

China-India Brief

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Guest Column

India-China-US: A Triangle of Apprehension

By Harsh V Pant, Atul Kumar

If one were to distil the essence of the India–China–United States triangle at present, it would be apprehension: an enduring undercurrent of mistrust that shapes political, economic, and strategic interactions among the three. The India–China relationship, despite intermittent phases of cordiality, remains hostage to its deep-seated suspicion. History and geography continue to shape this mistrust. The India–US engagement, too, has


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The *China-India Brief* is a bi-monthly digest focusing on the relationship between Asia's two biggest powers. The Brief provides readers with a key summary of current news articles, reports, analyses, commentaries, and journal articles published in English on the China-India relationship. It features a Guest Column weighing in on key current issues in China-India relations.

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oscillated between promise and disenchantment, with fragile mutual trust eroded in recent months owing to an overtly transactional approach by Washington. At the trilateral level, these layers of unease have stymied any meaningful convergence on long-term strategic issues. Each power remains wary of being outflanked by the other two. What emerges instead is a narrow, short-term pragmatism and incessant hedging that risks undermining the regional balance that the three actors would want to preserve in order to enhance their economic and security interests.

India-US Relations: A Stalled Alignment

The initial optimism in New Delhi over a perceived strategic convergence with Washington, framed by the “China-plus-one” logic, has quickly faded. Early hopes of a closer strategic alignment and economic partnership during the second Trump presidency have since given way to disillusionment. India now finds itself ranked among the **economies most targeted by US tariffs**, alongside Brazil. Key export sectors of India, such as leather, gems and jewellery, and textiles, are bearing the brunt.

The economic fallout may likely bring job losses, industrial contraction, fuelling frustration among India’s policymakers. The sense of betrayal is palpable. Even as New Delhi has adopted a cautious “watch, wait, and negotiate” posture, President Trump’s extractive transactionalism, amplified by his close associates Howard

Lutnick, Peter Navarro, and Scott Bessent, has left an acrid aftertaste in India.

After the tariffs, Washington went further. It **revoked the waiver** for India’s operations at Iran’s Chabahar Port, bringing all involved entities under sanctions. This came barely a year after New Delhi signed a ten-year agreement worth **\$370 million in March 2024** to develop and operate the port. The project is central to India’s access to Central Asia and the Caucasus. Simultaneously, the Trump administration **imposed a steep \$100,000 levy on new H-1B visa** applications, disproportionately affecting Indian professionals. The poorly timed announcement, coinciding with India’s festival season **triggered chaos** as visa holders rushed back to the United States paying exorbitant airfares to beat the deadline.

These measures could hardly be perceived as those of a “strategic partner.” If intended as coercive pressure on the longstanding deadlock over agriculture, dairy, or energy imports in bilateral trade negotiations, the US misread India’s limits. Instead, such unilateralism has begun to erode the fragile strategic alignment that the two democracies had painstakingly built over the past three decades. The structural realities of the Indo-Pacific will bring this relationship back on track, but significant damage has already been done. Indeed, questions over the reliability of the US as a strategic partner once again dominate political debates in India.

India-China: A Cautious Opening

In contrast, India–China relations, after five years of tense standoff, appear to be entering a tentative thaw across political, diplomatic, and societal spheres. Along the border, a new *modus vivendi* has emerged. It combines no-patrol and cross-patrol zones with troop disengagement. Full de-escalation, however, remains elusive. Moreover, Prime Minister Modi's 2024 visit to China for the SCO Summit and the **trilateral optics** with Xi Jinping and Vladimir Putin underscored India's evolving strategy of hedging and calibrated multi-alignment.

This thaw has facilitated the reopening of religious pilgrimages, tourist and business visas, and the **resumption of direct flights**. New Delhi is also signalling a cautious receptivity toward Chinese investment in its clean and green technology and other manufacturing sectors.

