Conference Report

THE 9TH ALL INDIA CONFERENCE OF CHINA STUDIES

Special Theme: “India- China Economic Relations”

12-14 December 2016,
Department of Civics and Politics
Pherozeshah Mehta Bhavan and Research Centre
University of Mumbai, Vidyanagari, Santacruz (E)
Mumbai: 400 098
Introduction

The 9th AICCS was organized by the Institute of Chinese Studies, Delhi in collaboration with the department of Civics and Politics, University of Mumbai, from 12th-14th December 2016. India and China both are ancient civilizations; they share a form of cultural, religious and the most relevant in contemporary time’s commercial relations in nature. As China is a rising power it is essential for India to comprehend China’s rise from India’s civilizational neighbor to a global economic power. The theme of the seminar was based on economic relations of the two countries and it was aptly discussed during the various sessions of the conference about industry projects to provide benefit to the larger society.

Day I: 12th December 2016

1. Inaugural session
2. Session I: India- China Economic Relations
3. Session II: The Role of the State in China’s Political Economy
4. Session III: India-China and the Global Economic Order
5. Session IV: Domestic issues and Challenges in India- China Relations.

Day II: 13th December 2016

6. Session V: Connectivity, Corridors and Geo-economics
7. Session VI: Special Session for Marathi Papers
8. Session VII: Growing trends in India- China Economic Relations

Day III: 14th December 2016

9. Session VIII: Special Session on China’s 13th Year Plan
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Appendix: List of Presenters and Participants
Day I: 12th December 2016

Session 1 - India-China Economic Relations

The first day of the 9th AICC opened with a session on “India-China Economic Relations”, The session comprised of four speakers The speakers discussed and presented different perspectives on economic relations of the two nations and also discussed the important events and highlighted the areas which require concern. Moreover, economic relations between two nations are not only restricted to trade but it transcends beyond business delegation, investments and joint efforts. Both the countries are aware of the importance of closer relations with their neighbours.

The first presentation by Abhishek Pratap Singh titled “India-China Economic Relations, Issues, Advantages and Integration” discusses how economic cooperation can be seen as a strategic asset to peace and development. The speaker makes an attempt to bring in to our notice the deeper examination of the structural bottlenecks to ensure a continued robust economic growth and engagement if both nations want to play a leading role in the regional and global economic system.

The speaker also mentioned that despite having a GDP equivalent to that of China’s in the 1980s, China was still able to surpass India. The Critical dimension was that India could not cope up with China’s GDP which grew almost three times more than that of India’s. The comparison made between trade to GDPs ratios marks a phenomenal growth of the Chinese trade. Further the speaker expresses concern on the India China bilateral trade deficit which increased from 2007 onwards. Thereafter the speaker talks about the positive areas where India-China relations can be seen on a global front. As China has agreed to cooperate with India in oil exploration in Africa and South America. Whereas both the nations are driving hard their strategic outreach to safeguard their interests. China through OBOR and India by expanding its outreach across South Asia focusing on infrastructure development and increasing people to people contact.

As the economic engagement between these two nations has seen significant transformations, India and China are now being gradually co-opted into global economic decision making forums. The speaker argued on the lines of transforming India-China relations from limited partners,
keeping in mind the historical fact which have some degree of common inheritance from
civilizational past with contemporary convergence of interests which will go a long way in
cementing their economic engagement in the future.

The second paper titled “Indian investment in Chinese Provinces” presented by Khanindra Das
discusses the spatial distribution of Indian investment in Chinese provinces and the challenges of
investing in China. Mr. Khanindra examined the case of FDI location of emerging multi-
nationals originating from India in China. China does not appear in top destinations of India’s
official outward FDI and the research reveals that these investments in China have been made in
multiple industries spread across heterogeneous provinces. For investment multiple determinants
of locational choice is observed, the availability of inputs, finished products and logistical
facilities and also the other areas of investment include in automobiles, electronics and
pharmaceuticals.

