, and cultural influence within their region. Despite their proximity, India and China have distinct political systems, with India being a democracy and China embracing authoritarian rule. Both cooperation and disagreement have marked their historical relationship. India achieved independence from British colonial rule in 1947, which was a pivotal moment in its history. In 1949, India also became the first nation to formally recognize the establishment of the People's Republic of China. This acknowledgement facilitated a series of beneficial advancements in their relationship, ultimately resulting in the signing of the Panchsheel Agreement in 1954. The primary objective of this agreement was to foster amicable ties and facilitate peaceful coexistence within the region.¹ Unfortunately, the mutually advantageous alliance between the two nations was not sustained, as they were embroiled in the Indo-Sino War of 1962. This conflict resulted in a deterioration of relations and the cessation of their prior collaborative endeavours. There is a persistent rivalry between India and China as both nations strive for dominance in the region. China seems to have a favourable position due to its notable advancements in military capabilities and economic growth. Despite the prevailing atmosphere of competition, both nations are now involved in a diverse range of endeavours aimed at enhancing their cooperation. Throughout history, the relationship between India and China has been marked by a cyclical pattern of cooperation and conflict. Both nations have adopted distinct political approaches, although they are linked by a significant economic and historical bond likely to influence their relationship in the foreseeable future persistently.

MATERIALS AND METHODS

By employing a liberal methodology as the framework, this research aims to enhance the in-depth and comprehensive analysis of China-India relations. The liberal approach will focus on specific aspects that could offer numerous valuable opportunities for stabilising and strengthening their bilateral relationship. This holistic and all-encompassing method will aim to thoroughly evaluate the inherently cooperative, collaborative, and symbiotic aspects of the complex China-India relationship, thereby enriching the overall analysis. It is essential to shift the focus from short-term crisis management to the prioritisation of long-term gains through the promotion of cooperation and mutuality. The methodology of neoliberalism will be used to enhance this research and provide insights into the potential and actualised gains of fostering cooperation between China and India despite the presence of formidable challenges. Descriptive and content analysis has also been applied to the research paper.

India's Pharma Industry and China

India and China are frequently considered the two leading countries. China is now recognised as the most populated country globally, with India closely following suit and projected to overtake China's population in the near future. The economy of China is of substantial magnitude. According to the most recent numbers provided by the International Monetary Fund (IMF), the nominal gross domestic product (GDP) of the country mentioned above amounts to \$15 trillion.² This figure positions it as the second-largest economy globally, behind the United States. India's economy, which now stands at \$2.5 trillion, is projected to see significant growth on both economic and political fronts. Following India's attainment of independence and the emergence of the

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People's Republic of China, a commercial relationship was established between the two nations. However, this link has been strained due to ongoing border conflicts. However, the pharmaceutical trade between the two countries has seen significant growth. Beijing and New Delhi are recognised as prominent worldwide hubs in the pharmaceutical industry. As per the International Federation of Pharmaceutical Manufacturers and Associations (IFPMA), the global pharmaceutical industry recorded a revenue of \$1.25 trillion in the year 2019. This noteworthy contribution has not only led to the growth of job opportunities in India and China but has also played a vital role in improving the overall health and well-being of individuals worldwide (IFPMA, 2020).³ The Indian pharmaceutical industry is positioned as the third largest in volume and the fifteenth largest in value. China is widely recognised as a global leader in manufacturing active pharmaceutical ingredients (APIs). The active pharmaceutical ingredient (API) is the primary constituent of the medication. The analgesic properties of a painkiller are attributed to its active ingredient, which is responsible for alleviating pain. Approximately 20% of application programming interfaces (APIs) are manufactured in China. The pharmaceutical industry in China has seen significant growth due to the support provided by the government and the availability of enough raw materials.⁴