However, the India-China rapprochement is paper-thin. The underlying structural rivalry persists, as shown by **Beijing's comprehensive support** to Pakistan during Operation Sindoor. China continues to arm nearly all of India's neighbours. It supplies major weapon systems to Pakistan, **Bangladesh**, and Myanmar, while expanding its basing and berthing network from Hambantota and Chittagong to Gwadar and Djibouti. Its expanding naval presence across the Indian Ocean offers a revealing glimpse of Beijing's pursuit of sustained strategic encirclement of India.

Domestically, a strong policy discourse discourages the transfer of manufacturing

capacity to India or investment in critical sectors. **Promised relaxations** on fertilisers, tunnel-boring machines, and rare-earth magnets remain unfulfilled, whereas Chinese engineers aiding iPhone production **have been quietly recalled**. In short, despite cautious gestures toward normalisation, the entrenched competition endures. China remains India's foremost and most complex national security challenge.

Reducing India's External Overdependence

The United States and China are pivotal to India's economic trajectory. They offer critical technology, investment, and market access. However, both states pose distinct strategic dilemmas to India. Washington's **penchant for alienating key partners** and its **disregard for multilateral institutions** impose significant costs on New Delhi. Beijing's pursuit of regional hegemony, even as it talks of a multipolar world order, similarly threatens India's national interests.

New Delhi cannot afford a subordinate role to either power. India and the United States may reach a temporary understanding to pause high tariffs. Nonetheless, given Washington's deals with **South Korea** and **Japan**, a lasting resolution remains uncertain. By prioritising **homeland defence in the Western Hemisphere**, the US may **scale back its naval presence** east of Malacca and west of Guam. This would only allow China's influence to expand, threatening India's ability to pursue its security interests.

Against this backdrop, New Delhi is likely to prioritise its economic and security interests, diversify trade partnerships, and reduce excessive dependence on any single major power. India will likely expand partnerships with like-minded states in the region and across the globe. With per capita income at the lowest end of the G-20 spectrum, prioritising economic and security interests is both desirable and essential. By pursuing a disciplined, interest-driven foreign policy, India can safeguard its sovereignty while navigating the complex dynamics of great-power competition.

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Guest Column

The Asian Century, the Urban Century: How Cities Drive Growth in China and India

By Yue Zhang

The twenty-first century is often described as the “Asian Century,” a period when Asian nations are shaping the world through their growing political and economic power. Much of this strength stems from their cities, and nowhere is this more evident than in China and India.

As two of the world’s largest emerging economies, China and India have both experienced remarkable economic growth alongside rapid urbanisation in recent decades. Between 1980 and 2020, China’s urbanisation rate rose from 19 percent to 61 percent, while India’s increased from 23 percent to 35 percent. Notably, India has a uniquely restrictive definition of “urban,” being the only country that combines criteria of population size, population density, and economic activity. As a result, official statistics often understate India’s true level of urbanisation. According to the World Bank’s Agglomeration Index, India is **52 percent urban**—significantly higher than official census estimates. Today, China has the world’s largest urban population of **923 million**, followed by India with **535 million**. Together, their urban populations exceed that of Europe and North America combined.



Urban centres have become the engines of growth in both countries. In China, cities have generated 75 percent of GDP since the onset of reform and opening-up, serving as hubs for manufacturing, export-oriented industries, and technological innovation. The country now hosts **one-third** of the world’s 300 largest metropolitan economies. India has maintained an average GDP growth rate of around 6 percent since the start of economic liberalisation in 1991. Cities account for nearly 60 percent of India’s national output, with urban regions being centres of finance, services, and information technology. Meanwhile, a growing number of cities in both countries, such as Beijing, Shanghai, Delhi, and Mumbai, have risen as influential global cities.

China and India share the experience of urban-driven growth. However, their urbanisation pathways have diverged in important ways, reflecting distinct national priorities and institutional legacies.

Despite their impressive achievements, both countries now face serious challenges that could impede further progress.

Understanding these challenges and the opportunities that accompany them is key to promoting more sustainable and inclusive development.