Further the speaker goes on to mention some of the aspects of Indian investment in China. ; The
investments are not restricted to traditional clusters, but there are no discernible investments
across different provinces. His research also indicates that there is a demand for IT and energy
services. Indian firms have established more wholly owned subsidiaries than joint ventures. The
Indian investments has basically focused on different cities including some prefecture and a few
county level cities. No investments were found in coastal provinces, as location plays an
essential role in investments. Pharmaceutical industry saw a rapid growth in India and China
followed by in the area of machinery, equipment and metal products.

Towards the end of the presentation the speaker highlights the challenges faced by India. There
are also firm specific challenges also i.e home and host specific challenges, followed by funds
related challenge. As funds are available only in a small amount along with regulatory and legal
restrictions. Another major challenge is that since the Indian firms are not directly present in
China, and are going through intermediate countries. Therefore this would require a specific
strategy for an uninterrupted investment. The speaker concludes by stating that by bridging the
cultural gaps could determine success of Indian firms in China. Indian investments would only
be beneficial if the activities generate complementarities which will create demand for Indian
goods and services in China.
Ms. Sadia Rahman, third speaker presented her paper on the topic “Economic Reforms: Future 2020 Relations between India and China”. The two nations should not be seen as competitors but as contributors to development. The relationship between India-China can be seen as a convergence or divergence of interests, as both nations have experienced a period of high-growth and at the same time grappling with complex social challenges. The speaker opines that India can look up to China as a model to emulate in terms of poverty reduction, urban development and attracting foreign investment. It is interesting to note that they represent an extraordinary combination of a very large GDP even in contemporary times, with significant poverty and pockets of unrest and a low per-capita income and living standards. Bilateral trade relations have very high potential given the size and economic dynamism of the two economies.

The period of economic liberalisation is taken as the departure point of the paper which signifies a promising future growth. Further the speaker highlighted stresses on the post 1991 reforms and its result in a reorientation of Indian policy. Gradually the role of public sector was diminishing and more importance was accorded to the private sector. Bringing out some of the trends in bilateral trade the speaker further mentions that the nature of bilateral trade which can also be seen as a confidence building measure that must be underlined to appreciate its interface with their political relations which remains critical. More than being measured in statistics and profits it is political impact of trade which remains the barometer of their economic engagement. The speaker examines to forecast its pace till 2020 and its relations, which lead to the question of what drives the bilateral trade between India and China.

The speaker mentions two primary drivers for bourgeoning trade relations between India and China. First the differing comparative advantage which provides ground for strong economic exchange between the two nations, and the second was sustained growth rates which means that sheer size and growth rates of these two nations boosted bilateral trade as bigger economies have more to buy and sell. A point that was made by the speaker was that India can import lower priced capital goods from China which could help India to address infrastructure bottlenecks especially in roads, highways, ports and electric power because Chinese capital goods are cheaper when compared to Western or Japanese manufacturers. Apart from focusing solely on trading relations the focus should be shifted to the levels of investments, as investments have been are relatively low. The speaker also mentions that China’s economy is growing along with
China’s bilateral trade. To build pragmatism in Sino-India relations, India should engage in tactful strategies in order to ensure that the relation is cordial, steps like building trust, ensuring credible deterrence and promoting economic and regional cooperation and so on. India is like a dark house but it also looks like a struggler in front of China because of India’s crippled infrastructure as this is a crucial factor for the growth of any country. The speaker lucidly states that the predictions about surpassing China by 2020 is neither in the scenario and is nor realistic, as of now this prediction is negligible to be true, as China outstripped India and the gap will only grow if China continues to grow rapidly, presently India needs to focus on bridging the gap.

While concluding the speaker mentioned that in spite of occasional hiccups and pin pricks the relationship between the two has shown a certain degree of resilience. Although there is conflict of economic interest but there are also complementarities of economic interest, the challenge in before India is to manage the asymmetrical relationship between the two; some amount of conflict of interest is bound to be there but need not stymie the relationship.