For a considerable duration, several countries, especially those with little economic resources, have procured active pharmaceutical ingredients (APIs) and finalised pharmaceutical products from China. India has been endeavouring to penetrate this market and establish itself as a pharmaceutical alternative for these countries. The current state of the situation is very far from achieving perfection. Despite about 1,500 active API facilities inside its borders, India continues to rely on China to import 70% of its active pharmaceutical ingredients (APIs). Most of India's critical active pharmaceutical ingredients (APIs), such as paracetamol, are sourced from China.⁵ The importation of pharmaceutical products from China to India has significantly increased during the last two decades. There exists a notable disparity of 20% -30 % in the pricing of medicinal products between India and China. India is dependent on China for essential pharmaceuticals. China is the primary source of more than 90% of India's essential pharmaceuticals, such as penicillin and ciprofloxacin.⁶ According to official figures, the Indian industry imported bulk medicines and intermediates worth \$2.4 billion from China during the fiscal year 2018–2019.⁷ During the fiscal year 2019–2020, India's imports of active pharmaceutical ingredients (APIs) amounted to ₹17,400 crore.⁸ India sources more than 80% of its pharmaceutical raw materials from China. According to the data released by the Directorate General of Commercial Intelligence and Statistics, there has been no decline in the imports of pharmaceutical ingredients and intermediates from China due to COVID-19 and border issues. The importation of drugs from China saw

a marginal decline of 0.13% over the period spanning from April to September 2020.⁹ According to official government figures, India depends on China for raw materials, active pharmaceutical ingredients (APIs), and intermediaries, despite its desire to diminish China's global market dominance.

Both countries have achieved significant progress in the fields of manufacturing and commerce, with a special emphasis on the pharmaceutical industry. In addition to possessing a robust industrial infrastructure, they showed an ability for innovation and the development of innovative pharmaceutical technologies. They manufacture most medications and active pharmaceutical ingredients (APIs) used worldwide. India is a leading exporter of generic medications. India provides unique pharmaceutical formulations suited to different countries. The magnitude of its dependence on Chinese raw materials and APIs is substantial. Nevertheless, it is worth noting that China has a significant market share in producing and distributing active pharmaceutical ingredients (APIs) and essential drugs that are crucial for saving lives. India is steadfast in its focus on the pharmaceutical industry, demonstrating significant advancements and edging closer to establishing itself as a prominent global hub for pharmaceutical manufacturers. Indian government officials and industry experts seek to reduce India's reliance on China for active pharmaceutical ingredients (APIs) and critical medicines. This objective has gained significance, especially in light of the heightened tensions between the two nations after the unfortunate Ladakh incidents. Following the Ladakh clashes in June 2020, the Indian government banned certain Chinese smartphone apps, including popular platforms such as TikTok and Pub-G.¹⁰ Further measures were implemented to enhance the stringency of investment regulations about Chinese entities in India, imposing further barriers for Chinese corporations seeking to establish a foothold in the expansive Indian market. Nevertheless, the Indian pharmaceutical sector significantly depends on active pharmaceutical ingredients (APIs) sourced from China. Despite the coronavirus epidemic, India still imports substantial quantities of active pharmaceutical ingredients (APIs) and essential pharmaceutical products from China. To effectively compete with China in the global pharmaceutical business, India needs to prioritise efforts to reduce its reliance on Chinese Active Pharmaceutical Ingredients (APIs). It is imperative for India to expeditiously enhance its active pharmaceutical ingredient (API) and life-saving drug production capabilities to address this pressing issue effectively. Nevertheless, the proportion of India's API imports has seen a substantial rise, escalating from just 1% in 1991 to a significant 70% in 2020.¹¹

