Understanding India and China in South Asia

Abstract: India is often recognized as a powerful country, but a careful study brings to the light that China has a more favorable position vis-à-vis India in South Asia. Many reasons can be put in favor of this argument. First, South Asian countries view China as a more reliable partner in the region in the long run. China's card could always help South Asian countries to evade the overwhelming Indian influence. Second, a closer peep into India's South Asian policy reveals that it has improved the economic interdependence, trade and regional connectivity since 1991. But China holds the position of preeminence in political and economic affairs and has more to lure Indian neighbors away from the Indian sphere of influence. Third, South Asian countries also look at China's global position as an opportunity for their prosperity.

Key Words: China, India, South Asia, A Great Power Rivalry

Introduction

India and China's relations have always been fluctuating since 1950. The 1950s rapprochement was marred by an Indian humiliating defeat in 1962. The cold war narrowed down their differences. First, both countries furthered their common interests in the areas, including bilateral trade and investment cooperation in the context of BRIC. Second, many unresolved issues tarnish the bilateral relations, like the India-China border dispute and China's unwavering support for its arch rival Pakistan.

Finally, their bilateral relations are not just confined between cooperation and conflict. A third modus operandi also shapes the scene that is competition within and outside South Asia for political influence and natural resources. The competition between China and India, in contrast to conflict, does not bring anything positive for them. Political influence and acquisition of exploration rights in third countries are subjected to conditions that depend upon the economic investment of both countries. This delicate relationship between India and China has been known by slogans like 'strategic rivalry' and 'new great game' (Mohan Guruswamy, 2009).

Both countries have been vying to gain economic and political clout in South Asia for many decades. Therefore, the 'regional power debate' will help us to understand their policy with small South Asian neighbors. Both countries have regional power ambitions in South Asia, i.e. they have devoted resources to different regions best suited to their political interests.

For the purpose of expanding its foreign policy interests in the South Asian region, China has always been focused on protecting its interests through bilateral means rather than focusing on the multilateral forum. On the other hand, India is interested in both bilateral and multilateral strategies to gain a prominent role in South Asia.
India-China in the Regional Power Debate

In recent years, the discussion on regional hegemon has entered a new phase (Guenther, Husar). A state is a regional hegemon or regional power if it qualifies superiority in two factors: (1) material factors mean abundant resources (2) ideational factors (Detlef, 2010). Both material and ideational factors are strictly attached to each other. The abundant resources and hollow claims don't bring in the regional power status. But according to Weber, power is a relational concept and its legitimation depends upon the fascinating, conventional, and rational legal authority.

The concept of legitimacy is hardly involved in the regional hegemony debate, which simply says that there is no monopoly of power in international relations. Different International relations (IR) scholars interpret this phenomenon. According to the (Neo) Realist, the material resources, such as economic and military resources, transcribe into more power. It implies that unequal distribution of resources seems to generate the recognition of regional power.

While the Liberal Institutionalists hold the view that material resources can be utilized for institutional set up with the purpose of sustaining regional public goods (Detlef, 2010). States would automatically comply with the norms drafted by the regional powers. However, this norm neglects the reality that, first, regional organizations are often the product of endeavors of several states. Second, weaker states accept 'regional public goods' like trade concessions is interpreted as an acknowledgement of the dominant state. But it does not imply that taking one principle will take to acceptance of other norms in different areas.

Moreover, the political or academic concepts like regional power or hegemon hold very little relevance in a state's bilateral relations. These are the principles of state sovereignty and equality, which is to be considered for the conduct of state business. The self-proclaimed status of regional hegemon is hardly ever accepted by the neighboring states, no matter what the cumulative resources (both material and ideational resources). The 'regional power' concept, however, generates some inconsistencies when this analytic framework is applied in the analysis of China and India's policy in South Asia.

Traditionally, India is frequently interpreted as a hegemon in the South Asian landscape, but a cursory look exposes that China's position in South Asia is much good vis-a-vis India. This assertion is based on two facts: (1) India's relations with South Asian neighbors are stained by tumultuous history, which is a bar on India's policy with South Asian countries. Second, China has a far superior capacity in offering economic, political and military incentives to South Asian countries which India is unable to offer in return.

The first part of the paper will emphasize the variations in India's South Asian Policy. The second part will put emphasize their respective relations with Pakistan, Bangladesh, Nepal and Sri Lanka.

