

UNIT-II

1. INDIA'S RELATIONS WITH CHINA

Sino-Indian relations or **Indian–Chinese relations**, refers to the bilateral relationship between [China](#) and [India](#). The tone of the relationship has varied over time; the two nations have sought economic cooperation with each other, while frequent border disputes and economic nationalism in both countries are a major point of contention. The modern relationship began in 1950 when India was among the first countries to end formal ties with the Republic of China ([Taiwan](#)) and recognize the People's Republic of China as the legitimate government of [Mainland China](#). China and India are two of the major [regional powers](#) in [Asia](#), and are the two [most populous countries](#) and among the [fastest growing](#) major economies in the world. Growth in diplomatic and economic influence has increased the significance of their bilateral relationship.

Cultural and economic relations between China and India date back to ancient times. The [Silk Road](#) not only served as a major [trade route](#) between India and China, but is also credited for facilitating the spread of [Buddhism](#) from India to East Asia. During the 19th century, China was involved in a growing [opium trade](#) with the [East India Company](#), which exported opium grown in India.^{[2][3]} During [World War II](#), both [British India](#) and [Republic of China](#) played a crucial role in halting the progress of [Imperial Japan](#).^[4]

Relations between contemporary China and India have been characterised by [border disputes](#), resulting in three [military conflicts](#) – the [Sino-Indian War](#) of 1962, the [Chola incident](#) in 1967,

and the [1987 Sino-Indian skirmish](#).^[5] In early 2017, the two countries clashed at the [Doklam plateau](#) along the disputed [Sino-Bhutanese border](#).^[6] However, since the late 1980s, both countries have successfully rebuilt diplomatic and economic ties. In 2008, China became India's largest trading partner and the two countries have also extended their strategic and military relations.

Despite growing economic and strategic ties, there are a lot of hurdles for India and the PRC to overcome. India faces trade imbalance heavily in favour of China. The two countries failed to resolve their border dispute and Indian media outlets have repeatedly reported Chinese military incursions into Indian territory.^[10] Both countries have steadily established military infrastructure along border areas including amidst the [2020 China–India skirmishes](#).^{[10][11]} Additionally, India remains wary about China's strong [strategic bilateral relations with Pakistan](#),^[12] and China's funding to the [separatist groups in Northeast India](#),^[13] while China has expressed concerns about Indian military and economic activities in the disputed [South China Sea](#).^[14]

After independence

On 1 October 1949 the People's Liberation Army defeated the Kuomintang (Nationalist Party). On 15 August 1947, India became federal, democratic republic after its constitution came into effect on 26 January 1950.

[Jawaharlal Nehru](#) based his vision of "resurgent Asia" on friendship between the two largest states of Asia; his vision of an internationalist foreign policy governed by the ethics of the Panchsheel ([Five Principles of Peaceful Coexistence](#)), which he initially believed was shared by China. Notably, [Bhimrao Ambedkar](#) was surprised the Nehru took the Panchsheel seriously,^[35] while [Acharya Kriplani](#) had said the Panchsheel was "born in sin".^[35] Nehru was

disappointed when it became clear that the two countries had a conflict of interest in Tibet, which had traditionally served as a [buffer zone](#).

Chairman [Mao Zedong](#) of [Chinese Communist Party](#) and [Prime Minister Jawaharlal Nehru](#) of [India](#), during the [latter's state visit to China](#), October 1954.

India [established diplomatic relations with the PRC](#) on 1 April 1950, the first non-communist/socialist nation in Asia to do so.^[36]

[Chinese Communist Party Chairman Mao Zedong](#) viewed [Tibet](#) as an integral part of the People's Republic of China. The preceding government of the [Republic of China](#) under [Chiang Kai-shek](#) also [claimed Tibet as Chinese territory](#), however was unable to re-assert control. Chairman Mao saw Indian concern over Tibet as a manifestation of interference in the internal affairs of the PRC. The PRC reasserted control over [Tibet](#) and to end [Tibetan Buddhism](#) and [feudalism](#), which it did by force of arms in 1950. To avoid antagonizing the PRC, Nehru informed Chinese leaders that India had no political ambitions or territorial ambitions and did not seek special privileges in Tibet but that traditional trading rights must continue. With Indian support, Tibetan delegates signed an agreement in May 1951 recognizing PRC sovereignty but guaranteeing that the existing political and social system of Tibet would continue.

In April 1954, India and the PRC signed an eight-year agreement on Tibet that became the [Five](#)

[Founding of the Sino-Indian Friendship Association](#) on 16 May 1952 in [Beijing](#).

[Principles of Peaceful Coexistence](#) (or *Panchsheel*).

In October 1954, both the countries signed a trade agreement, which, according to experts, heavily favored China.^[37]

It is the popular perception that the catchphrase of India's diplomacy with China in the 1950s was *Hindi-Chini bhai-bhai*, which means, in [Hindi](#), "Indians and Chinese are brothers". While [VK Krishna Menon](#) was the Defence Minister in 1958, Nehru had privately told G. Parthasarathi the Indian envoy to China to send all communications directly to him, bypassing Menon, because of his communist background and sympathy towards China.^[38]

Nehru sought to initiate a more direct dialogue between the peoples of China and India in culture and literature. Around then, the famous Indian artist (painter) [Beohar Rammanohar Sinha](#), who had earlier decorated the pages of the original [Constitution of India](#), was sent to China in 1957 on a Government of India fellowship to establish a direct cross-cultural and inter-civilization bridge. Noted Indian scholar [Rahul Sankrityayan](#) and diplomat [Natwar Singh](#) were also there, and [Sarvapalli Radhakrishnan](#) paid a visit to PRC. Consequently, up until 1959, despite border skirmishes, Chinese leaders amicably had assured India that there was no territorial controversy.^[39]

In 1954, India published new maps that included the [Aksai Chin](#) region within the boundaries of India.^[40] When India discovered that China built a road through the region, border clashes and Indian protests became more frequent. In January 1959, PRC premier [Zhou Enlai](#) wrote to Nehru, pointing out that no government in China had accepted as legal the [McMahon Line](#), which the 1914 [Simla Convention](#) defined the eastern section of the border between India and Tibet.

In March 1959, the [Dalai Lama](#), spiritual and temporal head of the [Tibet](#), sought sanctuary in [Dharmasala](#), Himachal Pradesh where he established the [Tibetan government-in-exile](#). Thousands of Tibetan refugees settled in northwestern India. The PRC accused India of [expansionism](#) and [imperialism](#) in Tibet and throughout the Himalayan region. China claimed

huge swaths of territory over which India's maps showed clear sovereignty, and demanded "rectification" of the entire border.

Border disputes resulted in a short border war between the People's Republic of China and India on 20 October 1962.^{[41][page needed]} The border clash resulted in an overall defeat of India as the PRC pushed the Indian forces to within 48 km of the [Assam](#) plains in the northeast. It also occupied strategic points in the [Aksai Chin](#) and Demchok regions of [Ladakh](#), before declaring a unilateral [ceasefire](#) on 21 November. It claimed that it withdrew to 20 km behind its contended line of control. India disagreed with the claim.

During the Sino-Indian border conflict, India's [Communist Party](#) was accused by the Indian government of being pro-PRC, and many of its political leaders were jailed. Subsequently, [the Communist Party of India \(CPI\) split](#) with the leftist section forming the [Communist Party of India \(Marxist\)](#) in 1964.

Relations between the PRC and India deteriorated during the rest of the 1960s and the early 1970s while the [China–Pakistan relations](#) improved and [Sino-Soviet relations worsened](#). The PRC backed Pakistan in its [1965 war with India](#). In late 1967, there were two more conflicts between Indian and Chinese forces at their contested border, in [Sikkim](#), known as the [Nathu La and Cho La clashes](#). Both sides suffered heavy casualties but India was at a better position than PRC.

Between 1967 and 1971, an all-weather road was built across territory claimed by India, linking PRC's [Xinjiang Uyghur Autonomous Region](#) with Pakistan; India could do no more than protest.

Chinese demonstrations against Indian "[reactionary](#) factions" in [Beijing](#) in 1967.

The PRC continued an active propaganda campaign against India and supplied ideological, financial and other assistance to dissident groups, especially to [tribes](#) in northeastern India. The PRC accused India of assisting the [Khampa](#) rebels in Tibet. Sri Lanka played the role of chief negotiator for the withdrawal of Chinese troops from the Indian territory. Both countries agreed to Colombo's proposals.^{[42][43]}

In August 1971, India signed its [Treaty of Peace, Friendship, and Co-operation](#) with the [Soviet Union](#). The PRC sided with Pakistan in its [December 1971 war with India](#). Although China strongly condemned India, it did not carry out its veiled threat to intervene on Pakistan's behalf. By this time, the PRC had [replaced the Republic of China in the UN](#) where its representatives denounced India as being a "tool of Soviet expansionism."