India-China Relations and the Automobile Sector

The Indian government's initiatives to encourage the use of electric vehicles coincide with China's increased supply of automotive parts and components to India, which now stands as the fourth-largest automotive

market globally. It is projected that India may account for 4% to 5% of the global auto component trade by 2026.¹² The automotive sectors of India and China saw significant growth throughout the late 1980s, mostly due to heightened levels of investment. India has adopted a distinct approach to developing its vehicle industry and associated components, which sets it apart from other prosperous countries. During April–March 2020, the automotive sector manufactured 26 million vehicles, including passenger cars, commercial vehicles, three-wheelers, two-wheelers, and quadricycles. Out of this production, about 4.7 million vehicles were exported to international markets. The heavy vehicle market is mostly dominated by manufacturers from India, particularly in the tractor, bus, and heavy truck sectors. In 2019, the automotive industry in India produced 30.91 million vehicles, reflecting a notable increase of 6.26% compared to the previous year's production of 29.08 million vehicles in 2018. In recent years, there has been notable growth in the Indian auto-components industry. The auto-components sector saw a growth rate of 6% from the fiscal year 2016 to the fiscal year 2020, reaching a total value of US\$ 49.3 billion.

The automotive sector plays a significant role in the realm of soft power, and both countries engage in frequent economic exchanges. Like several other countries, India engages in importing automobile components from China due to the absence of domestic production capabilities or more cost-effective alternatives. The implementation of import bans or price increases by India without providing viable alternatives will have an impact on domestic enterprises. The Volkswagen Group asserts that imposing limitations on importing essential automotive components from China is a regressive approach while also acknowledging the challenges associated with conducting commercial operations in India. According to representatives from Maruti Suzuki, it has been said that the automotive industry heavily relies on Chinese imports, and any attempt to prohibit these imports will result in negative consequences. This observation demonstrates the impracticability of implementing a complete embargo on Chinese imports and items inside the automotive industry. Bajaj, the leading manufacturer of two-wheelers in India, has expressed its reliance on Chinese goods and imports to sustain its manufacturing operations. Bajaj is heavily dependent on the use of alloy wheels in its motorcycle manufacturing process; thus, an abrupt imposition of limitations on imports from China would have a detrimental impact on the company. According to the Auto Component Manufacturers Association of India, the automotive industry in India, valued at \$118 billion, has high self-sufficiency. However, there remains a reliance on imports for some critical components, particularly in the realm of electronics, which are not subject to mass production inside the country. Therefore, China is responsible for the shipment of about 25% of the total value of components imported into the country, which amounts to \$4.75 billion every year. According

to Deepak Jain, the President of the Automotive Component Manufacturers Association, the Indian auto component business is committed to realising the goal of self-reliance put forward by our esteemed Prime Minister. Due to the absence of domestic competence, we rely on importing crucial engine and electronics components from China. In the fiscal year 2017–18, China accounted for around 30% of India's automotive component supply. Approximately half of the bicycle market demand is fulfilled by imports, with a significant portion originating from China. Based on data provided by the Automotive Component Manufacturers Association of India, it was observed that India had a 21% increase in the importation of automobile components from China in the year 2014, amounting to a total value of \$2.6 billion. From 2015 to 2016, India's automotive industry sourced around 18% of its car components from China. In 2017, MG Motor India assumed control of the Halol, Gujarat, manufacturing plant after General Motors departed from the Indian market due to poor sales performance. The organisation made a significant investment of over \$2,200 crore in purchasing facilities and developing its capacity. Chinese automobile components account for 26% of India's auto component sector, which is valued at Rs 43.1 lakh billion. In the year 2019, the total value of auto components imported by India amounted to around 580 billion rupees. According to the Automobile Component Manufacturers' Association, India's import of car components from China in 2019 amounted to \$4.2 billion. In the fiscal year ending in March 2019, India's imports from China amounted to \$70.3 billion, which included a total of \$4.2 billion worth of auto components. More than a quarter of automotive components in India are sourced from China. During the period from April to July 2020, the total value of auto components imported by India amounted to \$246.33 million. According to statistical data from the Ministry of Commerce and Industry, China imported internal combustion (IC) engines amounting to a total value of \$58.78 million. According to ICRA Ltd., a prominent rating agency, the automotive industry in India is significantly dependent on components sourced from China. Approximately 27% of India's total component imports, which amount to \$17.5 billion, are sourced from China. According to Kavan Mukthiar, a partner and leader in the automotive sector at PwC India, the automobile industry heavily depends on either a single supplier or many regional suppliers for most of its components. Ashok Leyland Ltd. procured fuel injection pumps from Chinese manufacturers to import Bharat Stage (BS)-IV and BS-VI-compliant components. According to a report by Kotak Institutional Equities, Hero MotoCorp engages in the importation of alloy wheels from China. The major components contributing significantly to Chinese imports are engine pistons, gearbox drives, steering, and body components, constituting around 60–65% of the total imports. Indian automotive component manufacturers often engage in the importation of various materials such as steel,