**Session II - Role of the State in China’s Political Economy**

The second session opened with Ptatyusha Ratan Lella’s paper titled “State Guided Markets: An Analysis of the Roles of the States in China and India in the Development of Small and Medium Enterprises”

The paper drew a comparative study on India and China SME’s. The 12th Five Year Plan of China mentioned that credit guarantee system for SME’s will be established to increase the loan growth of SME’s. The role of SME’s is important because it provides 80% of urban employment, contributes 50% of fiscal and tax revenue and accounts for 60% of GDP in China. China has also taken measures to solve the problems related to high financing costs and unreasonable expenses of finances. In Comparison with India, SME’s is very important for the citizens because it not only provides employment opportunities at lower capital cost compared to large industries but also plays a significant role in industrialization of rural areas. SME’s have the capability to become a major partner in the process of inclusive growth, and it also contributes in National Development in various ways like contribution in domestic production and significant export earnings etc. The main challenge for Indian SME’s as highlighted by the
speaker, precisely are technological obsolescence, supply chain inefficiencies, increase in domestic and global competition, capital shortages etc. To overcome these shortcomings, some measures were also suggested by the speaker that Indian SME’s need to adopt innovative approaches in their operations, they need to have a strong technological base and a willingness to restructure and withstand the challenge.

An empirical study was conducted on SME’s in India; the study was based on the difference between SME’s on the basis of the location of the state. The findings of the study highlighted that the states are not evenly distributed with the number of industries established. The main reason behind such an uneven distribution is because of the availability of the area at particular state for instance Assam whereas, U.P has large no. of units since U.P. is populated with middle income earning groups and they establish a business which is counted as a SME.

In conclusion, the speaker mentioned an important point that though there are government schemes which are responsible for development of SME’s but then there is enough scope of development to match the level of China, and infrastructure is one important area where India needs to develop.

The second speaker of the session, Mr Rajendera Baikady, presented a paper titled “Recent Economic reforms in India and China and Reflections on Social Welfare Sector”. The paper was divided into four sub-themes; first theme dealt with the understanding of the economic and social aspects of the Indian society,. Some of the major challenges faced by the Indian society are poverty, sanitation, corruption and terrorism.

The second sub-theme of the paper discusses the reforms and consequences of social welfare. India being an agrarian economy, the country largely depends on monsoonal rainfall. Therefore despite the reforms, India has not been stable as an economy, as inadequate rainfall would have an adverse impact on the overall development of the country.

The third sub theme examines the economic reforms in China. , China chose the path to unprecedented economic reforms, relinquishing the command economy and embracing market economy and this path proved fruitful for China. The speaker also mentioned about the property
rights in China creating awareness that China follows a unified public ownership system, the
government not only owns the land and capital but also the labour so the individual cannot sell
their services freely based on central planning, they are assigned employment at production units.
Further, China established a Central Bank to carry out independent monetary policy with a
motive to segregate the People’s Bank of China from Commercial Oriented Banking System,
which at a later stage China initiated full integration with the global financial system and
encouraged foreign banks to expand the scope of their business.

The last sub theme talks about the critical understanding of social welfare in China. In 1990s
despite the economic reforms, poverty became a notable feature of Chinese society.
Achievements in industrialization was the prime goal for government and state was to guarantee
provisions of public services for the fast growing parts of the economy, this left nothing for the
rural majority. Inequality in income in China was seen as a rural-urban income gap, employment
distribution was an important issue for the Chinese government ever since it began its reforms
and employment level differed from region to region. In conclusion a remark was made by the
speaker that both countries are facing developmental and social problems, globalisation has
made tremendous influence on transformation of world societies help each other in differences to
cement better relations.

Continuing about economic reforms as social welfare the third speaker Surajit Deb spoke on the
topic “Role of Secondary Cities in China’s Urbanization Growth”; China draws attention of the
academicians, analysts mainly because of its economic growth rates that averaged nearly 10%
p.a for the past thirty years. Economic growth and urbanizations has been discussed by many, but
the role of secondary city growth in the process of urbanization was something new. Population
of China is highly concentrated on the East Coast and the speaker pointed out the characteristic
development feature of the Chinese growth is that the urban growth in China has seen
disproportionate rise of urban population among provincial areas and the disparity between
growth rates of secondary and primary cities. The speaker makes an attempt to explore the
growth potential of secondary cities relative to large cities.