India and the PRC renewed efforts to improve relations after Indian Prime Minister [Indira Gandhi's Congress party](#) lost the 1977 elections to [Morarji Desai's Janata Party](#). In 1978, the Indian Minister of External Affairs [Atal Bihari Vajpayee](#) made a landmark visit to Beijing, and both countries officially re-established diplomatic relations in 1979. The PRC modified its pro-Pakistan stand on [Kashmir](#) and appeared willing to remain silent on India's absorption of Sikkim and its special advisory relationship with [Bhutan](#). The PRC's leaders agreed to discuss the boundary issue, India's priority, as the first step to a broadening of relations. The two countries hosted each other's news agencies, and [Mount Kailash](#) and [Mansarowar Lake](#) in Tibet, the home of the [Hindu pantheon](#), were opened to annual [pilgrimages](#).

In 1981, the Minister of Foreign Affairs of the People's Republic of China, [Huang Hua](#) made a landmark visit to New Delhi.^[44] PRC Premier [Zhao Ziyang](#) concurrently toured [Pakistan](#), [Nepal](#), and [Bangladesh](#).

In 1980, Indian Prime Minister [Indira Gandhi](#) approved a plan to upgrade the deployment of forces around the Line of Actual Control. India also undertook infrastructural development in disputed areas.^{[45][46]} In 1984, squads of Indian soldiers began actively patrolling the [Sumdorong Chu Valley](#) in [Arunachal Pradesh](#). In the winter of 1986, the Chinese deployed their troops to the Sumdorong Chu before the Indian team could arrive and built a helipad at Wandung.^[47] Surprised by the Chinese occupation, India's then Chief of Army Staff, [General K.Sundarji](#), airlifted a brigade to the region.^{[46][48]} Chinese troops could not move any further into the valley and were forced to away from the valley.^[49] By 1987, Beijing's reaction was similar to that in 1962 and this prompted many Western diplomats to predict war. However, Indian foreign minister N.D. Tiwari and Prime Minister [Rajiv Gandhi](#) travelled to Beijing to negotiate a mutual de-escalation.^[46]

India and the PRC held eight rounds of border negotiations between December 1981 and November 1987. In 1985 the PRC insisted on mutual concessions without defining the exact terms of its "package proposal" or where the actual line of control lay. In 1986 and 1987, the negotiations achieved nothing, given the charges exchanged between the two countries of military encroachment in the [Sumdorong Chu Valley](#). China's construction of a military post and helicopter pad in the area in 1986 and India's grant of statehood to [Arunachal Pradesh](#) (formerly the [North-East Frontier Agency](#)) in February 1987 caused both sides to deploy troops to the area. The PRC relayed warnings that it would "teach India a lesson" if it did not cease "nibbling" at Chinese territory. By the summer of 1987, however, both sides had backed away from conflict and denied military clashes had taken place.

A warming trend in relations was facilitated by [Rajiv Gandhi](#)'s visit to China in December 1988. The two sides issued a joint communiqué that stressed the need to restore friendly relations on

the basis of the Panchsheel. India and the People's Republic of China agreed to achieve a "fair and reasonable settlement while seeking a mutually acceptable solution" to the border dispute. The communiqué also expressed China's concern about agitation by [Tibetan separatists](#) in India and reiterated that anti-China political activities by expatriate Tibetans would not be tolerated. Rajiv Gandhi signed bilateral agreements on science and technology co-operation, establish direct air links, and on cultural exchanges. The two sides also agreed to hold annual diplomatic consultations between foreign ministers, set up a joint committee on economic and scientific co-operation, and a joint working group on the boundary issue. The latter group was to be led by the Indian foreign secretary and the Chinese vice minister of foreign affairs.

Top-level dialogue continued with the December 1991 visit of [PRC premier Li Peng](#) to India and the May 1992 visit to China of Indian president [R. Venkataraman](#). Six rounds of talks of the Indian-Chinese Joint Working Group on the Border Issue were held between December 1988 and June 1993. Progress was also made in reducing tensions on the border via mutual troop reductions, regular meetings of local military commanders, and advance notification about military exercises. In July 1992, [Sharad Pawar](#) visited Beijing, the first Indian Minister of Defence to do so. Consulates reopened in [Bombay](#) (Mumbai) and Shanghai in December 1992.

In 1993, The sixth-round of the joint working group talks was held in New Delhi but resulted in only minor developments. Prime Minister [Narasimha Rao](#) and Premier Li Peng signed a border agreement dealing with cross-border trade, cooperation on environmental issues (e.g. Pollution, [Animal extinction](#), [Global warming](#), etc.) and radio and television broadcasting. A senior-level Chinese military delegation made a goodwill visit to India in December 1993 aimed at "fostering confidence-building measures between the defence forces of the two countries." The visit, however, came at a time when China was providing greater military support to Burma. The

presence of Chinese radar technicians in Burma's [Coco Islands](#), which border India's [Andaman and Nicobar Islands](#) caused concern in India.

In January 1994, Beijing announced that it not only favored a negotiated solution on Kashmir, but also opposed any form of independence for the region. Talks were held in New Delhi in February aimed at confirming established "confidence-building measures", discussing clarification of the "line of actual control", reduction of armed forces along the line, and prior information about forthcoming military exercises. China's hope for settlement of the boundary issue was reiterated.

In 1995, talks by the India-China Expert Group led to an agreement to set up two additional points of contact along the 4,000 km border to facilitate meetings between military personnel. The two sides were reportedly "seriously engaged" in defining the McMahon Line and the line of actual control vis-à-vis military exercises and prevention of air intrusion. Talks were held in Beijing in July and in New Delhi in August to improve border security, combat cross-border crimes and on additional troop withdrawals from the border. These talks further reduced tensions.^[50]

There was little notice taken in Beijing of the April 1995 announcement of the opening of the [Taipei Economic and Cultural Centre](#) in New Delhi. The Centre serves as the representative office of the [Republic of China](#) (Taiwan) and is the counterpart of the [India-Taipei Association](#) located in Taiwan. Both institutions share the goal of improving India-ROC relations, which have been strained since New Delhi's recognition of Beijing in 1950.

Sino-Indian relations hit a low point in 1998 following India's [nuclear tests](#). Indian Defence Minister [George Fernandes](#) declared that "“in my perception of national security, China is enemy No 1....and any person who is concerned about India’s security must agree with that

fact",^[51] hinting that India developed nuclear weapons in defence against China's nuclear arsenal. In 1998, China was one of the strongest international critics of India's nuclear tests and entry into the nuclear club. During the 1999 [Kargil War](#) China voiced support for Pakistan, but also counseled Pakistan to withdraw its forces.

Indian and Chinese officers at [Nathu La](#). Nathu La was re-opened in 2006 following numerous bilateral trade agreements. The opening of the pass is expected to bolster the economy of the region and play a key role in the growing Sino-Indian trade.

In a major embarrassment for China, the 17th [Karmapa, Urgyen Trinley Dorje](#), who was proclaimed by China, made a dramatic escape from Tibet to the [Rumtek Monastery](#) in Sikkim. Chinese officials were in a quandary on this issue as any protest to India on the issue would mean an explicit endorsement on India's governance of Sikkim, which the Chinese still hadn't recognised. In 2003, China officially recognised Indian sovereignty over Sikkim as the two countries moved towards resolving their border disputes.

In 2004, the two countries proposed opening up the [Nathula](#) and [Jelep Passes](#) in Sikkim. 2004 was a milestone in Sino-Indian bilateral trade, surpassing the US\$10 billion mark for the first time. In April 2005, Chinese Premier [Wen Jiabao](#) visited [Bangalore](#) to push for increased Sino-Indian cooperation in high-tech industries. Wen stated that the 21st century will be "the Asian century of the IT industry." Regarding the issue of India gaining a permanent seat on the [UN Security Council](#), Wen Jiabao initially seemed to support the idea, but had returned to a neutral position.

In the [South Asian Association for Regional Cooperation](#) (SAARC) Summit in 2005, China was granted an observer status. While other countries in the region are ready to consider China for permanent membership in the SAARC, India seemed reluctant.

In 2005, China and India signed the 'Strategic and Cooperative Partnership for Peace and Prosperity'.^[52] However, there has been very little if no strategic convergence between the two countries.^[53]

Issues surrounding energy has risen in significance. Both countries have growing energy demand to support economic growth. Both countries signed an agreement in 2006 to envisage [ONGC](#) Videsh Ltd (OVL) and the [China National Petroleum Corporation](#) (CNPC) to placing joint bids for promising projects.

In 2006, China and India re-opened [Nathula](#) pass for trading. Nathula was closed 44 years prior to 2006. Re-opening of border trade will help ease the economic isolation of the region.^[54] In November 2006, China and India had a verbal spat over claim of the north-east Indian state of [Arunachal Pradesh](#). India claimed that China was occupying 38,000 square kilometres of its territory in [Kashmir](#), while China claimed the whole of Arunachal Pradesh as its own.^[55]

In 2007, China denied the application for visa from an [Indian Administrative Service](#) officer in Arunachal Pradesh. According to China, since Arunachal Pradesh is a territory of China, he would not need a visa to visit his own country.^[56] Later in December 2007, China reversed its policy by granting a visa to Marpe Sora, an Arunachal born professor in computer science.^{[57][58]} In January 2008, Prime Minister [Manmohan Singh](#) visited China to discuss trade, commerce, defence, military, and various other issues.