aluminum, glass, tires, rubber, aluminum bearings, and electronic chips from China due to their comparatively lower costs in that particular market. Various automotive components, such as rims, hubcaps, front and rear spoilers, door handles, hinges, vehicle lights, lamps, rearview mirrors, sensors, car starters, and automobile accessory cables, are imported from China. China provides India with various automotive components, including drive systems, gearboxes, steering mechanisms, engine parts, electrical and electronic components, suspension and braking systems, cooling systems, and vehicle interiors. Great Wall Motors has announced its intention to invest a substantial amount of \$1 billion in the Indian market. MG Motors, a British automotive business with Chinese origins, has made substantial investments in the Indian market. However, in light of the success of its first product, the Hector SUV, the company is now seeking a fresh trajectory. The Chief Executive Officer (CEO) of MG Motor India, the first Chinese-owned automotive company to start operations in India, asserts that 99.5% of its workforce comprises Indian individuals. Great Wall Motors, Foton, and BYD, companies that are venturing into the Indian market, are also reducing their Chinese influence. According to Anurag Agarwal, the vice chairman of PMI Electro Mobility Solutions, the joint venture will see a significant increase in the involvement of local individuals, as we own a majority stake of 70%. This will be complemented by the provision of technical help from Chinese counterparts. The financial resources at our disposal are insufficient to accommodate many individuals from China. Great Wall Motors, a Chinese automobile company, has announced its plans to invest Rs 7,500 crore in India. Great Wall Motors (GWM) and FAW Haima, prominent automotive manufacturers in China, have unveiled their intentions to enter the Indian market and provide a range of vehicles, including electric vehicles (EVs). GWM, the prominent sports car manufacturer in China, showcased its Haval SUVs and GWM EVs at the Auto Expo. FAW Haima recently introduced the 8S and 7X sport utility vehicles (SUVs) and concurrently disclosed their collaboration with the Bird Group, a Delhi-based company, to develop an electric vehicle (EV) priced below 1 million Indian rupees. At the Auto Export event, Chinese manufacturers showcased a collection of more than 20 automobiles. SAIC Motor, a company headquartered in Shanghai, commenced the sale of MG vehicles in the Indian market in the previous year. In addition to Chery Automotive from Wuhu and Geely Auto Group from Hong Kong, Changan Automobiles, a state-owned automotive manufacturer in China, is anticipated to commence its operations in India by the year 2022.

As the primary sourcing and international buying destination, China exerts the most significant influence on Indian automakers. Furthermore, it is noteworthy that only financially prosperous Chinese automakers are now making investments in India, a market that has the potential to emerge as the largest in the world in the foreseeable

future. The recent regulatory reforms implemented by the Indian government to encourage electric mobility have opened up opportunities for Chinese manufacturers to join the Indian market. In the previous fiscal year, the government implemented a reduction in the Goods and Services Tax (GST) rate applicable to electric vehicles (EVs), decreasing it from 12 percent to 5 percent. Additionally, a notable measure was introduced whereby individuals availing loans for EVs were granted an income tax refund of Rs 1.5 lakh on the interest incurred. Under its FAME II plan, the regulatory body also authorized the establishment of 2,636 electric vehicle (EV) charging stations throughout 62 cities. GWM, a multinational corporation, has made a substantial investment of \$1 billion (equivalent to Rs 7,500 crore) in the Indian market. In January, the company also acquired General Motors' Talegaon manufacturing location located in Pune for a sum of \$250 million (equivalent to Rs 1,800 crore). Sport Utility Vehicles (SUVs) have a more rapid growth rate than other vehicle categories, constituting a significant portion of the Indian market, exceeding 25%. Chinese firms are capitalising on India's cost sensitivity amidst the ongoing transformation of the automotive industry.