The speaker discusses that the urbanization process proceeded in China despite continuous
decline in the share of rural population, This decline of rural population took place because of
direct migration from rural areas to urban areas. Thereafter the speaker explains the extent of
urbanization according to the changing size of the population contained within its boundaries or also with respect to the built up area that the population occupies. The city system has not remained uniform as pointed out, as large cities were formed in some provinces whereas, others contained only medium sized cities thus proportion of large cities remains high. Secondary city is generally determined by its population, size, function, and economic status and they occur because of urban growth constraints in the primary cities and secondary cities bear the potential to lead the urbanization in coming years. The presentation was well articulated and concise in conclusion the speaker mentioned that the secondary cities have undergone massive expansion but it is an uneven process whereby the proportion of large cities remains high in Beijing, Guandong, Sichuan, Shandong. The primary cities bear significant impacts upon economic growths; there is no indication that secondary cities and per capita economic growth rates at the provincial level in China are correlated.

The last presentation by, Mrs. Namrata Hasija, titled “Representation of India in Two Medieval Chinese Accounts of Foreign Policy”. The core of the paper was based on the study if there is a major change in the nature of Sino-Indian relations and the change in the perception of India in China after the first millennium. In the presentation three dynasties of China were highlighted Song, Yuan and Ming. The Sino-India relations saw a reflection of major changes that happened in the Chinese history. The Arabs, Indians and other foreign merchants in China were the main carriers of Chinese commodities to the international market. During the song dynasty trade was promoted and ship building was initiated. Yuan dynasty expansionist policies led them to strengthened their trade and ship building. Private Chinese merchants were dominant in the Sino-India trade during the Song and the Yuan dynasties and this trade relation was tightly regulated by Chinese Monarchy with the coming of Ming dynasty.

Further the speaker asserted about the two texts that were Zhufanzhi by ZhaouRugua and the other Yingyaishenglanjiao by Ma Huan. The speaker drew a comparative analysis of both the texts in order to comprehend with precisions their observations about India. Hence the speaker elucidates the change in attitude between Song and Ming dynasties. The speaker also noted that Zhufanzhi was about Muslims invasion of India, that India was subordinate to Baghdad is historically incorrect. Another error which was pointed out was that every state in India was devout Buddhists which is incorrect; the fact is Buddhism by that time had declined in India and
Hinduism and Islam were adopted. Moreover, the text mentions about the Indian society but there was no mention about the internal trade and the merchant class of India. Whereas the other text Yingyai shenglan jiao provides more detailed information about the Indian political economy. The text manifests a change in the nature of India-China relations.

**Session III – India-China and the Global Economic order**

Entanglement of the economic and security logics in today’s world is a permanent characteristic, which is increasingly becoming a challenge in foreign policy formulation for countries. Economic relations between countries remain significant, even the ones perceived to be competitors (India and China) have not yet suffered despite primacy of political and security imperatives when it comes to engagement among nations. But some arguments put forth in this session forwarded the need to emphasis on economic diplomacy and cooperation more and in various ways which could in turn be used to build bridges of trust and reduce hostility.

As the economic center of gravity moves from West to East, there is a growing sense of an alternative global economic order led by the East. And it is here where India and China are not just expected to compete but also cooperate. Similar assertions were made by the first speaker, Mrs. Bharti Chibber, in her paper “India-China Economic Diplomacy through BRICS” who advocated economic diplomacy as a building block in diplomatic dealings, especially when it comes to India and China. She argued that despite the shortcomings of grouping like BRICS, both countries have more than an enough areas where they can complement each other. And not just cooperate but also co-exist and possibly together lay foundations of an Asian architecture.

Ms. Pfokrelo Kapesa’s paper titled “India-China Partnership in the New Global Economic Order through the BRICS Mechanism” emphasized on the similar goals and aspirations of the two Asian giants. Calling for a modification and broadening in the way India-China perceive each other and their relations by advocating South-South cooperation, she also highlighted that this will not only benefit them but also restructure the global institutions which have failed in many respects under the leadership of the West.

