

VAPPALA
BALACHANDRAN

INDIA
AND
CHINA
AT ODDS IN THE
ASIAN
CENTURY

A DIPLOMATIC AND
STRATEGIC HISTORY



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A Diplomatic and Strategic History



PUSTAKA PERDANA



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The term ‘Asian century’ was first coined by the US Senate Foreign Relations Committee in 1985 when discussing the Asian economic leap forward. From 1988, diplomats and the media also started using the term, further to the successful Deng Xiaoping–Rajiv Gandhi summit held that December in Beijing, for which Vappala Balachandran, under Prime Minister Gandhi’s express directions, led a small team of officials for more than a year of discreet ‘off-line’ talks with key Chinese counterparts—separate from the official diplomatic engagement.

The Chinese–Indian thaw, which lasted until 1998, prompted highly optimistic visions of a ‘China–India Century of Cooperation’ enabling both powers to compete with the US and EU in terms of trade and military capacity. None of this happened, and instead the China–India relationship is highly rancorous, punctuated by trade spats and border skirmishing between the People’s Liberation Army and the Indian Army. New Delhi has gravitated towards the US in the hope of checkmating an assertive Beijing’s pursuit of global military and trade dominance. This book offers a comprehensive analysis of India and China’s comparative strategic capabilities, sharing many insights drawn from the author’s first-hand engagement with and research into the questions discussed.



Vappala Balachandran is a columnist, former special secretary for the Indian Cabinet Secretariat, and author of four books on Indian security, strategy and intelligence. In 1995 he organised the first discreet talks between Prime Minister P.V. Narasimha Rao and the chief 'rebel' Naga group, paving the way for a ceasefire. In 1987 he led a two member Indian team to suggest measures to revamp the security set up of an Indian Ocean country, on the specific request of its president, as it had faced two-armed coup attempts inspired from abroad. In 1993 and 1994 he headed the Indian interagency intelligence groups for annual dialogue with US agencies on terrorism.

MISE-EN-SCÈNE

After the successful 1988 Rajiv Gandhi–Deng Xiaoping summit in Beijing, many observers believed that it would set in motion an “Asian Century” jointly led by India and China in the twenty-first century.¹ This expectation arose from Deng’s words: “Why can’t we share our experiences, our successes, and failures? There is much we can achieve together.”²

In 2000 Stephen Cohen asked American policy makers to note that “India is not just another South Asian state but a player in the larger Asian sphere.” This was after the second Indian nuclear tests in 1998.³ In 2005 Dr Arvind Virmani, who was India’s Chief Economic Adviser (2007–09) envisaged a “tripolar” world in the twenty-first century with the US, China and India in the lead.⁴

It did not happen that way. China and India did not cooperate on collective sharing of power, exercising regional influence or conducting trade as predicted. China progressed unilaterally while India faltered after its 1998 nuclear tests. India did not take advantage of its relative edge over China in the 1970s–80s. At that time Indian public and private sectors were far ahead in areas like electronics and computers, a momentum which had been started in 1963 by the late F.C. Kohli with encouragement from the legendary J.R.D. Tata.⁵

India’s electronic prowess was showcased in the 1982 Asian Games in New Delhi when the sports were telecast in colour, “a massive statement of India’s advancement in broadcast technology.”⁶

KELTRON, a Kerala state government electronic enterprise led by K.P.P Nambiar, had played a lead role in this. F.C. Kohli would recall later that Nambiar, who had returned to India from his key position at Texas Instruments (USA) on Prime Minister Jawaharlal Nehru's call to engineers, had led India's electronic revolution.⁷

Indian agricultural economist Ashok Gulati had said that China's per capita income in 1978 was even lower than India's, but today it is almost five times higher.⁸ Even Deng Xiaoping had told Rajiv Gandhi in 1988 that China had no superpower ambitions and would only become a middle-level power by the middle of the twenty-first century.⁹

In 2012 the US National Intelligence Council's "Global Trends 2030: Alternative Worlds"¹⁰ assessment predicted that "China alone would probably have the largest economy, surpassing that of the United States a few years before 2030." It said that the economies of Europe, Japan, and Russia were likely to continue their decline. In a "tectonic shift," the global economy would be linked to China, India, and Brazil and regional players like Colombia, Indonesia, Nigeria, South Africa, and Turkey, that would become important.

