



Ahmedabad
University

A photograph of a stepwell structure, showing multiple levels of stone steps and platforms, with a central circular well. The structure is made of light-colored stone and is surrounded by a low wall. The background is a clear blue sky.

STEPWELL CENTRE FOR ASIAN FUTURES

RETHINKING INDIA'S RELATIONS WITH CHINA

Looking Beyond Tactical Stabilisation and Structural
Competition to Sustainable Outcomes

By Dr Jabin T. Jacob

POLICY BRIEF

By Dr Jabin T. Jacob

*Senior Visiting Fellow
Stepwell Centre for Asian Futures
Ahmedabad University*

Published 26 May 2026

Summary

Nearly six years after the Galwan Valley clash in June 2020, India-China relations appear to be entering a phase of cautious recovery. A series of recent developments—ranging from the relaxation of trade restrictions to renewed diplomatic engagement and incremental progress on border management—have prompted claims that bilateral ties are back on an “upward trajectory.”

Yet such assessments risk overstating the depth of the current thaw. What is underway is not a strategic reset, nor even a meaningful rapprochement, but rather a limited and tactical stabilisation. The relationship today is best understood as being in a phase of what may be termed a “marking-time reset”: a temporary pause in overt confrontation, driven by short-term calculations on both sides, while the deeper structural drivers of competition remain firmly intact.

The persistence of these structural tensions such as territorial disputes, economic asymmetries, and competing geopolitical ambitions ensures that the current calm is unlikely to endure.

The central argument of this Occasional Briefing Paper is that India remains in a largely reactive posture vis-à-vis China, constrained by internal capacity deficits alongside economic dependence and inconsistent strategic signalling. Unless these constraints are addressed through deliberate and sustained reforms, India will continue to oscillate between crisis management and temporary stabilisation, without fundamentally altering the trajectory of the relationship.



The current détente is asymmetric, with India making most concessions while China consolidates gains made since 2020.

To understand the limitations of the present moment, it is necessary to situate it within the longer arc of India–China relations since 2020. The Galwan clash marked a decisive rupture. For the first time in decades, the boundary dispute escalated into lethal confrontation, shattering the fragile assumptions that had underpinned bilateral engagement. In response, India adopted a multi-dimensional approach that combined military reinforcement along the Line of Actual Control (LAC), economic restrictions targeting Chinese investment, and diplomatic efforts to signal resolve and build external partnerships. These measures reflected a recognition that the relationship had entered a new and more adversarial phase.

Tactical Stabilisation, Not Strategic Reset

However, the years that followed did not produce a clear strategic reorientation. Instead, India's response evolved in a piecemeal fashion, shaped by immediate pressures rather than a coherent long-term framework. By 2024 and 2025, a gradual shift toward stabilisation became evident. Agreements on disengagement and patrolling mechanisms reduced immediate tensions along the LAC. Economic restrictions were selectively relaxed, acknowledging the practical limits of decoupling. Diplomatic engagement resumed, with both sides signalling a willingness to prevent further deterioration.

These developments have been interpreted by some observers as evidence of a reset. Yet such characterisation obscures even as it reveals.

Not a Restoration of Status Quo Ante

The disengagement process, for instance, has not restored the status quo ante. Instead, it has produced a new operational reality in which buffer zones have been established in contested areas, effectively limiting Indian patrol access in regions that were previously accessible. While these arrangements are officially described as temporary, their long-term status remains uncertain. The fear, as has been expressed by several observers, is that these buffer zones could become a long term or a permanent position.

What is clear, however, is that China has succeeded in consolidating certain advantages gained during the crisis, while India has accepted a modified equilibrium.

This asymmetry is a defining feature of the current phase. The visible “gives” in the relationship, whether in terms of easing economic restrictions or facilitating renewed engagement, have largely come from the Indian side. In contrast, China has shown little inclination to make reciprocal concessions. China’s approach has been characterised by consistency rather than flexibility, maintaining its positions while benefiting from India’s desire for stabilisation. The result is a situation in which tensions have been managed, but underlying disputes remain unresolved.

2

India’s response to the Galwan crisis revealed structural weaknesses, particularly in civil-military coordination, political signalling, and strategic resolve.