There were also papers which aimed to study China’s role and impact it has on the global economy and the regional trade and markets trends. A much more in-depth analysis put forth by Mr. Salahuddin Ayyub in the paper titled “India-China Trade Relations: Implications of South-
East Asian Countries (1990-2014)” attempted to not only capture the trends in India-China bilateral trade relations but also the impact of the same it has on the trade relations of China and India with other countries in the region of South Asia and East Asia. Studying the commodity trade, he concluded that India-China trade is the only trade lane which is based on competitiveness while the rest are based on expansion. The next paper titled “Crisis within the EU bolsters China’s internationalization ambitions: Some Explorations” by Ms. Preksharee Chettri, aimed to explore some possibilities of gains or possible inroads for China in the midst of crisis within the EU. While explaining the problems and structural causes for the reason of UK’s departure from the EU, the speaker attempted to highlight the possible gains for China in terms of investments in Britain in a gloomy market atmosphere but also the possible advantage renminbi can gain if the Euro as well as the Pound Sterling continues to face problems. While not elaborating in detail, the speaker also did mention the fact that economic crisis within the EU could lead to a much wider acceptance and consensus to give China’s OBOR lanes and pipelines more easier access.

Session IV – Domestic issues and Challenges in India-China Relations

After much deliberations and discussions on the external and interstate interactions between the two countries, this session shed light on the less talked about or less highlighted but nevertheless much significant factors. In International Relations discourse we always tend to compare the economic and the growth trajectory of India and China and their varied path towards developing their industry and society. Their population and their labor force is always talked about on a much higher scale, however not much attention has been paid to the gender based analysis of this workforce in relation to the economy. Ms Shruti Shah in the paper titled “Work force labour of women in India and China: A Comparative Study” presented a comparative study of women employment and participation in both nations which underlined the stark gap in the employment rates of women in India, exposing the structural deficiencies in education systems and social standing when compared to China. Technological advancement and trade unionization were put forth as few successful policy directives by the Chinese government which helped to an extent to overcome the patriarchal set up of the society.
Mr. G Prasanna Ramaswamy presented as a practitioner, he began to shed some light on the frontier areas in the Ladakh sector at the Indo-China border. While explaining the complex history of the demarcation process of the Indo-China, he elaborated the strategic significance of these sparsely populated terrains. He not only mentioned the difficulties when comes to the development of these areas due to the strategic mistrust at the border but also pointed out the apathy that the administrative apparatus face despite good intentions of implementing some of the policies which can make the peoples live there better. Narrating personal experiences as a government official in a setting like this, he talked about the specific cases of Dhemchok, Koyoul and Chumar villages. He emphasized the need to legalize cross border trade in these frontier areas which will not only help us to realize the socio-economic aspirations of the inhabitants but also supplement efforts of maintaining peace and tranquility along the border. He went on to discuss the issues between the Indian Army and the PLA at the border and some worrying trends and assured some in the audience of the harmony in civil military apparatus on the Indian side when it comes to coordination. He listed down some of the initiatives taken by the civil authorities in the area of tourism, skill development and healthcare. His personal account and ideas underscored the human aspect which most people forget while analyzing the frontier areas. It was understood by his presentation that despite the efforts and optimistic attitude of the officials in the area, when it comes to implementation there is much left to be desired.

The next speaker, Mr Sachin Shrama in his paper “WTO and Shrinking Policy Space for Food Security: Issues and Challenges for China” put forth a detailed analysis China faces at WTO in agriculture due to its policies and how they reconcile these differences and their food security targets. He elaborated on the Chinese system of procurement of grains, budgetary support by the government and their policy tinkering when it comes to minimum purchase price. By comparing the current practices with the laid down norms and some future proposed changes that he pointed certain measures on the behalf Chinese government are beyond the WTO permissible limit and will be in violation even in the future more starkly as it becomes difficult to continue their current strategy by implementing price support as well as other product specific budgetary support policy for wheat in the immediate future.
Day II: 13th December 2016

Session V – Connectivity, Corridors and geo-economics

Just as the modern era was characterized by a dynamic and contested spatiality on land, it’s the time to return of the Sea power. Sea power according to the first speaker Mr. Atul Bhardwaj was explained in a unique manner, while going through the evolution and significance of the same. He distinguished Sea power as is it is intrinsically linked to international trade and commerce which makes it even more pertinent in today’s maritime front. While pointing the tensions in maritime arena and the power play among the global and regional actors, he focused on the new initiatives of infrastructure, connectivity with both geo-economic and geopolitical ramifications, especially the OBOR.