"Global Trends 2040: A More Contested World" confirmed this trend and added that China would expect "deference from neighbours on trade, resource exploitation, and territorial disputes" and use "its infrastructure and technology-led development programs to tie countries closer and ensure elites align with its interests." This was published in 2021 after the pandemic started. It said that India, while facing "serious governance, societal, environmental, and defence challenges" would find difficulties concerning how much it can invest in "the military and diplomatic capabilities needed for a more assertive global foreign policy." In that process India may struggle to balance its aim of "strategic autonomy from Western powers with the need to embed itself more deeply into multilateral security architectures to counter a rising China."¹¹

In 2014 many believed that the new "Nationalist" government elected that year with overwhelming majority on a "national strength" platform would enable India to take over Asian leadership with its "muscular" security and diplomatic policy. Even "dissident"

former minister Arun Shourie, who was part of the earlier National Democratic Alliance (NDA) ministry under Atal Bihari Vajpayee had believed in 2014 that a “Gujarat Model” under Narendra Modi would be better than the “inactivity” in the last two years under the Dr Manmohan Singh government.¹²

In 2019 Subramanian Swamy, economist and Bharatiya Janta Party (BJP) member of parliament told a TiEcon meet that India could overtake China “in the next three to four years if it can get its act together in the next six months.” He felt that Chinese model of economic growth had become obsolete.¹³ This school of thought received a “booster shot” with the International Monetary Fund’s (IMF) prediction early in 2021 that India’s growth at 12.5 per cent would “surpass” China’s in that year.¹⁴

These highly optimistic projections provoked a certain amount of braggadocio in India. The late General Bipin Rawat, Chief of Defence Staff, assured the nation on 12 November 2021 that China would be paid “in the same coin” if it attempted another “Galwan” incident.¹⁵ On 15 June 2020 the Indian and Chinese armies had clashed in Galwan (Ladakh), the most serious incident in forty-five years. Rawat had said in 2017 that India was ready for a “two and a half front war.”¹⁶

In this setting, the theme of this book is to cogitate upon the “Asian Century” and India’s place in it along with China. It will first narrate the exultation in 1988 generated after the Gandhi–Deng Summit. It will then move to Sino–Indian relations from pre-historic times to the present day in two chapters. I shall argue that Mao’s neighbourhood relations doctrine was an adaptation of the “Tributary System,” exemplified by his remarks on 6 October 1962 on how a Tang emperor had sent his army for the “first War” on India in 648 CE to defeat a usurper whose predecessor was recognised by China. In later years Mao used to compare himself with Qin Shi Huang (Chin Shih-Huang), the first emperor of “Terracotta Soldiers” fame who unified China in 221 BCE.¹⁷

Similarly, Xi Jinping’s “Belt and Road” (OBOR) is also based on the “Tributary” system of the Ming days, so lucidly explained by Harvard historian Prof. J.K. Fairbank and S.Y. Têng in 1941 as the “Chinese cultural superiority over the barbarians.”¹⁸ A key

China watcher in India has quoted Jiang Shigong, an influential intellectual, saying that a vital asset in Xi Jinping's favour is China's turn to nationalism with the slogan "The Great Rejuvenation of the Chinese Nation" which might be "the fourth phase of the evolution of the Chinese Communist Party."¹⁹

