

UNIVERSITI TEKNOLOGI MARA

**INDIA AND CHINA ECONOMIC
INITIATIVES: POTENTIAL AREAS
FOR COOPERATION AND THE
IMPACTS ON SOUTH ASIA REGION**

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Dissertation submitted in partial fulfillment
of the requirements for the degree of
Master in International Relations and Diplomacy

**Faculty of Administrative Science and Policy
Studies**

June 2019

ABSTRACT

The title “Giant of Asia” will always remind the world on two Asia’s countries which are India and China. These two countries with great history and civilizations since thousands years ago become their source of pride in this modern era. Regardless of this matter, India and China can’t avoid from having dispute in terms of politics and territories with each other. The Sino-Indian War in 1962 was among the evidences that clearly showed how bad the relationship between these two countries. The rise of India and China in terms of economic had opened up numerous windows of opportunities for cooperation. For that reason, by having an analysis on the economic cooperation between India and China, the potentials areas in economic areas for their cooperation can be identified. Besides that, the impacts from their economic initiatives towards South Asia region also can be identified. There are two main objectives of this study. First of all is to identify the potential areas of cooperation between India and China in economic sector that can be achieved. Next is to investigate the impacts of India and China economic initiatives towards the South Asia region. This study based on the content analysis from information in articles, reports and document from numerous resources. Besides that, the findings in this study also being obtained from interview with academicians and experts in this field. From this study, it can be found that manufacturing and Information Technology (IT) sector are the most potential economic area that can be closely cooperates between India and China. The economic initiatives by these countries also bring numerous opportunities for South Asia’s countries such as Pakistan, Bangladesh, Bhutan, Nepal, Sri Lanka, Maldives, and Afghanistan and last but not least India itself to chip in.

ACKNOWLEDGEMENT

Alhamdulillah, for the sake of Allah the All Mighty, the Most Compassionate, The Most Merciful and the Most Gracious, praise to Allah, the one and the only, for giving me the eminence, persistent and capability to complete this dissertation. Not only this, deprived of any support from the others such as guardians, lecturers and friends, I may not capable in order to completely accomplish this dissertation. The most crucial matters please let me to pledge my assertion of appreciativeness towards the following substantial advisors and contributors. First and foremost, I want to say thanks Mr Azman Ayob, my supervisor for his most assistance and encouragement. He had guides me to scratch from the root regarding my dissertation. In addition, I would truthfully to thank to my parents, families, and friends, who are unrelenting support me in terms of motivations and money interrelated guide. The outcome of this dissertation would not be an accomplishment deprived of any assistance from them. I also would like to express my gratitude for all the students and staffs from Faculty of Administrative Science and Policy Studies (FSPPP) in Universiti Teknologi Mara Shah Alam due to their endless enthusiasm in order to fully complete this dissertation. Last but not least, my appreciativeness reaches out to all people who have contributed either direct or indirect in ensuring the best accomplishment of this dissertation.

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CHAPTER ONE

INTRODUCTION

1.1 Preamble

This chapter emphasizes on the background of the study which is the potential areas for cooperation between India and China in economic sector and the impacts towards South Asia region from these two countries economic initiatives. The presentation of this chapter begins with the research background, followed by the problem statement, research questions, research objectives, scope of the study, significant of the study and lastly the definition of terms and concept used in this study.

1.2 Research Background

India and China have close and strong connections in terms of historical and cultures. Both of these countries also had many similarities. As far as concerned, India and China had gone through the great civilizations and unique histories. India and China had implemented inward-oriented policies at the early stage of their development of economic and had also expanded their integration in economics with the rest of the world (Bhattacharya, 2006).

On October 1, 1949, People's Republic of China (PRC) was established. As far as we know, India was the first country which did not practice the socialist ideology which acknowledged the establishment and establish an embassy in China (Anderson, 2006). On April 1, 1950, both of these countries recognized diplomatic relations between each other. Besides, these two countries also had a talk regarding the Panchsheel (Five Principles of Peaceful Co-existence) in 1954. In June 1954, Chinese Premier Zhou Enlai visited India and in the same year Prime Minister Nehru visited China. This kind of visit had shown the close ties between both countries at the early stage of their bilateral relationship.

Through recent years, The Elephant and The Great Wall relationship had totally changed due to their economic development rapidness (Ahya & Xie, 2004). China was the third largest importer of Indian goods after USA and UAE. Same goes