When it comes to the corridor, the next speaker Mr. Samir Sharma highlighted the various projects today in the region and beyond. While talking about economic corridors, the speaker underlined their importance, utility and nature of the same when it came to cooperation between the two countries. On a very optimistic note, he put forth the BCIM EC as the one project which will not only boost commercial links and connectivity between India and China but also supplement local and sub-regional links for the better. Talking about ‘feeder roads’ and the current situation on the ground, the speaker did point out the challenges that hinders the progress of the project on both the sides. In conclusion though for the speaker, it was clear that through these economic corridors political conflicts might be mitigated if not resolved. Same couldn’t be said about some members of the audience, it was pointed out that undermining the security and political calculations in the region may not be such a good idea. And although economic development or cooperation seems desirable, thinking they could alone promise to reduce tensions along these regions would be wishful thinking.

In the Asian century, the two rising powers India and China have a very peculiar relationship. While the geopolitical anxieties and mistrust seem to be wedging the gap between the two, the economic relationship and partnership is on the rise. Though India is not the only country who shares this kind of relationship with China, the geographical proximity and history between the two seems to make things more complex and significant. The next speaker Mr. Sachin Pardhe
highlighted the economic relations between the two Asian giants and their ramification on their overall relationship. By applying the game theory model, he argued that while India is keen on low politics issues more vis-à-vis its relations with China; Beijing is keen on the opposite as of now. While highlighting the importance of cooperation, he pointed the role of perception and ‘image’ from which the mistrust consolidates further. He opined that although economic instruments are increasingly used to defend national interests, they can be very useful to reconcile the difference too, if India-China first concentrates on the complementary and mutual benefits that these have to offer.

**Session VI : Special Session for Marathi Papers**

- Sangameshwar Neela : Changing India and China Economic Relations

The paper tried to predict the future relations between India and China. The speaker argued that considering the potential of China it won’t be prudent to think of China as an enemy or merely a neighbor nation for India. China is assumed to become more powerful in coming decade in such a scenario India must build more friendly relations with China.

China has emerged as a manufacturing hub of the world. It has immensely benefitted from its economic policy of favoring the production of manufactured goods on the other hand India must use its advance position in the IT Sector to reduce the trade deficit. China requires big market to sale their finished goods and India requires foreign direct investment for infrastructure building. Thus, both countries must work on these sectors which will be mutually beneficial for growth.
There is apathy of neighboring countries of India in trade relation as limitation on the foreign policy of India. Along with it there is significant increase in Chinese presence in South Asia region. China is developing amicable relations with the south Asian countries which is seen as a major threat to their position from the Indian side. Hence India must be careful and should adopt a firm stand whenever necessary to thwart attempts that threatens India’s position. India must recognize these Chinese steps more seriously and build profound policy giving preference to trade relations with its own initiative.

- Iqbal Khan Gafar Khan: India and China: Becoming of Economic Superpowers

The paper traced the journey of India and China from their Modern Foundation to major powers in the world and now becoming economic superpowers. The paper examined ups and downs in the India and China relations until early 1990’s. It is argued that both countries rightly realized the need to keep aside their differences and on building relation on mutually beneficial terms in post-Soviet world. It also saw growth of the factors which engendered the process of Globalization and Liberalization in the third world. The membership of China in WTO has increased the capacity of both the nation to trade with the world and with each other. It reiterated the earlier expressed views in this session that the center of the world politics is moved from the west to Asia. The speaker predicted China and India will be among top five countries in the world in terms of their GDP by 2025 and emphasize the greater trade relation will be helpful for them to keep their differences aside.

- Mohan Chougule: India and China contemporary economic relations

The paper emphasized that both countries need peace and cooperation for growth. Economic and trade relation can pave the path to solve the long standing political relations. Both countries
realizing this possibility are keen to improve relations in economic, educational, socio- cultural ties and ready to avoid political differences as impediment to building ties in other spheres.