The Changing Dynamics: From security to Market

India has been considered a regional hegemon in South Asia Since 1947. By comparing its asymmetric economic, political, military capabilities, territorial and geographical size with its neighbors, India seems to be a regional hegemon by mistake. But a careful analysis discloses the fact that India's higher potential as compared to its neighbors has hardly helped its policy objectives.

India's policy makers calculate neighboring South Asian countries as a part of its security architecture. China has always been an influential aspect of India's relations with the Himalayan neighbors. The friendship agreement with Bhutan, Sikkim and Nepal in 1949, 1950 and 1950, respectively brought India greater leverage in the domestic affairs of the Himalayan states. Jawahar Lal Nehru's perspective in dealing with the Himalayan Kingdoms was always a 'realist'.

Indra Gandhi’s doctrine defined the Himalayan region as a part of its national security policy. The policy laid the ground for India’s intervention in the region in 1970 and 1980 (Devin, 1991). However, the interventionist
policy did not bring the calculated result for India. India also supported the Bangladesh independence movement in 1971. However, it could not bar the economic, social and political readjustment of Bangladesh after the 1975 military coup. Moreover, India’s mediation efforts ended with no conclusion in Sri Lanka in 1980 and brought military and economic disaster.

In the 1990s, Gujral presented the non-reciprocity concept. Under the new doctrine, India changed its course and was not keen to grant unilateral political and economic concessions to its South Asian neighbors (Inder Kumar, 1998). The Indian government introduced economic liberalization in 1991. Consequently, economic issues overshadowed the security-oriented perspective in India's policy both at the global and regional levels. Prime Minister Manmohan Singh again reoriented India's foreign policy with regard to the neighboring states more and more towards economic development and progress, and relations with the neighboring states were based on trade and business (Mohan, 2005).

The South Asian Association for Regional Cooperation (SAARC) decided to support the democratic institutions in South Asia in 2009 (SAARC Charter, 2012). The 'Charter of Democracy' provided a platform for India to care for the democratic organizations in South Asia. But it could be seen as an ambivalent instrument of interference in the neighboring countries. The Indian Technical and Economic Cooperation Program (ITEC) offers training to bureaucrats all over South Asia and perceives as an important tool in enhancing India's political clout. In 2013-2014, South Asian countries, particularly Bhutan, Bangladesh and Afghanistan, were the 80% recipient of India's aid and loans (MOFA India, 2014).

In the New Neighborhood Policy, conceived by the Narendra Modi government, India has planned to engage with Bhutan, Sri Lanka, Nepal, Maldives and Bangladesh, not considering Pakistan seriously. In this plan, India enhances its engagement with South Asian countries covering a wide range of topics such as economics, energy, technology, research, education and climate change. This cooperation was evident especially during the Covid-19 pandemic: India started the Vaccine Maitri or Vaccine friendship initiative in the South Asian neighborhood.

China's foreign relations with its South Asian neighbors have seen many ups and downs. The 1950s rapprochement with India ended with the outbreak of the 1962 border war. At the end of the border war, China reinforced its policy with Pakistan. As aligned with its conceptual foreign policy, China nurtured many militant organizations in South Asia, like groups in India's northeast.

After the liberalization introduced in the late 1970s, China also took its foreign policy away from the security-oriented approach vis-à-vis South Asia. China’s South Asia policy has been labelled as “multifaceted and complex and not necessarily well-matched and balancing” (Zhang Li, 2009). Under the Belt and Road Initiative (BRI), China planned to build a land corridor through Pakistan and Bangladesh. It will surely translate into a more vibrant Chinese presence in South Asia.

On April 27 2021, Chinese foreign minister Wang Yi held a virtual conference with participation from Afghanistan, Bangladesh, Nepal, Sri Lanka and Pakistan. The conference was aimed at providing support to South Asian nations in combatting the Covid-19 pandemic. China has also helped South Asia countries in relieving economic problems. China has provided a $ 6 billion loan to Pakistan as part of the CPEC. In addition to $ 1.5 billion it gave to Pakistan to pay the Saudi debt. In 2021, China agreed to a US $1.54 billion currency swap deal with Sri Lanka to ease its fiscal distress. China also gave Bangladesh $ 1 billion for the Teesta River management project.

