

# India-China relations moving towards normalcy, says Goyal

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Commerce and Industry Minister Piyush Goyal on Tuesday said India-China relations are gradually moving towards normalcy, noting that as border issues get resolved, easing of tensions is a natural consequence.

At the meeting held on the margins of the Shanghai Cooperation Organisation (SCO) summit, Modi and Xi agreed to work towards a "fair, reasonable and mutually-acceptable" solution to the India-China border issue, and pledged to expand trade and investment ties, recognising the role of the two economies to stabilise global trade.

"This was an SCO summit, where all the SCO members participated. We had a problem in Galwan, due to which we had a blip in the relationship. As the border gets resolved, I think the situation getting back to normal is a very natural consequence," Goyal told reporters when asked if with India and China resetting their relationship and if there is a scope for relaxations in PN3.

## LOOKING PN3

At present, Foreign Direct Investment (FDI) applications from countries sharing

land borders, such as China, have to mandatorily seek government approval for all sectors. This policy was issued in April 2020 as Press Note 3 (PN3).

The domestic industry is urging the government to ease these FDI norms to attract more investments from China. In July 2024, the pre-budget Economic Survey made a strong case for seeking foreign direct investments from Beijing to boost local manufacturing and tap the export market. It said that increased overseas inflows from the neighbouring countries can help increase India's global supply chain participation and push exports.

China stands at 23<sup>rd</sup> position with only 0.34 per cent share (\$2.5 billion) in total FDI equity inflow reported in India from April 2000 to March 2025.

Experts have urged the government to revisit PN3, which mandates additional scrutiny of investments if even a single shareholder is from China. They also want the inter-ministerial committee headed by the Home Secretary to fast-track FDI proposals from land-border countries. While FDI inflows from China remain minimal, bilateral trade between the two nations has grown manifold.

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