China's action in selecting Qi Fabao, a People's Liberation Army (PLA) regiment commander involved in the 15 June 2020 Galwan Valley clash with India, for the Winter Olympics relay in Beijing on 2 February 2022 was interpreted as a tit-for-tat for India's "Patriotism" theme in its Republic Day parade on 26 January 2022. Some Western observers believe that the probability of India and China, both "nationalistic" states, clashing in future cannot be ruled out.²⁰

How will India meet this challenge? That is where the philosophy of the Rashtriya Swayamsevak Sangh (RSS) comes in, much like Mao's thoughts guiding Xi Jinping's thinking. In chapter 3, I detail the ideological orientations of the RSS, the fulcrum of the present government's thinking on "New India." This analysis will take us to the RSS ideas from "Vedic India" to "*Akhand Bharat*" (Undivided India), the latter to be achieved by undoing the 1947 Partition.

However, the means projected by RSS are hazy and polemical. It is hazy because there is no definite idea on the boundaries of their conception on what constitutes "*Bharat*". Would it include parts of "Gandhara" and Central Asia as shown in some sixth-century BCE maps? It is polemical because the proposed Indian, Pakistani, and Bangladeshi federation "through peaceful means" might in fact endanger India's own security as it could afford more opportunity to China to influence them as it has already done with Pakistan. For example, on 29 May 2022 the United Nations Security Council (UNSC) Taliban Sanctions Committee released their report that Jaish-e-Mohammed (JeM) and Lashkar-e-Taiba (LeT) had established camps in Afghanistan–Pakistan border areas in strength.²¹

I shall then compare the concept of "New India" with the original "Idea of India" as propounded through the Jain-Buddhist era, the periods of Adi Shankara, Vivekananda and Gandhi and investigate whether the RSS's thinking would be in line with these thoughts

and acceptable to most of India. This is because even in 2019 Modi could get only 45 per cent of the national vote despite garnering a disproportionate number of seats in the parliament which was possible only through our “First Past the Post” electoral system.

Also, this does not really represent India’s national psyche which is presently disturbed by large-scale complaints of anti-minority violence resulting in bitter internal and international opprobrium. This leads some to wonder whether the BJP is only interested in winning domestic elections using religion rather than surging forward to catch up with China to take its rightful place in an “Asian Century,” as this would require an overwhelming domestic concord embracing all sections of domestic public opinion.

For this I shall analyse whether the present government can sail through such rancorous domestic discord and yet compete with and excel China diplomatically, militarily, financially, and commercially. This is particularly relevant since the BJP’s narrative in 2014 was that they would rule India for the next forty years, replacing the Indian National Congress, which was in power for 48 years since 1947.

The 2024 elections indicated a marked decline in Modi’s support base, compelling him to get support from two political parties who do not share his religious leanings, to gain a majority in the parliament. In that case, would Modi’s India tone down its “muscular” rhetoric to accommodate China as was done by the earlier regimes between 1988 and 2014 by keeping the border issues on the back burner?

This is relevant because there is a thinking in Washington, DC that Modi has failed to wholeheartedly condemn Russia for starting the savage Ukraine War partly because of the China factor and his “comfort level” with Chinese bellicosity. Former US Ambassador to India Kenneth Juster had said on 2 March 2022 that India had instructed US officials to neither mention Chinese aggression in any joint statement nor raise it in a strong manner otherwise.²² How would that strategy compare with Prime Minister Modi’s tweet on 13 May 2013, when he was Gujarat Chief Minister, criticising Prime Minister Manmohan Singh on the “withdrawal of Indian forces from our own territory”?²³



INDIA AND CHINA AT ODDS IN THE ASIAN CENTURY

If so, would India continue to tolerate a sniping and intruding China and yet have vibrant trade relations with it as in FY 2023–24, when its bilateral trade had surged to a record US\$ 118.4 billion, despite its avowed policy of “Atmanirbhar” (self-reliance) via reducing dependence on Chinese imports due to the “bilateral chill”?²⁴

Since the Modi government’s revocation of Article 370 of the Constitution (which gave special status to Jammu and Kashmir) on 5 August 2019, and its publication of its new Ladakh maps, China had been accusing India of unilaterally violating the Line of Actual Control (LAC) position. How would China react on the ground to Indian External Affairs Minister S. Jaishankar’s sharp criticism on 13 February 2022 that the deterioration of the LAC situation had arisen “due to China’s disregard of written agreements in 2020”?²⁵

Or would India actively participate in American dominated trade and military alliances to keep China at bay, which other Asian nations like Vietnam and Philippines seem to be reluctant to do?