The persistence of these disputes is rooted in the structural dynamics of the relationship. At the most immediate level, the boundary question continues to pose a fundamental challenge. The LAC remains undefined, with differing perceptions on either side. Infrastructure development and forward deployment have intensified, increasing the risk of miscalculation. Even in periods of relative calm, the conditions for escalation remain embedded in the geography and politics of the border.

Power Asymmetry

Beyond the territorial dimension, the relationship is shaped by a broader asymmetry of power. China’s economic scale, industrial capacity, and military modernisation provide it with significant advantages. These advantages are not merely quantitative but also institutional. China possesses a far more extensive ecosystem of research, analysis, and policy coordination, enabling it to approach international challenges with a level of preparedness that India has yet to match. This asymmetry constrains India’s ability to impose costs on China, or shape outcomes, particularly in moments of crisis.

Competing Strategic Visions

Compounding these challenges is the divergence in strategic objectives. China's long-term goal is to establish itself as the primary peer competitor to the United States, shaping a global order in which it plays a central role. Within this framework, India is seen less as a partner than as a variable to be managed: useful in certain contexts but ultimately constrained to a regional role. India in contrast aspires to strategic autonomy and a more prominent global presence. These ambitions are not easily reconciled, and they generate a persistent undercurrent of competition.

The events of, and since, 2020 offer important insights into how these structural factors translate into policy outcomes. India's response to the Galwan crisis revealed several weaknesses that continue to shape its strategic posture. Among the most significant was the delay in mounting a robust military response. While India eventually undertook actions to improve its tactical position, most notably in the Kailash Range, these gains were not sustained. The decision to relinquish advantageous positions during negotiations signalled a preference for de-escalation over deterrence.

Strategic Signalling Failure

This pattern was reinforced by inconsistencies in strategic signalling.

Effective deterrence requires clarity and credibility. Yet India's approach combined elements of assertiveness and restraint in a manner that created ambiguity. Diplomatic outreach was not always matched by sustained military pressure, and economic measures were limited in scope. As a result, China was able to shape the tempo of negotiations, slowing the disengagement process and avoiding significant concessions.

Underlying these outcomes are deeper institutional challenges, particularly in the realm of civil-military coordination. The crisis exposed gaps in the integration of military expertise into policymaking, as well as constraints imposed by bureaucratic structures. Decision-making processes appeared fragmented, with limited clarity on the distribution of authority. These issues are not unique to the 2020 crisis but reflect longstanding patterns in India's governance of national security.

Limited Political Consensus

Political dynamics further complicate the picture. The absence of broad-based consensus on China policy limits the Indian government's ability to act decisively. Parliamentary debate on national security issues remains limited, and the opposition is often excluded from meaningful engagement. This reduces the scope for policy innovation and increases the political risks associated with bold decisions. In contrast, a more inclusive approach could enhance confidence within the system, enabling more assertive responses.

3

Economic interdependence with China remains deep and largely unaddressed, constraining India's policy options.

Economic factors represent another critical constraint. India remains deeply dependent on Chinese supply chains. This dependence is particularly pronounced in sectors such as electronics, pharmaceuticals, and manufacturing. Policies such as investment screening have raised awareness of these vulnerabilities but have not fundamentally altered the underlying structure of economic relations. The recent relaxation of restrictions reflects the practical limits of decoupling in the absence of viable alternatives.

India's inability to escalate economically

This economic interdependence has significant strategic implications. It limits India's ability to use economic tools as instruments of coercion or deterrence. It also creates incentives for accommodation, particularly in periods of heightened tension. As a result, economic policy has often been reactive, responding to immediate pressures rather than advancing a long-term strategy of resilience.

4

India lacks a compelling global strategic narrative, limiting its influence relative to both China and the United States.

Globally, India's position is underscored by a similar tension between aspiration and constraint. Over the past decade, India has expanded its diplomatic footprint, engaging actively in multilateral forums and positioning itself as a voice of the Global South. Yet this increased visibility has not yet translated into commensurate influence. One reason is the absence of a coherent strategic narrative that links India's domestic achievements to a broader international vision.