**China-India’s Relations with South Asian Neighbors**

This section will highlight the political relations of India-China with South Asian neighbors including: Pakistan, Nepal, Bangladesh and Sri Lanka. These States regularly pursue a policy of internationalization to gain external backing in order to deal with India.
Pakistan

Pakistan was created in the name of religion, an anti-model to India nation state. Despite domestic disagreements, there appears to be a robust agreement against India in Pakistan, as the issue of Kashmir (Cohen, 2002). A brief war in Kargil finished the 'Lahore Process' in 1999. A new phase of peace dialogue was commenced in 2004 that ended after the Mumbai attack in 2008. After the Nawaz Sharif came into power in 2013 and Modi in 2014, it was expected that bilateral relations would also expand in economic affairs.

In 2016, the Pathankot incident sparked a diplomatic confrontation between Pakistan and India. Again in 2019, India blamed Pakistan for the Pulwama attack that took hundreds of Indian soldiers to death. India cancelled the most favored status of Pakistan and increased the customs duty to 200% on Pakistan exports to India. On March 9 2022, an Indian missile reportedly landed in Pakistani territory. However, both countries acted maturely and refrained from any hostility.

Pakistan started to expand its bilateral relations with China as an alternative to India in the early 1960s. After the Indian defeat in the 1962 border war, China and Pakistan began to solidify their bilateral relations. Despite having strong relations with America, China is considered as an important partner of Pakistan (Rashid, 2010). A well quoted proverb is very famous about China as an "all weather friend' and bilateral relations are described as 'deeper than the ocean and higher than the mountain". Beijing has steadily buoyed Pakistan's military establishment (Jaggnath, 2010). Moreover, supported every aspect of its nuclear program (Small, 2015).

In 2015, China initiated the China Pakistan Economic Corridor (CPEC), a project aimed to connect the western part of China to the Southern Gwadar port, highlighting the strategic standing of Pakistan for China. In 2015, China inaugurated its major overseas mission in Islamabad's strategic importance for China (The Hindu, 2015). Pakistan puts emphasis on the internationalization of the Kashmir issue while China seeks to promote a bilateral solution (Hailin, 2009).

In 2019, Pakistan was one of 50 countries that supported Chinese policies in the Xinjiang region. China helped and provided medical relief to Pakistan during the Covid-Pandemic. China also supported the Pakistan stance on Afghanistan and shared the burden with Pakistan to stabilize Afghanistan. China has also put pressure on Pakistan to contest against the East Turkistan Islamic Movement (ETIM), a militant organization which is responsible for various terrorist attacks in China.

Sri Lanka

The nation-building concept in Sri Lanka has a close link with India. In 1948, Sri Lanka disqualified the Indian Tamil community, who labored in Sri Lankan plantation sector. The Tamil community's repatriation problem was solved in the 1980s. In the 1980s, India's domestic interference in Sri Lanka became more evident due to certain factors: (1) Tamil politics in South Asia, (2) its calculated apprehensions vis-à-vis pro-western Sri Lanka.

After the communal uprisings in 1983, the Indian government started to fund the Tamil clusters against the Sri Lankan government (Munni, 1993). In 1987, the Indo-Sri Lankan accord brought many changes in the administrative structure of Sri Lanka and on the basis of it, the Indian government deployed peace keeping force without the consent of the United Nations. However, in 1990, IPKF failed to bring to an end the Sri Lankan civil war and left without fulfilling the mission.

Gujral doctrine, the bilateral economic relations were expanded to the new heights and formulated India Sri Lanka Free Trade Agreement in 1998 which aimed to push trade to new heights. On January 18, 2021, the Indian government launched the strongest protest against the killing of a fisherman in Sri Lanka, added fuel to the fire of the diplomatic relations. Moreover, India has strong reservations over the cancellation of the East Container Terminal port. Wall Street also reported that China plans to build a city near Columbo, estimated to be worth around $13 billion, with strategic implications for India.
China has had a good rapport with Sri Lanka since its inception. It also supported Sri Lanka against LTTE. President Rajapaska assumed the presidency in 2005, which provided the opportunity for China to expand its relations with Sri Lanka. From 2006 to 2008, China replaced Japan as the number one donor country in Sri Lanka. In 2007, China made an agreement to expand the Haambantota harbor on the Southern coast of Sri Lanka (Reddy, 2007). China also financed coal power projects, and established a special economic zone and got a special right to explore the off shore oil installations in the Gulf of Mannar (Vasan, 2011).