China's Urban Transformation

In the early decades of the People's Republic of China, urbanisation proceeded slowly under strict state control. The 1979 economic reform and opening up changed this dynamic. The creation of special economic zones (SEZs) in coastal cities such as Shenzhen, Zhuhai, Shantou, and Xiamen attracted substantial foreign direct investment (FDI) and spurred rapid growth in coastal regions. While the hukou (household registration) system, established in the 1950s to restrict rural-to-urban migration, remained in place, the state gradually relaxed implementation to sustain urban expansion. Millions of rural workers moved to cities and became the backbone of China's urban labour force.

During the 1980s, policy still favoured the **expansion** of small and medium-sized cities. These cities are urban areas with populations below one million, which were encouraged to grow as regional economic and administrative centres. By the 1990s, the central government had recognised the leading role of large cities in driving economic growth. Urbanisation was formally declared a national policy priority in the Tenth Five-Year Plan (2001–2005), a central economic and social policy document of China. This policy direction

was reaffirmed in the New Urbanisation Plan (2014–2020), which identified eleven major urban clusters designed to expand the scale of the urban economy.

Crucial to China's urban expansion has been its distinctive system of land finance. After decades of prohibiting land sales, the central government introduced a land leasing system in 1987. This system allowed local governments to transfer urban land use rights to private developers and collect land conveyance fees as a major source of revenue. Political decentralisation and the 1994 tax-sharing reform further compelled municipalities to generate their own revenue, deepening their reliance on land-based financing. This dependence not only funded large-scale infrastructure projects but also drove the proliferation of new towns across the country, as local governments sought to convert rural land into urban assets and stimulate economic growth. By 2019, more than 3,800 new towns had been created. At the same time, urban regions and mega-city clusters, such as the Yangtze River Delta and the Guangdong-Hong Kong-Macao Greater Bay Area, emerged as the country's major economic powerhouses. These developments illustrate how urbanisation has become both a foundation and a driving force of China's overall development.

India's Urban Evolution

India's post-independence development strategy initially prioritised rural areas and discouraged urbanisation. The 1976 Urban Land Ceiling and Regulation Act (ULCRA) **restricted** the supply of large tracts of land

for housing construction. This limited supply distorted the urban land market and reduced investment. The situation began to change in the 1990s with national economic liberalisation. India's rapid growth has since been powered by two main sectors: technology and services. Both sectors remain heavily concentrated in cities.

Policymakers increasingly recognised the benefits of urbanisation on economic growth and poverty alleviation. Consequently, their attitudes towards cities began to shift. The termination of the ULCRA in 1999 revitalised the urban land market, enabling the release of substantial tracts of land for housing, infrastructure, and commercial development. Further, the Eleventh Five-Year Plan (2007–2012) officially embraced urbanisation as a key development strategy. The Twelfth Five-Year Plan (2012–2017) highlighted not only the economic importance of cities but also their role in promoting **social inclusion**.

Alongside the enhanced focus on urbanisation in the Five-Year Plans, a range of national initiatives have sought to promote urban development. The Jawaharlal Nehru National Urban Renewal Mission (JNNURM), launched in 2005, marked a turning point by channelling central funds toward infrastructure improvements in major cities. Under Prime Minister Narendra Modi, new programmes such as the NITI Aayog's Three-Year Action Agenda (2017–2019) and Strategy for New India @75 (2019–2022) have focused on housing, regional planning, and smart-city development. These initiatives aim to improve the efficiency of urban areas

through the use of data and technology, thereby facilitating urban growth. According to the **2011 census**, for the first time, the absolute growth of India's urban population surpassed that of the rural population, and the country's urban population was projected to reach 600 million by 2023. The census also recorded 53 cities with populations exceeding one million.

Structural Challenges

Despite achievements, China and India face distinct challenges in pursuing sustainable and inclusive development.