India's Narrative Remains Fragmented

In contrast, China has invested heavily in articulating and promoting such a narrative, backed by tangible initiatives. These initiatives serve not only economic and strategic objectives but also normative ones, shaping perceptions and setting standards. India's efforts, while far from insignificant, remain relatively fragmented and limited in scale. Initiatives such as digital public infrastructure have potential, but their internationalisation has remained uneven.

This gap between visibility and influence is reflected in perceptions of India's role. While widely regarded as an important actor, India is often seen as constrained in its ability to shape outcomes. This perception has consequences, particularly in crisis situations, where credibility and leverage are critical.

5

Capacity deficits in academia, institutional links with policymaking, and engagement in the public sphere—the knowledge ecosystem—undermine long-term strategic competition with China.

Perhaps the most fundamental challenge facing India lies in the domain of capacity. The ability to compete effectively with China depends not only on resources but also on the institutions and knowledge systems that underpin policy.

In this regard, India faces significant deficits. The number of universities and research institutions focused on international relations and area studies, including China, remains limited. Investment in language training and specialised expertise is insufficient. The links between academic research and formulation of policy remain weak.

Limited Public Engagement

These capacity constraints are compounded by the limited scope of public engagement with strategic issues. In contrast to countries where foreign policy debates are widely discussed and contested, India's discourse remains relatively narrow. This limits the pool of ideas and reduces the potential for innovation. It also affects long-term preparedness, as societal awareness of strategic challenges remains uneven.

China's Strategic Calculus

China's approach to India reflects an acute awareness of these dynamics. On the one hand, China recognises the value of engaging with India, particularly as a means of balancing against the United States. On the other hand, it remains cautious about enabling India's rise as a competitor. This duality is reflected in a strategy of selective engagement, offering cooperation where beneficial while maintaining pressure in areas of contention.

6

Without structural reforms particularly in strategic communication, capacity building, and economic diversification, India will remain in a reactive posture, managing crises rather than shaping outcomes.

Looking ahead, the prospects for sustained stability appear limited. The structural drivers of competition remain in place, and the mechanisms currently in use are designed to manage tensions rather than resolve them. The likelihood of future incidents along the border remains high, particularly given the continued militarisation by both China and India, and the absence of even a clearly defined LAC. Moreover, competition is likely to expand into new domains, including the maritime sphere, where both countries have growing interests.

External factors could further exacerbate tensions. The broader context of US-China rivalry, regional conflicts, and economic disruptions will shape the choices available to both India and China. In such an environment, periods of calm are likely to be punctuated by episodes of crisis.

A Shift from Reactive to Proactive Policy

The central challenge for India is therefore not merely to manage its relationship with China, but to transform the internal conditions that shape its strategic posture. This requires a shift from reactive to proactive policy, grounded in a clear understanding of long-term objectives. Key elements of such a shift would include the articulation of a comprehensive national security strategy alongside the strengthening of civil-military integration and, the development of economic resilience through diversification and ramping up domestic capacity.

Equally important is the need to invest in knowledge, and institutional capacity. Expanding the ecosystem of research and analysis, enhancing language and area studies programmes, and fostering greater public engagement with strategic issues are essential steps. Without these investments, India will struggle to generate the ideas and expertise needed to navigate an increasingly complex international environment.

India must address the gap between its global aspirations and its strategic narrative. Developing a coherent vision that resonates beyond its borders, and translating that vision into tangible initiatives, will be critical to enhancing its influence.

POLICY RECOMMENDATIONS

To move beyond a “marking-time” posture, India must adopt a more proactive and structurally grounded strategy.

1. Develop a National Security Strategy

- Clearly define China as a strategic competitor
- Articulate long-term objectives
- Provide policy coherence across domains

2. Strengthen Civil-Military Integration

- Improve coordination mechanisms
- Enhance military input in policymaking
- Clarify decision-making structures

3. Build Economic Resilience

- Diversify supply chains
- Invest in domestic manufacturing
- Reduce critical dependencies on China

4. Expand Strategic Capacity

- Increase funding for China studies and area studies, in general
- Expand foreign language training
- Strengthen academic and research institutions, integrate with policymaking

5. Enhance Public Engagement

- Promote informed debate on China
- Increase transparency in policy
- Build societal awareness of strategic challenges

6. Articulate a Global Vision

- Develop a coherent international narrative
- Scale successful domestic models globally
- Engage more deeply with the Global South