The burgeoning Indian investment in Sri Lanka was the cause of concern for its government; therefore Sri Lankan government willingly accepted China's aid in order to minimize the effects of sanctions imposed by the western donors on the basis of allegations of human rights violation (UN Report, 2011). In March 2012, India voted against the Sri Lankan in the UNO human rights council. China banned the determination and reinforced its relations with Colombo (The Hindu, 2012). The Sri Lankan government allowed Chinese submarines to harbor at Colombo port, which caused a great source of concern for India.

In 2016, China announced military aid for Sri Lanka to purchase Chinese military equipment. In 2019, Sri Lanka was also among 50 countries that signed the UN petition praising the Chinese policies in Xinjiang Autonomous region. In 2020, Sri Lanka was one of 53 countries that supported Hong Kong Security laws in the United Nations. Sri Lanka also commends China over the Covid-19 aid.

**Bangladesh**

Indian military interference helped east Pakistan to achieve a separate statehood in 1971 (Sisson, 1990). The Awami League was initially maintained by the Indian establishment. Sheikh Mujibur Rehman infused the idea of Nationalism, which incorporates the Bengali heritage, culture and language (Dixit, 1999). In 2020, India and Bangladesh announced to restore the pre 1965 rail link between India and Bangladesh. In 2019, Bangladesh showed some reservations over the Citizen Amendment Act.

The assassination of Sheikh Mujibur Rehman changed the equation with India. Dhaka opened up its economic sector for foreign investment, including western countries and China, perceivably to minimize the dependence on India. China initiated diplomatic relations with Bangladesh in 1975. In 2002, both sides inked defense cooperation agreement (Jaggnath). From that on, Chinese companies have participated deeply in the power sector, infrastructure projects like Chittagong harbor and the construction of the road to link its southern provinces via Myanmar (Krishnan, 2014).

Both China and Bangladesh are members of the BCIM forum (Bangladesh, China, India and Myanmar Forum for Regional Cooperation). China also provided Covid-19 relief to Bangladesh. In 2016, Bangladesh became part of BRI. China is the biggest trade partner of Bangladesh. In 2019, Bangladesh showed some reservations over the Citizen Amendment Act.

Moreover, parliament was given the authority to approve or disapprove a sellout of national resources. India played a mediation role in Nepal's civil war which included all the political groups. Two factors seem to hinder Nepal's strategic autonomy: (1) open borders with India, (2) economic dependence on the Indian market. In order to compensate for the Indian influence, many Nepalese political parties have been advocacy stronger cooperation with China (Jha, 2012). Some Madhesis were not
comfortable with the 2015 constitution. They blocked the Indian border region at the Terai region.

This internal struggle also brought to light the Indian role, as some political parties blamed India for these protests (Haider, 2015). In 2020, diplomatic discomfort was created between Nepal and Indian over the border dispute. Due to the geographical proximity to Tibet, Nepal holds a high place in China's South Asia Policy. To expand its footprint in Nepal, China uses economic leverage and believes in benefitting from the problems in India-Nepal relations. Nepal also supported China in getting the observer status in SAARC. In 2020, Nepal also backed the Hong Cong National Security Law.

India-China’s Bilateral Trade with South Asia

South Asia is the least connected area on the world map. The trade among SAARC countries is around 5 percent. Political analysts are of the view that bilateral conflicts and mutual dependence are the major hindrances in the way of free flow of trade and goods. South Asian trade is more integrated with the industrialized economies of East Asia, Europe and North America. Since liberalization happened in India in 1991, India has focused on the development of regional trade. In 1996, India with the support of Sri Lanka enacted and forwarded the South Asian Free Trade Arrangements (SAFTA) which aimed at the promotion of trade activities in South Asian countries.

But the free trade agreement fails to bring any tangible change in intra-regional trade. The multilateral trade arrangements like SAARC are not sufficient to fix the trade bar. India is also expanding bilateral trade arrangements with South Asian neighbors. In this regard, India made a free trade agreement with Sri Lanka in 1998. India has made free trade agreements with almost all the South Asian neighbors except Pakistan (The Heritage Foundation, 2012). Both India and Pakistan have miserably failed to bring about any tangible change in the expansion of bilateral trade. Official trade volume is still very low as compared to the unofficial trade which occurs through the Gulf States.