How would China react to practical implications of the May 2022 Quad Summit in Tokyo, and the Indo-Pacific Partnership for Maritime Domain Awareness (IPMDA) programme which is directed against Chinese activities in that region?²⁶

Finally, how would Beijing react to the comments by Tomohiko Taniguchi, former Japanese PM Shinzo Abe’s “special adviser” that “without India and Modi, Quad could not fly”?²⁷ These are the questions to be considered in this book.

INTRODUCTION

You are young. You are the future. We are receding into history... It lies in your hands to shape the destiny of the new world order. Use it wisely.

—Deng Xiaoping to Rajiv Gandhi, 21 December 1988

On 21 December 1988 an epoch-making drama was unfolding in Beijing's ornate Great Hall of the People. It was watched by millions all over the world on TV as an eighty-four-year-old "Paramount" Chinese leader was meeting a young visiting prime minister. The normally reclusive host was China's ultimate decision maker. None knew how the meeting would turn out.

The visitor's grandfather was the first prime minister of a non-Communist country to establish their embassy in China in 1950. When he visited China in October 1954, he was given an unprecedented public welcome reception at the Chung Shan Park, Beijing. During his visit he had met Chairman Mao Zedong. Both countries had then proclaimed the "*Panch Sheel*" (5 principles of peaceful co-existence) doctrine.¹

However, their bilateral relationship deteriorated by the mid-1960s. In 1962 they fought a border war. Thus, the visit of the young Prime Minister in 1988 came after years of frosty relations despite both countries having re-established ambassadorial relations in 1976.

That was the historic meeting between China's Paramount Leader Deng Xiaoping and Indian Prime Minister Rajiv Gandhi,

who was visiting China at the invitation of his counterpart Li Peng. Some journalists who accompanied Rajiv Gandhi to Beijing had said that he deserved the “credit for taking the gamble of flying blind to Beijing” as there was no guarantee through diplomatic channels that such a meeting with Deng would even take place. Till he arrived in Beijing there was no official confirmation of that meeting, nor any indication how it would go, if it materialised.

On the other hand, the Indian PM was originally dissuaded from making this visit. Journalist Dilip Bobb of *India Today*, who was in the PM’s entourage, wrote in 1989: “Before the visit, a section of the foreign office and some China-watchers had criticised the timing of the visit.”²

That was not how my organization covering foreign intelligence had felt. As one who had played a key but totally unobtrusive role for over one and half years in preparing the secret background tie-ups for the 1988 visit, I could now reveal that we were assured through a reliable third country “back channel” that the meeting would take place and that the visit “would be successful.” Still, we were also edgy.

The drama was worth recounting. Veteran journalist, the late Bhabani Sen Gupta had written in his biography of Rajiv Gandhi:

When they converged on one another, Deng clasped the Prime Minister’s proffered hands for three minutes. Addressing Rajiv Gandhi as “my young friend,” Deng fired the first salvos of a new uncharted friendship. “Let us forget the past,” he said, still clasping the visitor’s hands, and went on to say, “You are young. You are the future. We are receding into history. There is a new generation of leaders now and global desire to live in peace and end conflict and tension. It lies in your hands to shape the destiny of the new world order. Use it wisely.” Deng added, “We have both made mistakes and we can learn from each other. Why can’t we share our experiences, our successes, and failures? There is much we can achieve together. We can achieve nothing by being antagonists.”³

Even Chinese leaders were surprised that Deng, who usually never spent more than thirty minutes with any foreign leader, had chosen to prolong the talks for ninety minutes with Rajiv Gandhi.