Until 2008 the British Government's position remained the same as had been since the [Simla Accord](#) of 1913: that China held [suzerainty](#) over Tibet but not [sovereignty](#). Britain revised this view on 29 October 2008, when it recognized Chinese sovereignty over Tibet through its website.^{[59][60][61]} [The Economist](#) stated that although the British Foreign Office's website does not use the word sovereignty, officials at the Foreign Office said "it means that, as far as Britain is concerned, Tibet is part of China. Full stop."^[62] This change in Britain's position affects India's claim to its North Eastern territories which rely on the same Simla Accord that Britain's prior position on Tibet's sovereignty was based upon.^[63]

In October 2009, [Asian Development Bank](#) formally acknowledging Arunachal Pradesh as part of India, approved a loan to India for a development project there. Earlier China had exercised pressure on the bank to cease the loan,^[64] however India succeeded in securing the loan with the help of the United States and Japan. China expressed displeasure at [ADB](#).^{[65][66]}

A public opinion poll of the entire population of China conducted by Pew in spring 2008 shows "views about India are mixed at best – 25% say India is a partner, while a similar number (24%) describe it as an enemy".^[67]

Chinese Premier [Wen Jiabao](#) paid an official visit to India from 15 to 17 December 2010 at the invitation of Prime Minister [Manmohan Singh](#).^[68] He was accompanied by 400 Chinese business leaders, who wished to sign business deals with Indian companies.^[69] During this visit Premier Wen Jiabao said "India and China are two very populous countries with ancient civilisations, friendship between the two countries has a time-honoured history, which can be dated back 2,000 years".^[70]

In April 2011, during the [BRICS summit](#) in [Sanya](#), Hainan, China^[71] the two countries agreed to restore defence co-operation and China had hinted that it may reverse its policy of administering

stapled visas to residents of [Jammu and Kashmir](#).^{[72][73]} This practice was later stopped,^[74] and as a result, defence ties were resumed between the two countries and joint military drills were expected.

In the March [2012 BRICS summit](#) in New Delhi, CCP General Secretary and Chinese President [Hu Jintao](#) told Indian Prime Minister [Manmohan Singh](#) that "it is China's unswerving policy to develop Sino-Indian friendship, deepen strategic cooperation and seek common development". Other topics were discussed, including border dispute problems and a unified BRICS central bank.^[75] In April 2012, in response to India's test of an [Agni-V](#) missile capable of carrying a nuclear warhead to Beijing, the PRC called for the two countries to "cherish the hard-earned momentum of co-operation".^[76]

The [BRICS](#) leaders in the [2019 G20 Osaka summit](#).

The [2013 Depsang standoff](#) lasted for three weeks, before being defused on 5 May 2013.^[77] Days before a trip by Indian Foreign Minister [Salman Khurshid](#) to China; Khurshid said that both countries had a shared interest in not having the border issue exacerbate or "destroy" long-term progress in relations. The Chinese agreed to withdraw their troops in exchange for an Indian agreement to demolish several "live-in bunkers" 250 km to the south in the disputed Chumar sector.^[78] Chinese Premier [Li Keqiang](#) made his first foreign visit to India on 18 May 2013.^{[79][80]} Indian President Pranab Mukherjee's visit to [Arunachal Pradesh](#) in late November 2013 and mentioning in his speech that the area was an "integral and important part of India" angered Beijing, and retaliatory statements followed.^{[81][82]} [Xi Jinping](#), was one of the top world leaders to visit New Delhi after [Narendra Modi](#) took over as [Prime Minister of India](#) in 2014.^[83] India's insistence to raise [South China Sea](#) in various multilateral forums subsequently did not help that beginning once again, the relationship facing suspicion from Indian

administration and media alike.^[84] In September 2014 the relationship took a sting as troops of the People's Liberation Army reportedly entered two kilometres inside the Line of Actual Control in Chumar sector.^[85] The next month, [V. K. Singh](#) said that China and India had come to a "convergence of views" on the threat of terrorism emanating from Pakistan.^[86] According to a 2014 [BBC World Service Poll](#), 23% of Indians view China positively, with 47% expressing a negative view, whereas 27% of Chinese people view India positively, with 35% expressing a negative view.^[87] A 2014 survey conducted by the [Pew Research Center](#) showed 72% of Indians were concerned that territorial disputes between China and neighbouring countries could lead to a military conflict.^[88]

The [Chinese President](#) and [Indian Prime Minister](#) witnessing the signing of an [MoU](#) between the Chinese and Indian foreign affairs ministers on opening a new route for Indian pilgrimage (Kailash Mansarovar Yatra) to the [Tibet Autonomous Region of the People's Republic of China](#), in [New Delhi](#) in 2014

China and India have been working together to produce films together, such as [Kung Fu Yoga](#) starring [Jackie Chan](#).^[89] However, disruptions have risen again due to China building trade routes, the [China–Pakistan Economic Corridor](#), with Pakistan on disputed Kashmir territory.^[90] On 16 June 2017 Chinese troops with construction vehicles and road-building equipment began extending an existing road southward in [Doklam](#), a territory which is claimed by both China as well as [India's](#) ally [Bhutan](#).^{[91][92][93][94][95][96]} On 18 June 2017, around 270 Indian troops, with weapons and two bulldozers, entered Doklam to stop the Chinese troops from constructing the road.^{[93][97][98][99]} Among other charges, China accused India of illegal intrusion into its territory, across what it called the mutually agreed China-India boundary, and violation of its territorial sovereignty and UN Charter.^[100] India accused China of changing the status quo in

violation of a 2012 understanding between the two governments regarding the tri-junction boundary points and causing "security concerns", which were widely understood as at its concerns with the strategic [Siliguri Corridor](#).^{[101][102]} India media reported that on 28 June Bhutan issued a *demarche*, demanding China to cease road-building in Doklam and maintain the status quo.^[103] The Minister of External Affairs of India [Sushma Swaraj](#) said that if China unilaterally changed the status-quo of the tri-junction point between China-India and Bhutan then it posed a challenge to the security of India.^[104] China repeatedly said that India's withdrawal was a prerequisite for meaningful dialogue.^{[105][106]} On 21 July 2017, the Minister of External Affairs of India [Sushma Swaraj](#) said that for dialogue, both India and China must withdraw their troops.^[107] On 2 August 2017, the [Ministry of Foreign Affairs of China](#) published a document claiming that Indian border forces had illegally crossed the border between China and India and detailed China's position on the matter.^{[108][109][110][111]} The document said that China notified India regarding its plan to construct road in advance "in full reflection of China's goodwill".^[112] The Indian Foreign Ministry replied by referring towards their earlier press release on this matter, as opposed to a point-by-point rebuttal.^[113] On 28 August 2017, China and India reached a consensus to put an end to the border stand-off. Both of them agreed to disengage from the standoff in Doklam.^[114]

In May 2018, the two countries agreed to coordinate their development programmes in Afghanistan in the areas of health, education and food security.^[115] In 2019, India reiterated that it would not join China's [Belt and Road Initiative](#), stating that it cannot accept a project that ignores concerns about its territorial integrity.^[116] On 11 October 2019, President [Xi Jinping](#) met with Prime Minister [Narendra Modi](#) at [Mahabalipuram](#), Tamil Nadu, [India](#) for a second informal

meeting between India and China.^[117] Modi and Xi Jinping met 18 times between 2014 and 2019.

2. INDIA'S ECONOMIC RELATIONS WITH CHINA

China and India have developed their own complementary skills following a period in which they had cut themselves off from each other. By 2007, while China excelled at cost-effective manufacturing, India was skilled in cost effective designing and development. In 2007 [Tarun Khanna](#) wrote in [Harvard Business Review](#) that "The simplest, and most powerful, way of combining China and India is to focus on hardware in China and on software in India."^[141] In the 2009 book "Getting China and India Right", the authors suggest a China plus India strategy so as to strategically benefit from both India's and China's scale, complementary strengths, and reducing the risk of being unilaterally present.^[142]

There are cases when Indian companies have gone to China and done well, such as [Mahindra and Mahindra](#), while Chinese companies such as [Huawei](#) have done well in India. Huawei set up its Indian unit in 1999 and by 2007 had 1500 engineers. Huawei's Bangalore unit, already one of Huawei's most important research and development centres, was [Capability Maturity Model](#) Level 5 certified in 2003.^[141]

In the oil sector there is competition and engagement — China's [Sinopec](#) and [China National Petroleum Corporation](#) and India's [Oil and Natural Gas Corporation](#) fight over oil assets in some regions while winning bids as joint ventures in others such as Syria, Colombia, Angola and Venezuela.^[141]

Bilateral trade[\[edit\]](#)