The trade relations are certainly increasing. Recently the Chinese President assured investment of 20 million dollars in India. Indian Prime Minister also when visited china assured more strengthened trade and economic relations. However, the speaker also pointed out the possibility of implementation of this plan is greater concern and argued that it may remain only a ceremony fact if not effectively implemented. India must rethink its trade relation with china in the context of increasing trade deficit and must step up its export to china especially in the services sector.

China Initiatives on BRICS bank and Asian Infrastructure and development bank determines its strategy to control and expand its established role in the world political economy. Speaker argued India is also part of these Initiatives but it has not played much effective role. Hence it should try to expand its role in these banks. In a nutshell, the rise of India and China has changed many dimensions of world politics and given new possibilities.

- Prashant Kelkar

The speaker argued that India and China can further their economic relations but their political differences are here to stay. The increasing trade relation won’t help in the resolving the political differences. The paper also referred to covert action of both the countries to reduce each other’s importance especially in the South Asian region. He argued that Pakistan is a major factor which will determine the future political relations between India and China.
Session VII- Trends in India and China economic relations

Attempting to highlight some of the growing trends in India and China economic relations, the topic of research in this session was extensively diverse. India and China’s relation with each other and their stands in various international forums and organizations’ have always been observed with a keen eye by everyone to capture the potential areas of cooperation and conflict on various issues between these two nations. The first speaker, Mr. Alagu Perumal, in his paper “Negotiations on Agriculture in the WTO: An analysis of the Concerns of China and India and their implications on Bilateral Economic Relations” shed light on the negotiations on Agriculture in the WTO and how India and China approach towards the same. The speaker highlighted the fact that this remains an issue of paramount concern to both keeping in mind the importance of agriculture and food security to the two most populated countries in the world. He went on to further elaborate the common concerns for both the nations when it comes to the problem of export subsidies for example. But, at the same time he also pointed out the fact that for India protecting domestic markets remains paramount whereas for China market access and tariff reduction become a bigger priority. Contrary to popular belief that these two nations will only have room for cooperation in the future, it was argued that things might change. Though, both these countries will continue to fight any discriminating policy which can create an advantage for the developed nations at the cost of others, according to the speaker India should note the changing nature of agriculture in China. As it might affect China’s position in future deliberations, making it an imperative for India to develop a coherent policy and future looking strategy.

Similarly, when it comes to policy introspection, one of the presentations underscored current developments in operation and regulation of Chinese and Indian banks working in each other country. Mr. Kishore Dere noted the expanding presence of Indian banks in various parts of
China while highlighting implications of these developments. He also carefully compared the level of varying regulations when it comes to conduct local currency business for the foreign banks in both countries, underlining the Chinese policy which is more open to do so for the Indian banks as compared to the Indian policy which doesn’t follow suit in their own market. With broadening and diversifying economic relations he questioned and suggested the need for debate whether reciprocity should or can be denied in the long run.

Dilemmas for Indian policy makers are getting ever more complicated while dealing with the inevitable rise of China and its growing economic footprint. Strategic choices and their repercussions may result either in a growing sense of need for cooperation or accentuate anxieties resulting in a constant competitive mindset on both sides, and sometimes both at the same time. Ms. H.L.D. Rhimo, one of the speakers tried to deconstruct some of the policy decisions taken by India in relation to the Chinese initiatives such as AIIB and its funded project, the OBOR. Though lauding the Indian acceptance and partnership in AIIB, she raised questions about the reason why was there such a paranoia when it came to OBOR. The absence of a clear study and a coherent stance by India on the same remains absent, which is puzzling as the whole creation of the AIIB was meant for mainly funding the OBOR project. Though not clearly advocating India to join the OBOR project, she reasoned the fact that as things stands India can’t counter or stop the project in its peripheries. Hence it would be better to join and from the inside come up with conditions and probably voicing its opinion where it is more likely to be heard.