India- China and Electronic Trade Relations

India and China exercise substantial influence in global politics and are becoming formidable economic giants. The diplomatic ties between the two prominent Asian nations have seen fluctuations, although they have shown an overall upward trajectory of improvement. India and China are widely recognised as the largest and most vibrant economies in the Asian region, serving as emerging global market hubs. In recent years, there has been a discernible increase in the complexity of the Indo-China relationship. The Indian and Chinese economies were somewhat late in integrating into the global economy. The adoption of liberalisation policies occurred throughout the latter half of the 20th century. Upon seeing the benefits of trade, the respective entities decided to liberalise their formerly restricted economies. Both countries saw a transition in their economic orientation from domestic focus to international engagement, significantly expanding commercial activities. While there has been an increase in bilateral trade and cooperation, the relationship between the two parties has been negatively impacted by border conflicts and a lack of confidence. The geopolitical and economic impact of Asia's two most significant advancements has profoundly influenced the global stage. India and China, emerging as significant players in the realm of global politics, have attracted much scrutiny. Global politics provide states significant opportunities to enhance their economic and commercial relationships, fostering better diplomatic relations. India and China engage in regional trade and economic activities, with both countries vying for dominance in the region. The bilateral commercial relationship between India and China has been seeing notable growth; nonetheless, it is important to note that a trade imbalance persists. According to the

Global Competitiveness Index (GCI) score report, China has a better ranking than India. Consequently, the robust collaboration between these two nations has the potential to benefit India. The Constant Market Share Analysis data indicates that bilateral trade has yielded economic benefits for both countries and has served as a foundation for expanding their trade activities.

According to the World Trade Organisation, China held the position of the largest trading nation globally in 2019, while India ranked as the twelfth largest. China is a prominent exporter of electronics, whereas India mostly engages in the importation of such goods. The bilateral trade relationship between India and China has had a notable upsurge; nevertheless, it is characterised by significant disparities. China is the primary source of importation for digital clocks and watches, electrical machinery, electronic equipment, mobile phones, mobile accessories, and electronic gadgets. India's import of various items from China, such as mobile phones, accessories, TVs, radios, and other commodities, accounts for around 14% of its total imports. Chinese electronics and communications equipment constitute a significant portion of India's imports. The majority of electronic gear and equipment is sourced from China via imports. China imported 184.4 thousand crores of electronics in 2017–18. In the specified category, the total value of imported items in the fiscal year 2018–2019 amounted to 144.4 thousand crores. It has been reported that a substantial influx of mobile phones is being imported from China. In the fiscal year 2019–20, China accounted for more than 83% of the mobile phones shipped to India. In that particular year, it was observed that almost 90% of colour televisions in India were sourced via imports from China. The electronics industry in India is heavily dependent on China. According to official statistics, the importation of electronics and components constituted a significant portion of China's total imports in the fiscal year 2020, amounting to \$19 billion out of a total of \$65 billion. A significant number of Chinese electronics enterprises are engaged in operations inside the Indian market. Companies such as Hawaii Technologies, Shanghai Electric, Harbin Electric, and Dongfang Electric are notable examples in the industry. Over the last few years, there has been a significant surge in the expansion of Chinese mobile enterprises in the Indian market. Xiaomi has maintained its position as the leading mobile phone vendor since 2017. Xiaomi, Vivo, and Oppo together dominate over 75% of the mobile device market in India. According to reports from IDC, Canalys, and Counterpoint Research, Xiaomi, Samsung, Realme, Vivo, and Oppo together have a significant share, ranging from 88% to 94% of the smartphone market in India. According to several analytic organisations, Xiaomi, Realme, Vivo, and Oppo together have a market share ranging from 69% to 73% among these five brands. According to Canalys, Xiaomi emerged as the leading Chinese mobile brand in the third quarter of 2020, commanding a market share of 26.1%. Based on IDC's findings, India's smartphone market saw