China's urban economy relies heavily on migrant workers, who numbered an **estimated 286 million in 2020**. They account for more than one-third of China's total working population, filling jobs across manufacturing, construction, and services. Yet without local hukou, these workers and their families often lack access to essential urban public services such as housing, healthcare, and education. Even after years in the city, many remain the "floating population," excluded from full urban citizenship.

China's reliance on land-based financing poses another risk. By 2022, the real estate sector and related industries accounted for an estimated 25–30 percent of GDP. This strikingly high proportion reveals structural imbalances in the Chinese economy and an overheating real estate sector. Unlike a healthy fiscal model in which local governments rely on stable tax revenues and diversified income sources, China's dependence on land sales and real estate

investment has inflated land prices and created financial vulnerabilities. The ongoing property sector crisis, epitomised by the **downfall of Evergrande**, underscores the fragility of this land-finance and real estate-driven urban expansion model.

India's most pressing urban challenge, by contrast, is chronic underinvestment in infrastructure. China invests around **\$116 per capita annually** in urban infrastructure, while India invests only **\$17**. This gap is a result of the limited, especially financial, authority of Indian municipal governments. State governments control key urban decisions. However, their **largely rural constituencies** provide little incentive to prioritise cities. This underinvestment is especially evident in the rapid expansion of "census towns," urban areas that remain under rural governance. Between 2001 and 2011, the number of census towns rose from 1,362 to 3,894, with populations jumping from 21 million to 54.3 million. Lacking urban status and fiscal capacity, these towns expand in an unplanned manner with inadequate infrastructure and services.

Moreover, India's urbanisation has produced a vast informal economy sustained by rural migrants. In the absence of a sizeable manufacturing sector to absorb low-skilled labour, most migrants work in the informal sector under precarious conditions. According to the International Labour Organization's 2018 estimates, nearly 76 percent of India's urban workforce is informal, compared with 36 percent in

China. This high level of informality leaves much of India's urban labour force without social protection, job security, or access to stable incomes, therefore exacerbating socioeconomic inequality.

Toward Better Urban Futures

The future prosperity of both China and India depends on their ability to harness the energy of cities while addressing structural challenges and deep-rooted spatial and social inequalities. China must shift from land-based urbanisation to a people-centred approach that fully integrates rural migrants into urban life. India must improve its urban governance, enhance infrastructure investment, and manage growth more proactively to prevent cities from outpacing the services that sustain them.

As the Asian Century unfolds, the paths of China and India demonstrate that building stronger nations begins with building better cities—places that are not only productive but also inclusive, resilient, and humane.

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News Reports

Bilateral Relations

India, China hold fresh round of military talks on LAC peace and stability

The Hindu, October 29

India and China held the 23rd round of Corps Commander-level talks on October 25. Both sides reviewed progress in maintaining peace along the LAC in eastern Ladakh and agreed to continue dialogue to preserve border stability.

India and China to resume direct flights as ties improve

Channel News Asia, October 26

India and China restart direct flights on Sunday (Oct 26) after a five-year hiatus — a move that carries both commercial significance and symbolic value as the two Asian powers cautiously mend ties.

China files WTO complaint against India over EV and battery subsidies, urges New Delhi to rectify 'wrongdoings'

Economic Times, October 15

China's Commerce Ministry urged India to "rectify wrongdoings" after filing a WTO complaint over India's EV and battery subsidies, saying the measures harm China's economic interests.

India to host UN troop contributing countries; Pakistan & China not invited

Times of India, October 2

India has excluded China and Pakistan from a conclave of Army chiefs of UN troop-contributing nations this month. Officials reaffirmed that India deploys forces abroad only under explicit UN Security Council mandates.

China and India in the Region

India issues NOTAM for large-scale military exercise in Rajasthan and Gujarat

India TV News, October 24

India will hold a major tri-service exercise along the Pakistan border in Rajasthan and Gujarat from Oct 30 to Nov 10. The drills, part of ongoing readiness efforts after Operation Sindoor, involve the Army, Air Force, and Navy.