The official trade, according to the India chamber of commerce, can be doubled only if the unofficial trade is being formalized. In 1996, India approved Pakistan the status of the most favored nation. However, Pakistan has not reciprocated the gesture. Pakistan insists that before going forward with trade liberalization, the first Kashmir dispute has to be settled, a bar in the way of trade liberalization. So far, the Pakistan army is hindering a rapprochement with India in liberalizing trade between Pakistan and India. In reality, South Asian trade volume is negligible as compared to India and China (Pathak, 2015). According to the World Bank, China's trade with the South Asian countries in 2018 was $ 59 billion, and India's trade with South Asian countries was $ 30 billion.

Security Relations with South Asian Neighbors

Due to the conflict with the neighbors, India does not have a noteworthy role in the security policy of its neighbors. In recent years, China has built up the infrastructure in port facilities in Hambantota (Sri Lanka), Chittagong (Bangladesh), and Gwadar (Pakistan), which India refers to as the 'string of pearls'. China's Malacca dilemma, Chinese imports and export depend on the security situation. 'Malacca Dilemma' which refers to the Chinese dependence on passing its goods and services through American controlled Malacca straight. China aims to overcome this security dilemma by making economic investments in the region.

From the Chinese viewpoint, these projects are part of the BRI that will assist China in diversifying its trade routes to various parts of China. However, the Indian interpretation of BRI is different from that of China. India perceives these projects as intended to encircle India and occupy the natural routes in the Indian ocean (Bajaj, 2010). Previously, China has augmented its military teamwork with the Sri Lankan government in Rajapaska’s era. India has also shown its dire reservations about the Chinese submarines stationed at the Colombo harbor. As far as strategic infrastructure and arms exports to the region are concerned, China is far ahead of India.

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Moreover, India is one of the largest importers of arms and lacks domestic industry, an indicator of future intentions to export arms. The low arms export credentials of India do not tell the true picture of India's security relations with the neighboring South Asian. India has been the main exporter of arms to the Nepalese army under the obligation of treaties between the two states. Excluding Pakistan, India has an extensive tradition of military-to-military relations with Nepal, Bangladesh and Sri Lanka.

These countries often send their military personnel for training and other professional activities to India (Wagner, 2014). India has also conducted various military operations with the help of its neighbors like Bhutan and Myanmar in its north east. The Indian government has also helped the Sri Lankan government in its operations against LTTE by obstructing their routes and information. The Indian government also helped Bangladesh in its fight against the Islamic militants and separatist elements.

There have been consistent efforts to advance the security cooperation with Pakistan. There are confidence building measures between Pakistan and India related to nuclear, international border and line of control. Both states also agreed upon a mechanism for terrorism in 2006. In the security domain, China has the higher hand in providing arms and building up strategic infrastructure. National security advisor Shiv Shankar Menon 2011, said that to counter the burgeoning Chinese influence, India has to provide security in South Asia and the Indian Ocean region (Malhotra, 2012).

Conclusion

India seems to be a regional player by err. India's policy in South Asia has been different, ranging from wars with Pakistan, support to militants like in east Pakistan, trade blockades, secret agreements, and development aid (Afghanistan, Bhutan and Nepal) to mediation in civil war. Despite larger resources, India has scarcely ever anchored itself as the regional hegemon in South Asia.

Nehru and Indra Gandhi’s approach towards South Asia was the core part of its national security. This approach brought military, economic and political intervention across the region in a tangible way: (1) the process of nation building was seen as an Indian effort to delimitation the neighbors (2) India's neighbors use the internationalization strategy of bilateral disputes with India, so, the weak neighbors like Nepal, Bhutan, Sri Lanka and Bangladesh have China card in their pockets to pressurize India.

However, the 1991 liberalization molded the strategy in another way, thinking South Asia as a part of their economic growth. In contrast to India, China's position is more favorable. Economically, China is a more favorable business partner. Politically, China is considered an impartial player which believes in the non-interventionist policy. As far as security matters are concerned, China is a lucrative market for arms equipment and other defense apparatus for the South Asian countries. However, India has also improved its credentials to a large extent. Religious, linguistics and ethnicity attach neighboring countries to India strongly. On the other hand, these binding forces also stop India with regard to nation building.

Henceforth, India scarcely will be in a position to effectively counter the Chinese advantages in South Asia. India's dwindling power as compared to China implies that regional hegemon status is difficult to achieve. Both countries are also collaborating on regional infrastructure projects like the BCIM corridor that China has also undertaken to make investments in India (Amit, 2014). Due to its inferior position as compared to China, India should enhance its share in the regional public goods through various bilateral and multilateral forums.
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