year-on-year growth of 42% in October, with a total shipment of 21 million units. The surge was driven by a combination of many online sale festivals and pent-up demand in the third quarter of 2020. In October 2019, four Chinese mobile companies sold 4.607 million devices together. In October 2020, the total number of smartphones sold amounted to around 63.01 lakh, reflecting an increase of almost 17 lakh units. According to the October 2020 statistics on internet smartphone purchases, it was seen that Indian consumers acquired an additional 1.7 million Chinese smartphones compared to the same period in 2019. According to Adwait Mardikar, an analyst at Canalys, the estimates for October 2019 and 2020 seem to be grounded in reality since sales data from the respective third quarters of those years support them. According to a report by India Today DIU, there was an observed increase in India's reliance on imports from China between the years 2001 and 2020. The largest category of imports for India is electronics from China. In the year 2019, the total value of imports amounted to US\$ 20.6 billion. China is regarded as one of the primary import destinations for India. According to data from UN Commerce, China provided India with a total of US\$682.75 million worth of television receivers in the year 2019. In response to the escalating border conflict between China and India, the Directorate General of Foreign Trade (DGFT) initiated inspections on imports of colour televisions to promote local businesses. In the fiscal year 2019–20, China provided a total of \$300 million worth of television units to India. India's import market for refrigerators, fridges, and freezers has shown significant growth since 2010. The largest importers of refrigerators and freezers in India are Samsung Indian Electronics Pvt. Ltd. and Blue Star Ltd. Approximately half of the refrigerators and freezers used in India are imported from China. Based on data from UN Commerce, it was observed that India's imports of refrigerators, freezers, and fridges from China amounted to a total value of US\$344.51 million in the year 2019. According to the Consumer Electronics and Appliances Manufacturers Association (CEAMA), a significant % of electronic components, namely 70%, are imported by Indian manufacturers from China. In 2018, China emerged as India's leading refrigerators exporter, with a total value of USD 58 million. The greatest imports of electrical machinery come from China. In the fiscal year 2018–2019, the expenditure on Chinese electronics amounted to 144,405 crore. In the year 2020, India saw an import of around 3.7 trillion rupees worth of electronic goods.

Based on figures from the World Trade Centre, it can be seen that Chinese enterprises play a significant role in the electronics sector. India procures around 32% of its electronic goods from China, resulting in a cumulative contribution of 40%. During the period from April 2019 to February 2020, China constituted a significant proportion, namely 40%, of the total imports of electronic items, amounting to Rs 1.42 trillion. India

is a significant importer of electronic devices such as smartphones and personal computers. According to research by the Confederation of Indian Industry, a significant proportion—around 88%—of mobile device components are procured from China. China is the primary source of headphones, chargers, and earbuds. Mobile accessories are only sourced from China and India. Approximately 6.6% of computer imports into India originate from China. According to research by the India Cellular and Electronics Association, there has been a significant increase of 42% in laptop imports over five years, rising from \$2.97 billion to \$4.21 billion. The report further highlights that most of these imports, namely 87%, originate from China. From 2015 to 2020, India has shown a significant dependence on Chinese computer systems. The value increased from \$2.83 billion to \$3.65 billion. In the fiscal year 2018–2019, the People’s Republic of China served as the primary source for around 75–90% of the laptop imports procured by our nation, with an estimated total value of \$2.2 billion.