India Sends Warship to China's Doorstep

Newsweek, October 16

India extended its naval presence near China as one of its warships arrived in South Korea during an Indo-Pacific deployment. Beijing's Foreign Ministry has yet to comment.

Trump's Afghan airbase gambit unites India, Pakistan and China in opposition

South China Morning Post, October 8

India and Afghanistan's neighbours, including Pakistan, Russia, China, Iran, and Central Asian states under the Moscow Format, opposed US plans to redeploy military infrastructure in Afghanistan.

India says it destroyed Pakistan's Chinese and US-made fighter jets in May clashes

South China Morning Post, October 4

India's Air Force chief said on Friday that Indian forces destroyed both Chinese-made and U.S.-built Pakistani jets during May clashes, marking New Delhi's first detailed account of the conflict.

Trade and Economy

PM Modi calls for early review of India-Asean FTA to unlock trade potential

Business Standard, October 26

At the India-ASEAN Summit, Prime Minister Modi called for an early review of the ASEAN-India Trade in Goods Agreement to unleash the full potential of the India-ASEAN relationship and further strengthen regional cooperation.

Expert: China's 15th Five-Year Plan links self-reliance to global tech adoption

CGTN, October 23

China's Communist Party has set "greater self-reliance and strength in science and technology" as a key goal for the 15th Five-Year Plan, aiming to drive new quality productive forces through innovation.

India considers easing certain Chinese import curbs amid growing reliance:

Sources

Channel News Asia, October 17

India's trade ministry and a government think tank are seeking to ease some tariff and non-tariff curbs on Chinese imports, officials said. Proposals include letting certain anti-dumping duties expire and cutting tariffs on raw materials for sectors with limited domestic capacity.

Beijing seeks assurance from India on no US re-export of heavy rare earths

Business Standard, October 9

China has asked India for written guarantees before resuming heavy rare earth magnet exports. Beijing wants assurances the materials won't be re-exported to the US.

Energy and Environment

Inox Solar inks ₹7,000 crore deal with China's LONGi for 5GW solar module supply

CNBC TV18, October 29

Inox Solar said the contract worth about ₹7000 crore will help the Chinese solar products manufacturer meet its demand in the Indian market.

China excludes EVs in latest five-year plan as industry grapples with oversupply

Reuters, October 28

China has omitted electric vehicles from its list of strategic industries in its five-year development plan for 2026-2030, marking their first exclusion in more than a decade, as the sector grapples with oversupply challenges.

New copper demand drivers from US, India as China juggernaut slows

Reuters, October 20

Copper demand in the US and India is expected to rise sharply over the next decade, gradually reducing China's dominance as its consumption growth slows.

India, China lead global energy shift as renewables outpace coal for the first time in 2025

CNBC TV18, October 3

Renewable energy sources generated more electricity than coal globally for the first time in the first half of 2025. This shift is driven largely by China and India, according to a report by think tank Ember.

Analyses

A New Triple Entente Between India, Russia, and China

Hudson Institute, October 27

By Aparna Pande, a Research Fellow at Hudson Institute

India is cautiously rebalancing its foreign policy, easing tensions with China and maintaining ties with Russia to preserve strategic autonomy amid US unpredictability, while full alignment with a Russia-China bloc remains unlikely.

Xi May Have Miscalculated on Rare Earths Foreign Policy, October 24

By Alasdair Phillips-Robins, a Fellow at the Carnegie Endowment for International Peace

The US-China trade conflict has escalated again, with China imposing global rare earth export controls. Unlike earlier in the year, the situation now gives the United States a strategic advantage: China has acted first and targeted the entire world, creating an opportunity for Washington to build a coordinated international response rather than face unilateral pressure.

India's Strategic Climate Diplomacy

ISAS Brief, October 24

By Karthik Nachiappan, a Research Fellow at the Institute of South Asian Studies (ISAS)

India's climate diplomacy is shaped and constrained by intensifying geopolitical and security competition between the US and China, which is changing how and where India engages on climate and energy issues.