[China](#) is [India's largest trading partner](#).^{[143][144]}

In June 2012, China stated its position that "Sino-Indian ties" could be the most "important bilateral partnership of the century".^[145] That month [Wen Jiabao](#), the [Premier of China](#) and [Manmohan Singh](#), the [Prime Minister of India](#) set a goal to increase bilateral trade between the two countries to US\$100 billion by 2015.^[146]

Bilateral trade between China and India touched US\$89.6 billion in 2017–18,^[147] with the trade deficit widening to US\$62.9 billion in China's favour.^[148] In 2017, the volume of bilateral trade between India & China stands at US\$84.5 billion.^[149] This figure excludes bilateral trade between India and Hong Kong which stands at another US\$34 billion.^[150]

Chinese imports from India amounted to \$16.4 billion or 0.8% of its overall imports, and 4.2% of India's overall exports in 2014. Major commodities exported from India to China were: cotton; gems, precious metals, coins; copper; ores, slag, ash; organic chemicals; salt, sulphur, stone, cement; machines, engines, pumps.^{[151][152]}

Chinese exports to India amounted to \$58.4 billion or 2.3% of its overall exports, and 12.6% of India's overall imports in 2014. Major commodities exported from China to India were: electronic equipment; machines, engines, pumps; organic chemicals; fertilizers; iron and steel; pastics; iron or steel products; gems, precious metals, coins; ships, boats; medical, technical equipment.^{[152][153]}

In 2018, a Standing Committee on Commerce chaired by [Naresh Gujral](#) submitted a report on the 'Impact of Chinese Goods on Indian Industry'. The report pointed out insufficient implementation of [anti-dumping laws](#), reliance on Chinese raw materials in sectors such as pharmaceuticals, reliance on Chinese imports in India's [National Solar Mission](#), [Goods and Services Tax](#) on certain products resulting in increased imports from China, and Indian smart city administrations preferring Chinese bicycles over Indian ones.^[154]

3. INDO BANGLADESH RELATIONS

The Prime Minister of India, [Narendra Modi](#) meeting the Prime Minister of Bangladesh, [Sheikh Hasina](#), on the sidelines of the 4th [BIMSTEC](#) Summit, in [Kathmandu, Nepal](#) on 30 August 2018

[Bangladesh](#) and [India](#) are [South Asian](#) neighbours. Diplomatic Relations between the two countries was followed by the visit of [Indian Prime Minister Indira Gandhi](#) on 19 March 1972, at [Dhaka](#), where there she had signed the [Indo-Bangladesh Treaty of Friendship, Co-operation and Peace Relations](#), popularly known as the 'Indira-Mujib Treaty of 1972, with then [Prime Minister of Bangladesh Sheikh Mujibur Rahman](#).^[1]

The relations between the two countries have usually been friendly, although sometimes there are border disputes. The historic land boundary agreement was signed on 6 June 2015 which opened a new era in the relations and further stopped all irritants in ties.^[2] They are common members of [SAARC](#), [BIMSTEC](#), [IORA](#) and the [Commonwealth](#). The two countries share many cultural ties. In particular, Bangladesh and the east Indian state of [West Bengal](#) are [Bengali-speaking](#). B with Assistant High Commissions in [Khulna](#), [Rajshahi](#) and [Chittagong](#).^[3]

In 1971, the [Bangladesh Liberation War](#) broke out between [East Pakistan](#) and [West Pakistan](#); India intervened in December 1971 on behalf of East Pakistan and helped secure East Pakistan's independence from Pakistan as the country of [Bangladesh](#). In a 2014 survey, 70% of Bangladeshis expressed a favorable opinion and perception of India.^[4] Since the visit of Indian Prime Minister [Narendra Modi](#) to Bangladesh in 2015 and round back visit of Bangladeshi Prime Minister [Sheikh Hasina](#) to India in 2017, the notable developments that have taken places include resolution of long-pending land and maritime boundaries asserting the issue of enclaves, conclusion of over ninety instruments comprising in the hi-tech areas, i.e., electronics, cyber-

security, space, information technology, and civil nuclear energy and observed increase in bilateral trade from US\$9 billion to US\$10.46 billion in the Fiscal Year (FY) 2018–19, preceded by US\$7 billion to US\$9 billion in FY 2017–18, an increase of 28.5 percent.^[5]

A post of the Bangladesh–India border

1. A major area of contention has been the construction and operation of the [Farakka Barrage](#) by India to increase water supply in the [River Hooghly](#). Bangladesh insists that it does not receive a fair share of the [Ganges](#) waters during the drier seasons, and gets flooded during the monsoons when India releases excess waters. See also [Sharing of Ganges Waters](#).
2. There have also been disputes regarding the transfer of [Teen Bigha Corridor](#) to Bangladesh. Part of Bangladesh is surrounded by the Indian state of West Bengal. On 26 June 1992, India leased three [bigha](#) land to Bangladesh to connect this [enclave](#) with mainland Bangladesh. There was a dispute regarding the indefinite nature of the lease. The dispute was resolved by a mutual agreement between India and Bangladesh in 2011.^[10]
3. Terrorist activities carried out by outfits based in both countries, like [Banga Sena](#) and [Harkat-ul-Jihad-al-Islami](#).^[11] Recently India and Bangladesh had agreed jointly to fight terrorism.^[12]
4. Bangladesh has consistently denied India transit facility to the landlocked [North Eastern Regions of India](#). Although India has a narrow land link to this North Eastern region, which is famously known as the [Siliguri Corridor](#) or "India's Chicken Neck", less than 27 kilometres (17 mi) wide, remained as the only bridge between the northeastern part of India and the rest of the country.^[13]

5. Illegal Bangladeshi immigration into India.^[14] The border is porous and migrants are able to cross illegally, though sometimes only in return for financial or other incentives to border security personnel.^[14] Bangladeshi officials have denied the existence of Bangladeshis living in India and those illegal migrants found are described as having been trafficked.^[14] This has considerable repercussions for those involved, as they are stigmatized for having been involved in prostitution, whether or not this has actually been the case. Cross border migrants are also at far higher risk of HIV/AIDS infection.^[14]
6. Continuous border killing of Bangladeshi people by Indian border guards, aiding illegal immigrants, helping in armed dacoity, fake money transfer and illegal drug trades by both Indian and Bangladeshi people are the major problems between Bangladesh and India.
7. Both Bangladesh and India made claims over the same seawater at the Bay of Bengal before settlement of the issue.^[15]
8. There was a minor glitch in their relation when former Indian Prime Minister Dr. Manmohan Singh accidentally mentioned that 25% of Bangladeshis are anti-Indian, during an informal press meet.^[16]

Border killings of Bangladeshi civilians^[edit]

Deaths of Bangladeshi citizens in the Indo-Bangladesh border became one of the embarrassments between the two nation's bilateral relations in recent years. The so-called 'shoot-to-kill' policy by India's Border Security Forces (BSF)^[17] that according to Human Rights Watch killed nearly 1,000 Bangladeshis between 2001 and 2011 has remained at the core of the talks between Bangladeshi and Indian officials visiting each other.^{[18][19]}

[Indian officials](#) visiting Bangladesh including the [Indian foreign ministers](#) and BSF chiefs numerously vowed to stop BSF shootings, but Bangladeshi nationals, comprising mostly illicit border crossers, have continued to be shot dead by the Indian troops.^[20]

While anger grew in Bangladesh because of the continued BSF shootings and subsequent deaths,^{[17][21][22]} Indian officials argue that heightened security has followed the increasing flow of [illegal migrations](#) into India as well as continued misuse of the border by [illicit traders](#). Indian officials, vowing to cut down the number of casualties at border, showed statistics that the number of Bangladeshi deaths was in a steady decline in recent years.^[20]

The Bangladeshi deaths caused by BSF shootings at the border became subject to a so- called [cyber war](#) between the hackers of the two countries that took the websites of [BSF](#), [National Informatics Centre](#) and [Trinamool Congress](#) as victims.^[23] The [Government of Bangladesh](#) was found to comment on the issue condemning the cyber attacks on Indian websites.

Border police often shoots to kill any illegal immigrants crossing the border. [Human Rights Watch](#) estimates say 1,000 people were killed in the area between 2001 and 2011 by Indian border security force BSF.^[24]

Recent developments[[edit](#)]

The [High Commissioner](#) of [Bangladesh](#) to India (centre) with [Indian Navy](#) officials.

