



India and the World

Perspectives on India in world affairs. Issued on a regular basis by the Project for Nordic-India Relations at the Swedish Institute of International Affairs (UI).



India's approach to China

China remains India's primary strategic challenge in geoeconomic as well as geopolitical terms. China's attempts to change the status quo in the Himalayan region, its increasing influence in South Asia, and growing ambitions across the Indo-Pacific, makes crafting robust approaches towards Beijing a top priority for New Delhi. But to strike a consistent posture has not been easy. Commentators observe clear [changes to India's approach](#) over the last four years. Attempts to "reset" relations in 2018 gave way for stern responses after the deadly Galwan clashes in 2020. Changes in approach may be the result of fast paced developments on the ground, but could also be the outcome of [unsuccessful policy](#). To be fair, India's attempts to handle challenges from China gets complicated by apparent [internal contradictions](#) in Chinese policy on India. So, what is India's current approach to China? It has recently been argued by Tanvi Madan that Chinese activities have resulted in irreversible shifts in attitudes towards China in political and policy elites in New Delhi. The trust deficit is now so big, and communication is so restricted, that a reset is no longer an option. Rather, Madan suggests, "[China has lost India](#)". But losing India is not a clear-cut process, if India was ever China's to lose in the first place. Let's zoom in on geoeconomics, since modernising the economy is a fundamental aspect of India's foreign policy. Following the violent clashes in 2020, New Delhi selectively restricted China's economic influence in India. In a [public webinar](#) organised by PNIR, Amitendu Palit noted that India has focused on sanctioning China in the tech space. China was denied 5G access in India and over 200 Chinese apps were banned. But India has carefully avoided actions that could affect sectors where it relies on Chinese imports, for example, fertilizers, and machinery. India also depends on China in sectors like pharma, telecom and solar panel industries. Somewhat paradoxically, India's overall trade with China has increased over the last two years, Palit notes. Although trade is unbalanced, China remains the fourth largest destination for Indian exports. Finding ways to minimise reliance on China for supply needs, and to ensure efficiency and security for sourcing is a priority for New Delhi. India's attempts to develop capacity and increase self-reliance is part of this effort. But this will not suffice and joining or establishing country or issues-based coalitions is becoming even more important for India. Hence, the intensified cooperation on [non-military dimensions of the Quad](#), the trilateral Supply Chain Resilience Initiative, the participation in the Indo-Pacific Economic Framework, as well as newly signed trade deals with Australia and UAE, and the pursuance of trade agreements with the EU, and the UK. Although perceptions and sense of urgency might differ due to geographical distance and historic experience, India shares geoeconomic concerns regarding China with European partners. Joint action based on common interests will contribute to steadying not only New Delhi's, but also our geoeconomic posture toward Beijing.

Dr Henrik Chetan Aspengren
Senior Analyst and Project Lead, UI
henrik.aspengren@ui.se
+46(0)708986797

Mihir Swarup Sharma
Director Centre Economics and Growth Programme, ORF
Mihir.swarup.sharma@orfonline.org