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Indian diplomats felt that Deng's warmth and friendliness "was a sure sign that he was making a special effort."

Diplomatic circles and global media started using the expression "Asian Century" frequently after this meeting. However, this was not coined either by Rajiv Gandhi or Deng. The US Senate Foreign Relations Committee had used it in 1985 while referring to the Asian regional leaders who were claiming that the coming economic leap would propel them into an "Asian century."⁴

The Chinese–Indian bonhomie in 1988 had resulted in highly optimistic assessments in India on the possibility of a "China–India Century" when both were expected to overtake the USA and EU in economic and military strength. Some others conceived a "Tripolar World" consisting of China–India–USA axis ruling the twenty-first century.

An example worth quoting was the thesis in 2005 by Dr Arvind Virmani, then Director of the Indian Council for Research on International Economic Relations (ICRIER), which was an extension of his earlier paper which had projected trends till 2035. Virmani was the Chief Economic Adviser to the Government of India during 2007–09. He said that the present unipolar world would transform itself into a bipolar world by the first quarter of the twenty-first century and later into a tripolar one by 2050.⁵

Deng, however, had played it low. Dilip Bobb had said that Deng "scoffed" at predictions then by leading political scientists that the next century would be of the Asia–Pacific region: "By the middle of the next century, China will be a middle-level power only, he told Rajiv."⁶ He appeared modest. Later events proved otherwise.⁷

Deng's 1988 version was confirmed by Dr Chengxin Pan of the Deakin University while writing in the Australian *Griffith Asia Quarterly*.⁸ He quotes Deng: "[i]n recent years people have been saying that the next century will be the century of Asia and the Pacific, as if that were sure to be the case. I disagree with this view."⁹

Why did Deng feel that way? Bobb felt that Deng would not have confided his belief that China would eventually become a middle-level power if he was not absolutely convinced that a Sino–Indian rapprochement was inevitable as a step for bilateral peace.

“Equally, the fact that Rajiv was a scion of the Nehru family may have influenced his attitude.” Hence Deng told Rajiv: “The old alliances are changing, and we must change with them. Unless we encourage that change and work together, we will both be left out in the cold. We must employ pragmatism and not rhetoric.”¹⁰

Chengxin Pan concurs: “Obviously Deng did not lay claim to the authorship of this notion. Explaining his objection to it, Deng reasoned that ‘No genuine Asia-Pacific century or Asian century can come until China, India and other neighbouring countries are developed’, which seemed to him unlikely any time soon.”¹¹

Bobb, who felt the mood then in Beijing, said that in Deng’s calculation a Sino–Indian rapprochement would give a major boost to bilateral trade and economic cooperation. That was because at that time India was far ahead in areas like electronics and computers, a momentum which had been started in 1963 by the late F.C. Kohli with the encouragement of the legendary J.R.D. Tata.¹² It was expected that China could help India in fields like agricultural production and biotechnology. The agreements on cooperation in science and technology would also benefit both countries in no minor measure.

Chengxin Pan updates us till 2013: “A quarter of a century later, however, with China emerging as the world’s second largest economy and India the third largest (on a purchasing power parity basis), the Asian Century seems to have well and truly arrived.”

* * *

On 29 March 2006, I gave the valedictory address to a three-day seminar on “Indo–China Relations: An agenda for Asian Century” organized by the Mumbai-based think-tank Vidya Prasarak Mandal’s Centre for International Studies. This was followed by a one-day dialogue between Stimson Center experts and local academics arranged by me on 8 September 2008, at the Nehru Centre, Mumbai. I was then working as a consultant to the Stimson Center on their “Regional Voices” project. This was over a Stimson Center paper “Towards 2025: Emerging trends and changes in the global order.”