Mostly discussions around India and China relations revolve around hard power comparisons of the two countries which fuels only competition. But on the soft power front, even with all its limitation, India and China will have much to share and cooperate when it comes to culture, which according to the next speaker, Mr Tilak Jha could be a stakeholder of stability looking ahead. For China, culture has from being the tool of the state has now become an industry expanding its influence on the global stage. Classifying the three parts of culture industry, namely the core, periphery and the related, the speaker highlighted the utility of this goes beyond economic rationale. While highlighting that in India culture has been limited in the realm in social responsibility. If creative culture industry could be recognized by India and China as sphere of genuine collaboration, especially in areas such as films, subsequent policy support by
the government, “bound to create soft stake embankments to tide over common challenges on other policy fronts.”

**APPENDIX: List of Presenters and Participants**

Day I: 12 December 2016

Prof. Alka Acharya, Director and Senior Fellow, Institute of Chinese Studies, Delhi

Prof. Madhavi Thampi, Honorary Fellow, Institute of Chinese Studies, Delhi

Dr. Mrudul Nile, Associate Professor, Mumbai University,

Abhishek Pratap Singh, Doctoral Candidate, JNU, New Delhi

Khanindra Ch Das, Assistant Professor, Indian Institute of Management, Shillong

Manmohan Agarwal, Chair Professor, RBI

Sunandan Ghosh, Assistant Professor, Center for Development Studies, Thiruvananthapuram

Sadia Rahman, University of Mumbai

M.V. Rappai, Honorary Fellow, ICS, Delhi

Pratayusha Ratan Lella, IIT, Kharagpur

Rajendra Baikady, Central University of Karnataka, Gulbarga

Prof Shengli Chang, Shandong University, China

Channaveer R.M., Associate Professor, Central University of Karnataka

Shiv Pathak, Assistant Professor, Delhi University

Vishal Choudhary, Renmin University, China
Surajit Deb, Associate Professor, Delhi University

Namrata Hasija, Delhi University

Bharti Chibber, Assistant Professor, Delhi University

Bipin Kumar, Assistant Professor, National Law University, Jodhpur

Pfokrelo Kapesa, JNU, New Delhi

Prekhashree Chettri, JNU, New Delhi

Renu Rana, Fudan University, China

G. Vankat Raman, Associate Professor, IIM, Indore

Salahuddin Ayyub, Indian Institute of Foreign Trade, New Delhi

Ushnata Priya Thapa, Sikkim University

Ridhima Sundas, Sikkim University

Shruit Shah, University of Mumbai

Sachin Kumar Sharma, Assistant Professor, IIFT, New Delhi

G. Prasanna Ramaswamy, Deputy Commissioner, J&K

Sazzad Parwez, Assistant Professor, Indian Institute of Health Management Research, Jaipur

Day II: 13 December 2016

Atul Bharwaj, Visiting senior Fellow, ICS, Delhi

Pema Tseten Lachungpa, Sikkim University

Pramit Pal Choudhari, Journalist, Hindustan Times

Sachin Pardhe, Assistant Professor, University of Mumbai
Samar Tyagi, Assistant Professor, St Joseph’s College, Darjeeling
Shayesta Nishat Ahmed, JNU, New Delhi
Chandrakant Bhang, Associate Professor, DU
Prof Iqbal Khan Gaffar Khan, Shri Renuka Devi Arts Senior College, Maharashtra
Prof Sangmeshwar Neela, Walchand College of Arts and Science, Solapur
Sukhdev Undare, Govt. Vidharba Gyan Vigyan Sanstha, Amravati
Vinod F. Khobragade, Assistant Professor, Dayalbagh Educational institute, Agra
Mohan Chougale, HOD, Chattrapati Shivaji Night College, Solapur
Alagu Perumal, Assistant Professor, Loyla Institute of Business Administration, Chennai
Hijam Liza Dallo Rhimo, JNU, New Delhi
Kishore Dere, Visiting Faculty at ISIL, Amity University, Jamia Milia Islamia
Rajesh N., PG Diploma, LIBA
Tilak Jha, JNU, New Delhi
Siddhartha K Rastogi, Associate professor, IIM, Indore

Day III: 14 December 2016

Ambassador Kishan S Rana, Honorary Fellow, ICS, Delhi
Aravind Yelery, Assistant Director and Associate Fellow, ICS, Delhi