**India China**

**Updated – Feb 2022**

The People’s Republic of China (PRC), was established on October 1,1949. India was the first non-communist country to establish an Embassy in PRC. On April 1, 1950. The two countries jointly expounded the Panchsheel (Five Principles of Peaceful Coexistence) in 1954. However, in 1962 China attacked India on the pretext of giving asylum to Dalai Lama. The relations between the two countries since then has been strained.

* There have always been political & military tensions, both over territorial claims as well as China’s alliance with Pakistan and India’ s hospitality to the Dalai Lama.
* China has been delaying the resolution of the border dispute, despite No. of meetings. This seems to be intentional, so that they could continue with their hegemonic principles of grabbing land.
* India has **refused to support Tibetan secessionism.**
* Despite major differences between both the countries India has enabled**trade relations with China to grow, which is now worth $125 billion.**
* India engages with China diplomatically in the BRICS as well as RIC (Russia-India-China).
* In the recent times, Doklam and Galwan skirmishes between both the countries have brought the two nations face each other in a war like situation from **Ladakh to Arunachal Pradesh.**

**Concerns:**

* **Limiting River -Water flow.** There is a likelihood of China **limiting the water flow of** [**Brahmaputra**](https://www.drishtiias.com/daily-updates/daily-news-analysis/india-china-on-brahmaputra)**or Yarlung Zangbo** river, which flows from China into India and then to Bangladesh, which may cause ecological disaster in both the countries.
* **Encircling India:** China has laid string of pearls around India to choke it from all sides.
* **CPEC:** China is constructing 60$ CPEC connecting it with Arabian Sea. This will give China tremendous advantage in reaching the Arabian Sea by land route, Shorten the sea route & also encircle India from its Western side.

**India- China Trade:**

* India’s imports from China increased from USD 66.7 Billion in 2020 to USD 97.5 billion in year 2021, which is an increase of 46.1 %.
* India’s exports to China has also increased to a record high of USD 28.1 billion in 2021. It increased by 34.9 per cent, against 20.9 billion in 2020.
* India’s total trade with China is USD 125.7 billion, in 2021.

#### **India’s options**

* India has reinforced its military on the LAC. India hopes to press the Chinese to**restore the status quo ante** through either diplomatic or military means.
* Chinese and Indian officials are currently engaged in diplomatic and military-to-military dialogue to ease tensions, but de-escalation has been stalled for months.
* **Economic options:** India has responded with largely symbolic **acts of economic retaliation.**
* India has laid limits on Chinese investment in projects such as railways, motorways, public-sector construction projects, and telecoms.

#### **Limitations of India’s economic retaliation**

* India is **dependent on China** for vital imports such as pharmaceuticals ingredients, automotive parts and microchips, which many fear, it will harm India if it acted too strongly against China.
* Various manufacturing inputs, industrial equipment and components, and even some technological know-how come from China; eliminating them could have a serious **negative effect on India’s economic growth.**
* There are limits to the effectiveness of any Indian retaliation: trade with China is only **3% of China’s exports.** Drastically reducing it**would not** deter Beijing or cause it to change its behaviour.