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Both these events were based on a US National Intelligence Council (NIC) paper “Mapping the Global Future: Report of the National Intelligence Council’s 2020 Project” released in December 2004. Former Princeton University Professor Ambassador Robert L. Hutchings who was then NIC Chairman had said that the report was the result of discussions held with more than a thousand regional non-governmental experts in five continents for over one year. The conclusions were “a range of possibilities and potential discontinuities” rather than “predictions” on the world of 2020.

The NIC paper assessed that the end of the Cold War had shifted the “tectonic plates” of international alignments resulting in “emerging powers in Asia, retrenchment in Eurasia, a roiling Middle East, and transatlantic divisions.” Apart from problems created by these shifts, other issues which would come to the fore were “new challenges to governance, and a more pervasive sense of insecurity, including terrorism.” The paper started with an optimistic note that the possibility of fewer chances of great power conflict due to greater prosperity would result in a favourable environment for coping with the new challenges which otherwise would be “daunting.” Also, the role of United States would be “an important variable” in shaping and deciding the path which states and non-state actors “choose to follow.”¹³

Additional points in the NIC assessment were that Asia, led by China and India would come into its own in the twenty-first century, just as the 1990s were called the “American Century.” The paper stopped short of calling it as an “Asian Century.” By 2020 China’s gross national product (GNP) would have exceeded individual Western economic powers except America. India’s GNP would have overtaken or be on the threshold of overtaking European economies. At the same time, their standard of living might not approach the Western levels to enable them to become “important” economic powers due to the sheer size of their population of 1.4 billion and 1.3 billion respectively. Yet the key uncertainty would be how China and India would exercise their growing power and whether they would relate cooperatively or competitively with other powers in the international system.

In 2024 India has drifted far away from Deng's calculations. Since 2016 Prime Minister Narendra Modi had aligned India too close with the US government's foreign policy on China in confronting its "expansionist" activities in Southeast Asia. Secretary of State Mike Pompeo, who arrived in New Delhi on 27 October 2020 for Indo-US 2+2 strategic dialogue before the November 2020 US presidential elections, urged India to do more to confront China. Indian External Affairs Minister S. Jaishankar responded that "In the area of defence we are challenged by reckless aggression on our northern borders."¹⁴ On 2 December he said that India would not accept "less than bottom line in talks with China."¹⁵

This is the background of this book which will analyse how a domestically stable but externally weak India would be entering the 2020s to compete with China. It will also examine India's policy trajectory to achieve its ambitious march towards the super-power league and how it would relate to post-Trump America under President Joe Biden when democracy and human rights are reappearing as the cornerstones of US foreign policy, even after the commencement of the Russian war on Ukraine.

PART I

INDIA AND CHINA, ANCIENT AND MODERN



'Drawing on his personal experience at a founding moment in the diplomatic opening between India and China, the author offers us a finely grained and deeply thoughtful history of their relations since then. It tells the story of a relationship that will shape our global future.'

**FAISAL DEVJI, Professor of Indian History,
University of Oxford**

'This unconventional book, by a thoughtful former Indian intelligence officer, is far more than a book about India–China relations. Between the bookends of his analysis of the relationship, Vappala Balachandran traces the changing "idea of India" which bears on its security.'

**KANTI BAJPAI, Wilmar Professor of Asian
Studies, Lee Kuan Yew School of Public Policy,
National University of Singapore**

'This is a timely, important, and ambitious book. It is not only deeply informed but also perceptive and provocative. Packed full of illuminating insights and magnificently researched detail, it carefully charts the troubled path of China–India relations during the "Asian century" and offers astute assessments of the Indo-Pacific's future in an era of growing strategic competition between Beijing and New Delhi.

This book is indispensable for scholars and general readers concerned with contemporary power politics. It is simply superb.'

**PAUL MCGARR, King's College London,
author of *Spying in South Asia***

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