Beyond Trump's Tariffs: The Domestic Drivers of India's Rapprochement with China

Observer Research Foundation, October 13

By Tushar Joshi, a Visiting Fellow at the Observer Research Foundation

India's outreach to China is driven more by domestic economic pressures, such as supply chain risks and investor demands, than by US tariffs, pushing New Delhi to cautiously adjust its long-strained ties with Beijing.

India Faces Down New Security Calculus Foreign Policy, October 9

By Sushant Singh, a lecturer in South Asian studies at Yale University and a consulting editor with India's Caravan magazine

The Saudi-Pakistan defense pact significantly strengthens Pakistan's military and diplomatic position while complicating India's strategic environment. Even if operational gains are limited, the alliance shifts regional deterrence, constrains New Delhi's leverage with Riyadh, and requires India to rethink its South Asia policy beyond personality-driven diplomacy.

China Watches India-Taiwan Ties with Unease

Observer Research Foundation, October 9

By Antara Ghosal Singh, a Fellow with the Strategic Studies Programme at Observer Research Foundation

China views India's Taiwan strategy as one of deliberate ambiguity. It avoids open challenge to the One-China Principle while deepening ties with Taipei to balance economic gains and political risks.

Books and Journals

Comparing China–Russia and US–India Strategic Alignments: The Stadial Model of Alignment Formation (SMAF) Framework **Journal of Asian Security and International Affairs, October 2025**

By Alexander Korolev, a Senior Lecturer in Politics and International Relations in the School of Social Sciences, Faculty of Arts and Social Sciences, at the University of New South Wales, Sydney

As great power rivalry intensifies, the strategic alignments between China–Russia and the United States–India have taken centre stage in international politics. Yet, analysts have faced challenges in defining these relationships. Few studies have offered a systematic, theoretically grounded evaluation of the two alignments, and almost none have compared them methodically, leaving the understanding of global power relations incomplete. This article addresses that gap by applying the Stadial Model of Alignment Formation (SMAF) to compare the two cases in terms of the extent and evolution of their strategic cooperation. The structured comparison also examines the alignment incentives within each dyad. In addition, the article proposes refinements to the SMAF framework and illustrates how scholars can measure the depth of strategic alignments more systematically. The analysis finds that, by most measures, the China–Russia

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alignment is deeper than the US–India one—a situation unlikely to change without major shifts in global politics.

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The Centre on Asia and Globalisation is a research centre at the Lee Kuan Yew School of Public Policy, National University of Singapore. It conducts in-depth research on developments in the Asia-Pacific and beyond, and aims to provide academics, decision-makers, and the general public with objective analysis on issues of regional and global significance. The Centre's motto "Objective Research with Impact" reflects its commitment towards ensuring that its analysis informs policy and decision makers in and about Asia.

OTHER CAG PUBLICATIONS

- *Indira Gandhi and the Years that Transformed India* by Srinath Raghavan (Yale University Press, 2025)
- *Partnership or Polarization? Southeast Asian Security between India and China* edited by Evan Laksmana and Byron Chong (Contemporary Southeast Asia, 2023)
- *Asian Conceptions of International Order: What Asia Wants* edited by Kanti Bajpai and Evan Laksmana (International Affairs, 2023)
- *How Realist Is India's National Security Policy?* edited by Kanti Bajpai (Routledge, 2023)
- *Deterring Conflict and Preserving Peace in Asia* edited by Drew Thompson and Byron Chong (Centre on Asia and Globalisation, 2022)
- *What Can the United States Learn from China about Infrastructure?* by Selina Ho in *The China Questions 2* (Harvard University Press, 2022)
- *India Versus China: Why they are Not Friends* by Kanti Bajpai (Juggernaut Books, 2021)
- *Winning the Fight Taiwan Cannot Afford to Lose* by Drew Thompson (Strategic Forum, 2021)



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