In September 2011, the two countries signed a major accord on border demarcation to end the 4-decade old disputes over boundaries. This came to be known as the Tin Bigha corridor. India also granted 24-hour access to Bangladeshi citizens in the [Tin Bigha Corridor](#). The agreement included exchange of adversely held enclaves, involving 51,000 people spread over 111 Indian

enclaves in Bangladesh and 51 Bangladeshi enclaves in India. The total land involved is reportedly 7000 acres.^[25]

On 9 October 2011, Indian and Bangladeshi armies participated in Sampriti-II (Unity-II), a 14-day-long Joint military exercise at Sylhet to increase synergy between their forces.^[26]

In 2012, Bangladesh allowed India's [Oil and Natural Gas Corporation](#) to ferry heavy machinery, turbines and cargo through [Ashuganj](#) for [Palatana Power project](#) in southern [Tripura](#).^[27]

From October 2013, India started exporting 500 megawatts of electricity a day to Bangladesh over a period of 35 years. A 125-kilometre Baharampur-Bheramara transmission line, 40 km of it in Bangladesh, connects the two substations. Bangladesh officials believe the export would greatly ease the national shortage once 500 MW flows into the national grid. The two country's Prime Ministers also unveiled the plaque of the 1,320-MW coal-fired Rampal power plant, a joint venture between the two countries.^[28] The link is being seen as a major milestone in strengthening the bilateral relationship and comes at a time when India is desperate to make up for its inability to deliver on two key pacts with Bangladesh: one on Teesta waters and the land boundary pact.^[29]

From November 2013, A [Wagah Border](#)-like ceremony is being organised at [Petrapole](#) (in West Bengal, India) - [Benapole](#) (Bangladesh) border checkpoint. The ceremony which includes parades, march-past and lowering of the national flag of both the countries is now a daily routine, at sundown, on the eastern border.^[30] The relations between the countries are definitely moving in positive direction.

Indian External Affairs Minister [Sushma Swaraj](#) visited Bangladesh in her first official overseas trip in June, 2014. On 7 May 2015 the Indian Parliament, in the presence of Bangladeshi

diplomats, unanimously passed the Land Boundary Agreement (LBA) as its 100th Constitutional amendment, thereby resolving all 68-year-old border disputes since the end of the British Raj. The bill was pending ratification since the 1974 Mujib-Indira accords.

In June 2014, during her first official overseas visit, Foreign Minister of India, Sushma Swaraj concluded various agreements to boost ties. They include:

- Easing of Visa regime to provide 5-year multiple entry visas to minors below 13 and elderly above 65.
- Proposal of a special economic zone in Bangladesh.
- Agreement to send back a fugitive accused of murder in India.
- Provide an additional 100 MW power from [Tripura](#).
- Increase the frequency of [Maitree Express](#) and start buses between [Dhaka](#) and [Guwahati](#) and [Shillong](#).
- Bangladesh allowed India to ferry food and grains to the landlocked [Northeast India's](#) using its territory and infrastructure.^[27]

During Indian Prime Minister [Narendra Modi's](#) state visit to Bangladesh during June 2015 as many as 22 agreements were signed by two sides. During the visit India extended a US\$2 billion line of credit to Bangladesh & pledged US\$5 billion worth of investments. As per the agreements, India's [Reliance Power](#) agreed to invest US\$3 billion to set up a 3,000 MW LNG-based power plant (which is the single largest foreign investment ever made in Bangladesh). [Adani Power](#) will also be setting up a 1600 MW coal-fired power plant at a cost of US\$1.5 billion.^[31] The two countries signed a total of 22 agreements including the ones on

maritime safety co-operation and curbing [human trafficking](#) and fake Indian currency. Modi also announced a [line of credit](#) of \$2 billion to Bangladesh.^[32]

At midnight on 31 July 2015, around 50,000 people became citizens of India or Bangladesh after living in limbo for decades. Ending a prolonged dispute, the two nations swapped 162 enclaves on the border region, allowing the people living there to stay or opt out to the other country. While 14,214 citizens of Bangladesh residing in 51 enclaves on the Indian side became Indians, a large number of people in the 111 Indian enclaves in Bangladesh preferred to stay with Bangladesh and just 979 opted to move to India. The total number of new Indian citizens will be 15,193.^[24]

In November 2015, Bangladeshi Commerce Minister [Tofail Ahmed](#) was critical of India's [2015 Nepal blockade](#), stating that "blockades hit at agreements like the [BBIN](#)".^[33]

In 2018, the leaders of both the countries inaugurated the 130 km long Bangladesh-India Friendship pipeline to supply 4 lakh metric tonne of diesel to Bangladesh. In September 2018, the Bangladesh cabinet approved the draft of a proposed agreement with India to allow it to use the [Chittagong](#) and [Mongla](#) sea ports for transporting goods to and from its land-locked northeastern states.^{[34][35]}

In 2019, the Indian Parliament passed the [Citizenship Amendment Act](#) (CAA),^[36] following which Bangladesh's Foreign Minister [AK Abdul Momen](#) and Home Minister [Asaduzzaman Khan](#) cancelled their trips to India.^[37] Later, minister [Shahriar Alam](#) also cancelled his visit to India.^[38] Bangladeshi Prime Minister [Sheikh Hasina](#) was critical of the CAA, describing it as "not necessary", but nevertheless affirmed CAA and the [National Register of Citizens](#) were "internal matters" of India.^[39]

Defence relations[[edit](#)]

India and Bangladesh's Security Relations span since a long time, excepting at certain years following the change of the ruling party in Bangladesh changed the attitude of the relations. But, mostly it has inherited a deep legacy of establishing and training of the [Mukti Bahini](#) during the [Bangladesh Liberation War of 1971](#). Thus, since then a long relation has co-existed in this particular field of cooperation between the two countries.

During Sheikh Hasina's four-day visit to New Delhi in April 2017, Bangladesh and India signed two defence agreements, the first such agreements between India and any of its neighbors. Under the agreements, the militaries of the two countries will conduct joint exercises and training. India will help Bangladesh set up manufacturing and service centres for defence platforms that both countries possess with the aim of achieving self-sufficiency in defence manufacturing in Bangladesh, and will also provide the Bangladesh military with expert training, and technical and logistic support. India also extended its first ever defence-related line of credit to a neighboring country, by providing Bangladesh with \$500 million to purchase defence equipment.^[40]

Also, the militaries of the two countries have played quite an extensive role in taking up common issues to enhance and conduct training programmes to deal with counter terrorism issues, natural disasters, ensure Humanitarian Assistance and Disaster Reliefs (HADR). Very, recent in March 2019, [Indian Army's](#) current [Chief of Staff](#), then as [GOC-in-C](#) of the [Eastern Army Command](#), [General M.M. Naravane](#) visited to the [Chief of Army Staff, of Bangladesh](#), [General Aziz Ahmed](#) to hold talks related to boosting of Intelligence sharing between the 2 countries along with developing other areas of defence cooperation. The visit has most importantly come up at the time, when [Myanmar](#) decided to take strong actions in order to act against the operating

insurgent groups which were operating foiling up terrorist activities on both the sides of India and Myanmar, along with that had discussions on various options to enhance the conduction of Military exercises at a more rapid and strong scale.^[41] Also, in 2014 the Defence sectors of the 2 countries have come into a resolution for working towards solving the maritime disputes and have looked over to resolve their conflicts over land. The, Defence relation in between the 2 countries have grown to a manifold followed by an exchange of diplomatic visits by Bangladesh's the [Chief of Army Staff, General Moeen Ahmed](#), in 2008. Still, there are continuous flow of reciprocal visits by the leaders of the Armed Forces, the Presidents, who are also the Supreme Commanders of the Armed Forces have exchanged visits. Former President of India, [Pranab Mukherjee](#) visited [Dhaka](#) in March 2013, where as the President of Bangladesh, [Abdul Hamid](#) visited New Delhi in December, 2014. However, during the visit made by [Prime Minister Sheikh Hasina](#) in 2017, to [New Delhi](#), the two countries had signed a series of Memorandum of Understandings (MoUs) in areas of Defence cooperation, which focused on certain areas, such as;

1. For developing a framework for defence cooperation.
2. To initiate and enhance cooperation for comparative and joint initiatives of education in the area of Field Strategy and Study of Military Operations, between the Indian Defence Services Staff College and Dhaka's Defence Services and Staff College.
3. Increasing the cooperation for field and strategic studies between India's Defence Staff College and Bangladesh's National Defence College.
4. Extending a line of credit of worth US\$500 Millions for conducting the purchase of Defence Equipment.
5. Increasing cooperation between the Coast Guards of India and Bangladesh. [\[circular reference\]](#)

India's offer of a deal of about US\$500 million credit to Bangladesh to purchase defence equipment for the [Bangladesh Coast Guard](#) to get guard patrol boats, has been taken into focus. But, the strategic objectives are quite obvious and a chain of companies have also shown their interests to supply their manufactured products, which has proved of India being a market for Bangladesh's Defence products. It has been found that purchasing of arms by Bangladesh from its neighboring countries can be a convenient option. Therefore, any discussion related to India and Bangladesh's Defence cooperation remains incomplete without considering the China Factor. As, [China](#) has been the largest supplier of arms to Bangladesh along with [Russia](#), with Indian Security Analysts keeping on a long eye on the relationship and the recent purchase of two Submarines for the [Bangladesh Navy](#) from China has provoked India's concerns and ramifications.