Given that China is the primary supplier of electronics to India, India must maintain uninterrupted commercial relations with China. The import sector of electronics has significant prominence in India. According to a study by Counterpoint Research, 40% of people in India have stopped using Chinese gadgets. Approximately 60% of the population in India uses Chinese electronics. The importation of Chinese electronics into India has seen a significant increase of 35% up to the year 2020. India and China, two countries with the largest populations globally, possess substantial marketplaces for technological products. The electronic sector generates revenue and provides employment opportunities in both countries. The volume of electronic goods imported by India from China is substantial. In the fiscal year 2017–18, China accounted for more than 60% of India’s imports of electrical and electronic equipment. China has consistently pursued opportunities to expand its market reach for its manufactured goods, with India emerging as a notable destination where its electronics, particularly smartphones, have gained significant popularity. Approximately 60% of electrical devices are sourced from China via imports.

India-China Economic Relations

A strong global economy gives economically dominant states more influence, interconnection, and authority within the international structure while also affording them significant power to modify the system. In the last decade, it was anticipated that China and India would have a natural collaboration, with China being the global manufacturing hub and India as the global service provider. Former Chinese Premier Zhu Rongji had the belief that this idea would be universally appealing. The political rapprochement between China and India in the 1990s was greatly aided by the economic ties between the two countries despite several obstacles. In 2021, the trade between India and China achieved an exceptional

milestone of \$125 billion, representing a substantial growth of 43.3% compared to the previous year. Despite the lengthy standoff in eastern Ladakh and the violence in Galwan in 2020, there was still development between these two countries. Since 2011, the expansion of economic linkages has been slower than exponential. China has served as India’s primary importer since 2009, signifying a significant reliance. According to Statista (2021), China accounted for 13.8% of India’s imports in 2020, above the import shares of the US (7.6%), UAE (6.4%), Saudi Arabia (5.7%), and Iraq (5.0%). India acquired equipment and supplies from China during the COVID-19 pandemic. The economic partnership between India and China is marked by an absence of mutual exchange, leading to a significant trade imbalance of \$69 billion in 2021. This disparity has had substantial ramifications for economic inequality. The growing trade between India and China illustrates a reciprocal interdependence that promotes their collective objectives of growth and modernization, although at the expense of intensifying disputes. In basic terms, as the two nations liberalize their economies to become global entities, they encounter comparable obstacles, although at distinct phases. India and China ranked 80th out of 180 nations in Transparency International’s “Corruption Perceptions Index 2019,” which evaluates public sector corruption based on assessments from firms and professionals. Both countries have experienced environmental pollution due to unregulated economic liberalization. According to Climate Watch (2021), China and India were the top two contributors to global CO2 emissions in 2018, accounting for 26.5% and 6.6%, respectively. This placed China as the greatest contributor and India as the third largest contributor among all nations. According to Statista (2018), the combined impact of air pollution in 2017 resulted in a loss of 1.6 million lives in India and China. According to Duggal (2021), India will have 46 cities in the world’s top 100 most polluted cities in 2020, with nine of them ranked in the top 10. As a result, both governments strive to tackle these issues and may acquire insights from each other and collaborate on a worldwide level. Exchanges can alleviate the adverse features of economic interactions.

Suggestions to Mitigate the Trade Deficit

Both India and China are experiencing difficulties in resolving the persistent trade deficit that exists between the two countries. Given China’s higher volume of exports to India, the Indian government must undertake effective measures to address this concern and preserve equilibrium in their economic partnership. This is because China exports a greater quantity of commodities to India than India imports from China. The following are some strategies for productively accomplishing this assignment: At first, the Indian government may seek to formally request China to eliminate trade barriers, therefore facilitating the entry of Indian goods and services into the Indian market. To increase the competitiveness of Indian

enterprises in contrast to their Chinese equivalents, it is advised to investigate the possibility of eliminating trade barriers, optimising customs procedures, and ensuring level playing fields. This would enable Indian enterprises to enhance their competitiveness against their Chinese counterparts. India may also desire increased transparency from China on its supervision of Indian exports.