Also, under the proposed bilateral defence agreement signed in between the nations, India is looking forward willing to expand its areas and cooperation with the Defence forces of the People's Republic of Bangladesh to set up a manufacturing services sector for the upcoming defence platforms for both the countries. India has made a promise looking forward to equip the Defence forces of Bangladesh and help them to meet their demands of expert training with assuring logistical and technical support, which would help Bangladesh attain self-efficiency in the defence manufacturing sector for the long run.

Prime Minister [Narendra Modi](#) said, that;

" India would not like to impose anything which Bangladesh may find not suitable to its requirement. The bilateral document under consideration is aimed at institutionalizing the existing mechanism and streamlining the ongoing cooperation between both the countries", an official said, adding maritime security will be a key element in the partnership with the two

countries facing similar challenges in the [Bay of Bengal zone](#). A joint road-map for developing [Blue Economy](#) in [Bay of Bengal](#) is likely to be unveiled during Prime Minister Hasina's visit".^[42]

Also, both Prime Ministers of India and Bangladesh, had welcomed their initiatives for developing a closer effort to strengthen Maritime Security Partnerships and also they appreciated the Finalization of an Memorandum of Understanding (MoU) related to the establishment of a Coastal Surveillance Radar System in Bangladesh's [Chittagong](#) and [Mongla Ports](#).^[43]

Border Security Management between the two countries[\[edit\]](#)

During the state visit by [Prime Minister Sheikh Hasina](#) to [New Delhi](#) in 2019, had a talk with [Prime Minister Narendra Modi](#), where he appreciated the zero-tolerance policy of the [Government of Bangladesh](#)'s resolute effort towards ensuring peace, security and stability in the entire region and also it was recognized by both the leaders, that terrorism yet remains as one of the major significant threads to the levels of peace and stability of both the countries and the regions. However, the Prime Ministers of the two nations had entrusted and reiterated their faith and strong commitment in order to eliminate in all its forms of manifestations and stressed of the fact of avoiding terror. Also, both the Prime Ministers had referred to the successful discussions between the Home Ministers of both [Bangladesh](#) and [India](#) during the visit made by the Home Minister of Bangladesh to India in August 2019, whereby he agreed for a closer cooperation to fight against extremist radical groups, terrorist organisations, smuggling of arms, drugs and fake currency and also organized crime as a shared priority.^[43]

Joint Military Training Exercises[\[edit\]](#)

The Armies of both India and Bangladesh has been engaged in conducting Joint Military Exercises to enhance cooperation, exchange training procedures and taking experiences of different battle tactics and weapons usage. Also, these exercises are instances where Armies of both the countries share their trust and cooperation to develop peace and an understanding of harmony is developed.

The exercise is known as, "Sampriti", which is a Bengali word, which in English is known as "Harmony". The list of the different Sampriti Exercises are mentioned below.

Energy cooperation

Prime Minister of India, Shri [Narendra Modi](#) and Prime Minister of Bangladesh, Ms. [Sheikh Hasina](#) meets in New York, USA on September 27, 2020

India has recently introduced the concept of the Regional Power Trading System which will help various regions of the country in reducing the power deficit by transferring surplus power from another region. Under the Electricity Act 2003, the Indian companies could pool power in an exchange. A consumer would be free to buy it from anyone. This concept of power pool within India can also be enlarged to cover the neighbouring countries like Bangladesh, Bhutan and Nepal after the establishment of a sub-regional power pool and necessary inter-connections among these countries are put in place. This can ultimately form a regional power pool thereby generating a huge opportunity for power trading in the region.^[44]

India is also looking to export electricity from its north-eastern region with potential to generate some 58,971 MW to its eastern States through Bangladesh. Bangladesh hopes to have access to Nepal and Bhutan's power through India. Bangladesh has formally requested a 'power corridor'

to access the Bhutanese and Nepalese markets. It has agreed to allow India to transfer hydroelectricity from Assam to Bihar through its territory. The proposed meeting would attempt to remove irritants in project-related areas.^[45] In 2016 deal between Prime Minister [Narendra Modi](#) and Prime Minister [Sheikh Hasina](#) was criticized. Bangladeshi critics accused the deal for setting a high price for the import of electricity, especially from [Tripura](#). Equipment for the plant was sent through Bangladesh which waived most of the transit fees.^[46] Adani Power said on 8 November 2017 its arm Adani Power ([Jharkhand](#)) has inked long-term pact with [Bangladesh Power Development Board](#) to supply electricity from its upcoming 1,600 MW plant at [Godda](#) in [Jharkhand](#).

Nuclear Energy Pacts:

India would set up nuclear reactors in Bangladesh and technical cooperation and sharing of information in the field of nuclear safety and radiation protection.

High level visits[[edit](#)]

[President Ershad](#) visited India in 1982.^[47] Prime Minister [Sheikh Hasina](#) visited India in 2010 to sign number of deals.^[48] Indian Prime Minister [Dr. Manmohan Singh](#) visited Dhaka in 2011 to sign number of deals.^[49] Prime Minister [Narendra Modi](#) visited Bangladesh which was historic as land boundary agreement was solved in 2015.^[50]

Development cooperation

India is very active in development activity in Bangladesh.

India has recently given several loans to Bangladesh. It gave \$750 million for developing Bangladesh infrastructure in 2011^[51]

In 2014 India extended a \$1 billion soft loan for infrastructure development.^[52]

Lines of credit^[edit]

\$862 million was given to buy equipment and services from Indian entities such as BHEL, RITES, small and medium enterprises.^[53]

Small development projects^[edit]

India announced a grant of nearly \$10 million to Bangladesh for the implementation of various small development projects and also assured it to address trade imbalance issues.^[54]

Health^[edit]

India and Bangladesh signed a memorandum of understanding for cooperation in the fields of health and medical sciences that will include joint research in health and exchange of doctors and health professionals. The MoU is aimed at promoting cooperation between the two countries in the fields of health and medical sciences through exchange of scientific materials and information and joint collaboration in research in medical science.^[55]

Bilateral trade and loans^[edit]

Bangladesh-India bilateral trade was over US\$10 billion in 2018–19.^[56] India provides loans to Bangladesh on favorable terms, as compared to China's loans on less favorable terms (see debt-trap).^[56]

4. INDIA–NEPAL RELATIONS

India and Nepal initiated their relationship with the 1950 Indo-Nepal Treaty of Peace and Friendship and accompanying secret letters that defined security relations between the two countries, and an agreement governing both bilateral trade and trade transiting Indian territory.

The 1950 treaty and letters exchanged between the Indian government and [Rana rulers](#) of Nepal, stated that "neither government shall tolerate any threat to the security of the other by a foreign aggressor" and obligated both sides "to inform each other of any serious friction or misunderstanding with any neighboring state likely to cause any breach in the friendly relations subsisting between the two governments." These accords cemented a "special relationship" between India and Nepal. The treaty also granted Nepalese the same economic and educational opportunities as Indian citizens in India, while accounting for preferential treatment to Indian citizens and businesses compared to other nationalities in Nepal. The Indo-Nepal border is open; Nepalese and Indian nationals may move freely across the border without passports or visas and may live and work in either country. However, Indians are not allowed to own land-properties or work in government institutions in Nepal, while Nepalese nationals in India are allowed to work in Indian government institutions ([except in some states](#) and some civil services (the [IFS](#), [IAS](#), and [IPS](#))).^[1] After years of dissatisfaction by the Nepalese government, [India](#) in 2014, agreed to revise and adjust the treaty to reflect the current realities.^[2] However, the modality of adjustment hasn't been made clear by either side.

Despite the close linguistic, marital, religious and cultural ties at people-to-people level between Indians and Nepalese, since late 2015 political issues and border disputes have strained relations between the two countries with [anti-Indian sentiment](#) growing amongst the government and people of Nepal.^[3] Further because of border disputes between the two countries, a boundary agreement hasn't yet been ratified by either government.

Independent political history[[edit](#)]

The foundation of relations between India and Nepal was laid with Indo-Nepalese friendship Treaty in 1950. In the 1950s, the [Rana](#) rulers of Nepal welcomed close relations with India, fearing a China-backed [communist](#) overthrow of their ([Rana](#)) autocratic regime.^{[[citation needed](#)]} [Rana](#) rule in Nepal however collapsed within 3 months of signing the [1950 Indo-Nepal Treaty of Peace and Friendship](#), only to be replaced by the only pro-Indian party of the time – [Nepali Congress](#). As the number of Indians living and working in Nepal's Terai region increased and the involvement of India in Nepal's politics deepened in the 1960s and after, so too did Nepal's discomfort with the special relationship.^{[[citation needed](#)]} India's influence over Nepal increased throughout the 1950s. The Nepalese Citizenship Act of 1952 allowed Indians to immigrate to Nepal and acquire Nepalese citizenship with ease—a source of huge resentment in Nepal (This policy was not changed until 1962 when several restrictive clauses were added to the Nepalese constitution).^[4] Also in 1952, an Indian military mission was established in Nepal, which consisted of a Major General and 20 other Indian army personnel (later extended to 197 in total).^[4] At the same time, Nepal's Royal family's dissatisfaction with India's growing influence began to emerge, and overtures to China were initiated by Nepal as a counterweight to India.^[4] Further the Nepalese government, as a deliberate attempt to show pro-USA tilt in Nepalese foreign policy, established diplomatic ties with the state of [Israel](#) on 1 June 1960,^[5] while the Indian government supported Palestine and remained pro-USSR throughout the cold war.