India should encourage trade in services to take advantage of its comparative advantage in sectors like tourism, healthcare, education, and information technology and to boost exports to China. This may be achieved by promoting investment in these sectors and facilitating the movement of professionals and highly trained individuals between the two countries.

By offering financial incentives to Chinese businesses, easing some laws, and generally making the investment climate more favourable, India may be able to entice Chinese investment in sectors such as the manufacture of high-tech goods, infrastructure, and renewable energy. Several possible remedies exist for the obstacles hindering India's ability to increase its exports to China. The proposed remedies encompass the standardisation of product specifications, the elimination of technical barriers to commerce, and the simplification of customs processes. India may also seek more clarification from China about the process of legislating laws.

India may explore opportunities to expand its export base by entering prospective new markets such as the United States of America, the European Union, Japan, and Southeast Asian nations. Investing in export infrastructure, trade promotion, and market research is vital.

Establish regional distribution networks. It is advisable to explore the potential for establishing business partnerships with surrounding countries like Japan and South Korea and with members of the Association of Southeast Asian Nations (ASEAN). Promoting further economic integration, reducing trade barriers, and increasing investments in logistics and transportation are all possible measures that may be employed to achieve this objective.

Both nations should reach a comprehensive agreement on a wide-ranging economic treaty. There is potential for India and China to agree on a comprehensive trade treaty encompassing many areas, such as products, services, and investment. This has the potential to enhance the current business relationship between the two countries by reducing existing trade barriers and increasing market access for both nations.

RESULTS AND DISCUSSION

The main objective of this analysis is to provide comprehensive and insightful forecasts regarding the potential impact on complex and evolving China-India relations. By delving into the various dimensions of this crucial partnership, decision-makers in both nations will be equipped to make well-informed and strategic choices that align with their respective long-term national

interests. It is imperative to move beyond the mere examination of immediate surface-level events and crises and to delve deeper into the intricate dynamics that shape this relationship. Such an approach seeks to capture the essence of cooperation and collaboration, underlying the cooperation-based drivers that have the capacity to profoundly influence the long-term trajectory of China-India relations. Recognising the significance of prioritising collaboration over competition, this analysis emphasises the potential long-term advantages that can be derived from fostering a cooperative framework between these two influential nations. By doing so, decision-makers will not only be able to navigate current challenges and crisis-based dynamics but also unlock the untapped potential for mutual growth and development. In order to achieve this, it is essential to cultivate a comprehensive understanding of the multifaceted aspects of the China-India relationship. By exploring the liberal dimensions, decision-makers will gain a nuanced perspective that goes beyond surface-level evaluations. This deeper comprehension will empower them to make more informed and sophisticated choices that take into account the complex web of interests and considerations that define this intricate bilateral relationship. This analysis does not dismiss the importance of crisis-based and competitive aspects of the China-India relationship. On the contrary, it acknowledges their existence but emphasizes the need to transcend immediate challenges and focus on the bigger picture. By recognizing the significance of long-term perspective and prioritizing collaboration, decision-makers can lay the foundation for a stronger and more enduring partnership between China and India. Ultimately, through the provision of comprehensive analysis and long-term forecasts, this endeavour seeks to equip decision-makers in both nations with the necessary insights to navigate the complexities of the China-India relationship. By facilitating a deeper understanding of the underlying drivers and potential advantages of collaboration, this analysis strives to contribute to a more productive, cooperative, and mutually beneficial partnership between these two influential nations.

CONCLUSION

In conclusion, it can be seen that the historical connection between India and China has been multifaceted, including both cooperative and conflicting dynamics. However, there is a growing potential for enhanced collaboration between these two nations. There exists the possibility for collaboration across several areas, such as economics, strategy, and aid, which might provide reciprocal benefits. This is attributable to the shared interests and convergent aims of the parties involved. Despite the presence of unresolved conflicts, the expanding range of their interactions serves as an indication of the emergence of mutual trust between them. This has the potential to facilitate a more productive and advantageous partnership for both nations.

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