Following the 1962 Sino-Indian border war, the relationship between Kathmandu and New Delhi thawed significantly. India suspended its support to India-based Nepalese opposition forces (opposing the dissolution of democratic government by [King Mahendra](#)). The defeat of Indian forces in 1962 provided Nepal with the breathing space and Nepal extracted several concessions

in trade. In exchange, through a secret accord concluded in 1965, similar to an arrangement that had been suspended in 1963, India won a monopoly on arms sales to Nepal.^[6]

In 1969 relations again became stressful as Nepal challenged the existing mutual security arrangement and asked that the Indian security checkposts and liaison group be withdrawn. Resentment also was expressed against the 1950s TPF. India withdrew its military check-posts and liaison group consisting of 23 military personnel in 1970 from Nepal, although the treaty was not abrogated.^{[6][7]}

Tensions came to a head in the mid-1970s, when Nepal pressed for substantial changes in the trade and transit treaty and openly criticised [Sikkim's](#) 1975 annexation by India. In 1975 [King Birendra Bir Bikram Shah Dev](#) against the backdrop of Indian annexation of Nepal's close neighbor '[The Kingdom of Sikkim](#)' proposed Nepal to be recognized internationally as a 'Zone of Peace' where military competition would be off limits. Nepal's proposal immediately received support from [Pakistan](#) and [China](#), but not from [India](#).^[4] In New Delhi's view, if the king's proposal did not contradict the 1950 treaty that the-then Indian government had signed with the Rana rulers of Nepal, it was unnecessary; if it was a repudiation of the special relationship, it represented a possible threat to India's security and could not be endorsed. In 1984 Nepal repeated the proposal, but there was no reaction from India. Nepal continually promoted the proposal in international forums and by 1990 it had won the support of 112 countries including the US, the UK, and France.^[8]

In 1978 India agreed to separate trade and transit treaties, satisfying a long-term Nepalese demand. However, much to the annoyance of Nepalese Royal Palace and in continued violation of the 1950s PFT, India consistently allowed the opposition parties of Nepal to use Indian soil to launch agitation against the Nepalese government and refused to endorse Nepal as a Zone of

Peace. In 1988, when the two treaties were up for renewal, Nepal refused to accommodate India's wishes for a single trade and transit treaty stating that 'it violates the principle of freedom to trade'. Thereafter, both India and Nepal took a hard-line position that led to a serious crisis in India–Nepal relations. Nepalese leaders asserted the position that as per the UN charter, transit privileges were "a fundamental and a permanent right of a land-locked country" and thus India's demand for a single treaty was unacceptable.^[9] So, after two extensions, the two treaties expired on 23 March 1989, resulting in a virtual Indian economic blockade of Nepal that lasted until late April 1990.^[10] As time passed Indian economic sanctions over Nepal steadily widened. For example, preferential customs and transit duties on Nepalese goods entering or passing through India (whether imports or exports) were discontinued. Thereafter India let agreements relating to oil processing and warehouse space in Calcutta for goods destined to Nepal expire. Aside from these sanctions, India cancelled all trade credits it had previously extended to Nepal on a routine basis.^[4]

To withstand the renewed Indian pressure, Nepal undertook a major diplomatic initiative to present its case on trade and transit matters to the world community.^[11] The relationship with India was further strained in 1989 when Nepal decoupled its rupee from the Indian rupee which previously had circulated freely in Nepal. India retaliated by denying port facilities in Calcutta to Nepal, thereby preventing delivery of oil supplies from Singapore and other sources.^[4] In historian Enayetur Rahim's view, "the economic consequences of the dispute... were enormous. Nepal's GDP growth rate plummeted from 9.7% in 1988 to 1.5% in 1989.^[11] This had a lot to do with the decreased availability of goods. Shortly after the imposition of sanctions, Nepal experienced serious deficiencies of important goods such as coal, fuel, oil, medicine and spare parts.^[4] Nepal also suffered economically from higher tariffs, the closure of border points and the

tense political atmosphere. From one of the most thriving economies in Asia, Nepal was now quickly finding itself in the league of World's poorest nation." Although economic issues were a major factor in the two countries' confrontation, Indian dissatisfaction with Nepal's decision to impose work permits over Indians living in Nepal and Nepal government's attempt to acquire Chinese weaponry in 1988 played an important role.^[10] India linked security with economic relations and insisted on reviewing India–Nepal relations as a whole. After failing to receive support from wider international community, Nepalese government backed down from its position to avoid the worsening economic conditions. Indian government, with the help of Nepalese opposition parties operating from India, managed to bring a change in Nepal's political system, in which the king was forced to institute a parliamentary democracy. The new government, led by pro-India parties, sought quick restoration of amicable relations with India.

The special security relationship between New Delhi and Kathmandu was re-established during the June 1990 New Delhi meeting of Nepal's prime minister [Krishna Prasad Bhatarai](#) and Indian prime minister [V.P. Singh](#), after India ended its 13-month-long economic blockade of Nepal. During the December 1991 visit to India by Nepalese prime minister [Girija Prasad Koirala](#), the two countries signed new, separate trade and transit treaties and other economic agreements designed to accord Nepal additional economic benefits.

Indian-Nepali relations appeared to be undergoing still more reassessment when Nepal's prime minister [Man Mohan Adhikary](#) visited New Delhi in April 1995 and insisted on a major review of the 1950 peace and friendship treaty which Nepal believed was enabling an ongoing demographic shift in Nepal's Terai region. In the face of benign statements by his Indian hosts relating to the treaty, Adhikary sought greater economic independence for his landlocked nation while simultaneously striving to improve ties with China.

In June 1990, a joint Kathmandu-New Delhi communique was issued pending the finalisation of a comprehensive arrangement covering all aspects of bilateral relations, restoring trade relations, reopening transit routes for Nepal's imports, and formalising respect of each other's security concerns.^[12] Essentially, the communiqué announced the restoration of the status quo ante and the reopening of all border points, and Nepal agreed to various concessions regarding India's commercial privileges. Kathmandu also announced that lower cost was the decisive factor in its purchasing arms and personnel carriers from China and that Nepal was advising China to withhold delivery of the last shipment.^[4]

In 2005, after [King Gyanendra](#) took over, Nepalese relations with India soured. However, even after the restoration of [democracy](#), in 2008, [Prachanda](#), the [Prime Minister of Nepal](#), visited [India](#), in September 2008 only after visiting [China](#), breaking the long-held tradition of Nepalese PM making India as their first port-of-call. When in India, he spoke about a new dawn, in the bilateral relations, between the two countries. He said, "I am going back to Nepal as a satisfied person. I will tell Nepali citizens back home that a new era has dawned. Time has come to effect a revolutionary change in bilateral relations. On behalf of the new government, I assure you that we are committed to make a fresh start."

In 2006, the newly formed democratic parliament of Nepal passed the controversial citizenship bill^[13] that led to distribution of Nepalese citizenship to nearly 4 million stateless immigrants in Nepal's [Terai](#) by virtue of naturalisation.^[14] While the Indian government welcomed the reformed citizenship law, certain section of Nepalese people expressed deep concerns regarding the new citizenship act and feared that the new citizenship law might be a threat to Nepalese sovereignty. The citizenship bill passed by the Nepalese parliament in 2006 was the same bill that was rejected by Late King Birendra in 2000^[15] before he along with his entire family was

massacred. Indian government formally expressed sorrow at the death of Late King [Birendra of Nepal](#).

In 2008, Indo-Nepal ties got a further boost with an agreement to resume [water](#) talks after a 4-year hiatus.^{[16][17]} The Nepalese Water Resources Secretary [Shanker Prasad Koirala](#) said the Nepal-India Joint Committee on Water Resources meet decided to start the reconstruction of the breached [Koshi embankment](#) after the water level went down.^[18] During the Nepal PM's visit to [New Delhi](#) in September the two Prime Ministers expressed satisfaction at the age-old close, cordial and extensive relationships between their states and expressed their support and co-operation to further consolidate the relationship.

The two issued a 22-point statement highlighting the need to review, adjust and update the 1950 [Treaty of Peace and Friendship](#), amongst other agreements. India would also provide a credit line of up to \$15 million to Nepal to ensure uninterrupted supplies of petroleum products, as well as lift bans on the export of rice, wheat, maize, sugar and sucrose for quantities agreed to with Nepal. India would also provide \$2 million as immediate flood relief. In return, Nepal will take measures for the "promotion of investor friendly, enabling business environment to encourage Indian investments in Nepal."

In 2010 India extended a line of credit worth US\$50 million & 80,000 tonnes of foodgrains. Furthermore, a three-tier mechanism at the level of ministerial, secretary and technical levels will be built to push forward discussions on the development of water resources between the two sides.^[19] Politically, India acknowledged a willingness to promote efforts towards peace in Nepal. Indian External affairs minister Pranab Mukherjee promised the [Nepali Prime Minister Prachanda](#) that he would "extend all possible help for peace and development."^[20]

However, in recent years, the increasing dominance of [Maoism](#) in Nepal's domestic politics,^[21] along with the strengthening economic and political influence of the [People's Republic of China](#)^{[22][23][24]} has caused the [Nepalese government](#) to gradually distance its ties with India, though Nepal still does support India at the UN. [Prime Minister of India Narendra Modi](#) visited [Nepal](#) in August 2014, marking the first official visit by an Indian prime minister in 17 years. During his visit, the Indian government agreed to provide Nepal with US\$1 billion as concessional line of credit for various development purposes and a HIT formula, but he insisted that Indian immigrants in Nepal don't pose a threat to Nepal's sovereignty and therefore open border between Nepal and India should be a bridge and not a barrier.^{[25][26]} Nepal and India signed an important deal on 25 November 2014 as per which India will build a 900 MW hydropower plant at a cost of another US\$1 billion.^[27] An amount of US\$250 million has been granted to Nepal as a part of the agreements signed on 22 February 2016 for post-earthquake reconstruction.^[28]

A perpetual issue for many people of Nepali origin, the birthplace of [Gautama Buddha](#) has long been a cultural and social issue devoid from the political landscape of both Nepal and India.^[29] However, since the souring of relations between the two countries, the issue has been used to undermine relations between the two countries both politically and socially. The two-day-long International Buddhist conference in [Kathmandu](#) which ran from 19 to 20 May 2016 marked [Vesak](#) and the 2,560th birthday of the Buddha was also used to promote the Buddha's birthplace which lies in modern-day Nepal.^[30] The decision of the Nepal Culture Ministry to change the theme, "Preservation and Development of Buddhist Heritage of Nepal" with the sub-theme "Lumbini – Birthplace of Buddha" under the name "Lumbini – Fountainhead of Buddhism" was met with criticism from India which subsequently boycotted the conference due

to this and on the back of China's supposed monetary involvement in the conference.^[31] Nepali Prime Minister, [K.P. Oli](#) told the media that the conference, "should help us make clear to the world that Buddha was born in Nepal and that Buddhist philosophy is the product of Nepal".^[32]

In early March 2017, the fatal shooting of a Nepali man who was protesting Indian-occupation on disputed territory between India and Nepal sparked protests in the capital Kathmandu. Indian troops had previously prevented a group of Nepalese farmers living along the border from completing a [culvert](#) in the disputed area which ultimately led to protests. It was considered rare for India to retaliate with gunfire.^[33]

Border disputes

The territorial disputes of India and Nepal include [Kalapani](#) 400 km² at India-Nepal-China tri-junction in Western Nepal and [Susta](#) 140 km² in Southern Nepal. Nepal claims that the river to the west of Kalapani is the main [Kali river](#); hence the area should belong to Nepal.^{[34][35]} But India claims that the river to the west of Kalapani is not the main Kali river, and, therefore the border there should be based on the ridge lines of the mountains [Om Parvat](#) to the east of the river. The river borders the Nepalese province of [Sudurpashchim](#) and the Indian state of Uttarakhand. The Sugauli Treaty signed by Nepal and British India on 4 March 1816^[36] locates the Kali River as Nepal's western boundary with India. Subsequent maps drawn by British surveyors show the source of the boundary river at different places. This discrepancy in locating the source of the river led to boundary disputes between India and Nepal, with each country producing maps supporting their own claims. Indian government, however, from 1962 onward, forwarded the argument that border should be based on the ridge lines of the mountain [Om Parvat](#). The Kali River runs through an area that includes a disputed area of about 400 km² around the source of the river although the exact size of the disputed area varies from

source to source. The dispute intensified in 1997 as the Nepali parliament considered a treaty on hydro-electric development of the river. India and Nepal differ as to which stream constitutes the source of the river. Nepal has reportedly tabled an 1856 map from the British India Office to support its position.^[36] Kalapani has been controlled by India's Indo-Tibetan border security forces since the [Sino-Indian War](#) with China in 1962. In 2015, the Nepalese parliament objected an agreement between India and China to trade through [Lipulekh Pass](#), a mountainous pass in the disputed Kalapani area, stating that the agreement between India and China to trade through Kalapani violates Nepal's sovereign rights over the territory.^[37] Nepal has called for the withdrawal of the Indian border forces from Kalapani area.^[34]

As the first step for demarcating Indo-Nepal border, survey teams from both countries located and identified missing pillars along the border, and, an agreement was reached to construct new pillars in some places. According to the Nepalese government estimates, of the 8000 boundary pillars along the border, 1,240 pillars are missing, 2,500 require restoration, and, 400 more need to be constructed.^[38] The survey teams conducted survey of the border pillars based on the strip maps prepared by the Joint Technical Level Nepal-India Boundary Committee (JTLNIBC). The JTLNIBC was set up in 1981 to demarcate the India-Nepal border and after years of surveying, deliberations and extensions, the committee had delineated 98 per cent of the India-Nepal boundary, excluding Kalapani and Susta, on 182 strip maps which was finally submitted in 2007 for ratification by both the countries. Unfortunately neither country ratified the maps. Nepal maintained that it cannot ratify the maps without the resolution of outstanding boundary disputes, i.e. Kalapani and Susta. India, on the other hand, awaited Nepal's ratification while at the same time urging it to endorse the maps as a confidence building measure for solving the Kalapani and

Susta disputes. In absence of a ratification, the process of completely demarcating the India-Nepal boundary could not be undertaken.^[38]

Border crossings

Integrated check posts with immigration and customs facilities are:^[39]

- [Jogbani, Bihar](#)
- [Sunauli, Uttar Pradesh](#)
- [Rupaidiha, Uttar Pradesh](#)
- [Taulihawa-Siddharthnagar](#) (only for India and Nepalese citizens)
- [Jathi, Bihar](#)

Since 2014 to enhance the collaborative relations between the two nations, Nepal and India started Trans-border bus services from New Delhi to Kathmandu connecting the nation's capital of both countries. The service is in operation by Delhi Bus Corporation (DTC) India and several other private Travel companies. At present(2019), Kathmandu to Delhi bus service, Kathmandu to Siliguri Bus service, Kathmandu to Varanasi, Delhi to Janakpur bus service are in operation.^[40]

Trade

India is Nepal's largest trade partner and the largest source of foreign investments, besides providing transit for almost entire third country trade of Nepal. India accounts for over two-thirds of Nepal's merchandise trade, about one-third of trade in services, one-third of foreign direct investments, almost 100% of petroleum supplies, and a significant share of inward remittances on account of pensioners, professionals and workers working in India In the year

2017–2018, Nepal's total trade with India was about US\$8.2 billion; Nepal's exports to India were about US\$446.5 million; and imports from India were about US\$7.7 billion.^[41]

Nepal's main imports from India are petroleum products (28.6%), motor vehicles and spare parts (7.8%), M. S. billet (7%), medicines (3.7%), other machinery and spares (3.4%), coldrolled sheet in coil (3.1%), electrical equipment (2.7%), hotrolled sheet in coil (2%), M. S. wires, rods, coils and bars (1.9%), cement (1.5%), agriculture equipment and parts (1.2%), chemical fertilizer (1.1%), chemicals (1.1%) and thread (1%). Nepal's export basket to India mainly comprises jute goods (9.2%), zinc sheet (8.9%), textiles (8.6%), threads (7.7%), polyester yarn (6%), juice (5.4%), catechue (4.4%), Cardamom (4.4%), wire (3.7%), tooth paste (2.2%) and M. S. Pipe (2.1%).^[41]

Human trafficking^[edit]

[Human trafficking in Nepal](#) is a serious concern. An estimated 100,000–200,000 Nepalese in India are believed to have been trafficked.^{[42][43]} Sex trafficking is particularly rampant within Nepal and to India, with as many as 5,000–10,000 women and girls trafficked to India alone each year.^[42] The seriousness of trafficking of Nepalese girls to India was highlighted by [CNN Freedom Project](#)'s documentary: Nepal's Stolen Children.^[44] [Maiti Nepal](#) has rescued more than 12,000 stolen Nepalese children from sex trafficking since 1993.^[44]

2015 Madhesi crisis and Nepal blockade

In 2015, Nepal promulgated its new [Constitution](#) but the [Madheshis](#), the [Janajatis](#) and the [Tharus](#), felt they were marginalized and being left out in the new constitution. These groups, the Madhesi in particular, then organized a blockade of the border in September 2015, leading to an economic and humanitarian crisis in Nepal five months after a devastating [earthquake](#). The

Nepalese government accused India of deliberately worsening the embargo by not allowing vehicles to pass from check-points where no protests were held, questioning 'How could a handful of protesters possibly block the 1100 km long Indo-Nepal border?'. Indian government however denied all allegations of any involvement in the blockade.^[45]