



Research Article

Power, People, and Pacts: A 21st Century Perspective on India-Nepal Relations

Jeetendr Kumar Sharma* 

Department of Political Science, Aligarh Muslim University, Aligarh, India

Email: jitendra16sharma.js@gmail.com

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*Corresponding author

Jeetendr Kumar Sharma,
Department of Political Science, Aligarh Muslim
University, Aligarh, India.
Email: jitendra16sharma.js@gmail.com

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Abstract

India and Nepal's bilateral ties reflect a blend of deep historical connections and modern geopolitical complexities. While rooted in cultural and religious affinity, the relationship has faced significant challenges, including territorial disputes and the rise of China's influence in Nepal. This paper examines the transformative role of China's Belt and Road Initiative (BRI) and its soft power strategies, alongside India's efforts to counterbalance through development assistance, cultural diplomacy, and pragmatic engagement. Highlighting both challenges and opportunities, the study underscores the need for renewed cooperation in connectivity, energy partnerships, and fostering mutual respect to build a resilient and sustainable relationship.

Abbreviations and Acronyms

- BRI: Belt and Road Initiative
- ICPs: Integrated Check Posts

Keywords: India-Nepal relations; Geopolitical dynamics; Belt and Road Initiative; Regional connectivity; Cultural diplomacy.

Introduction

India and Nepal, two geographically and culturally intertwined nations, share one of the most unique bilateral relationships in South Asia. This connection stems from deep-rooted historical, cultural, and socio-economic ties that have withstood the test of time. With an open-border system, shared religious traditions, and reciprocal trade agreements, the relationship remains vital for both countries. However, the dynamics of this partnership have

become increasingly complex in the 21st century due to evolving geopolitical influences, particularly from China. This paper explores the intricate interplay of historical bonds, contemporary challenges, and the competing influences shaping India-Nepal relations today.

Nepal's strategic location as a buffer state between India and China has historically positioned it at the crossroads of regional power struggles. As India grapples with China's growing assertiveness in South Asia, Nepal's alignment

becomes critical for maintaining regional stability. The importance of recalibrating India's policy towards Nepal lies not only in fostering bilateral goodwill but also in addressing broader regional security and economic concerns.

Literature Review

Historical Perspectives: India and Nepal's relationship has historically been framed by their open-border arrangement, cultural affinities, and shared religious heritage (Sharma, 2024). However, critical historical analyses highlight that these connections have occasionally led to perceived asymmetry, with Nepal viewing India as an overbearing neighbor (Pant, 2020). Existing literature emphasizes the role of the 1950 Treaty of Peace and Friendship in shaping bilateral dynamics, though this treaty has also been criticized for fostering dependency.

China's Emerging Role: Numerous studies focus on the increasing influence of China in Nepal. Scholars argue that Beijing's investments under the BRI have redefined Nepal's economic and geopolitical alignments (Gupta, 2021). Literature also critiques China's sharp power tactics, such as introducing Mandarin in schools and promoting Confucius Institutes, as a subtle strategy to cultivate ideological influence in Nepal (ORF, 2020).

Gaps in Existing Research

While the role of external actors like China has been widely studied, there is a lack of comprehensive analysis on how India can recalibrate its policies to balance Nepal's geopolitical inclinations. Existing studies often neglect grassroots perspectives, particularly how Nepalese citizens perceive these external influences.

Methods

This study employs a qualitative research approach to explore the dynamics of India-Nepal relations in the 21st century. Primary data were collected through in-depth interviews with policy analysts and academics specializing in South Asian geopolitics. Secondary data included journal articles, government reports, and expert commentaries.

Study Design

The study follows a case study design, focusing on key themes such as territorial disputes, China's BRI investments, and India's development assistance. The case study approach allows for an in-depth analysis of these complex and interrelated factors.

Data Collection Methods

Interviews: Conducted with 15 experts in the fields of international relations and South Asian studies.

Document Analysis: Examination of treaties, policy documents, and media reports.

Sample Size

The sample included 15 experts from Nepal, India, and international think tanks, ensuring diverse perspectives.

Data Analysis Techniques

Thematic analysis was used to identify recurring patterns and relationships within the data. NVivo software facilitated the organization and coding of qualitative data.

Historical Context: Shared Heritage and Geopolitical Shifts

The India-Nepal relationship has historically been anchored in shared cultural and religious bonds. Hinduism and Buddhism, the two dominant religions in both countries, have played a pivotal role in shaping this connection. Ancient texts and traditions often highlight the flow of ideas, philosophies, and cultural practices between the two nations, which laid the foundation for their deep historical ties.

The modern trajectory of India-Nepal relations was shaped by the 1950 Treaty of Peace and Friendship. This landmark treaty facilitated unrestricted movement of people and goods, mutual rights to trade and work, and close cooperation in defense and foreign policy. However, over the years, the treaty has been viewed with skepticism in Nepal, where it is often criticized as symbolizing an unequal partnership. While India considers the treaty a cornerstone of bilateral relations, sections of Nepalese society perceive it as a tool of Indian dominance.

Geopolitical Pressures and Border Issues: In addition to cultural and historical ties, geopolitical factors have significantly influenced India-Nepal relations. The 1816 Treaty of Sugauli, which marked the boundaries of modern Nepal after its war with the British East India Company, laid the groundwork for ongoing territorial disputes. Controversies over the Kalapani, Lipulekh, and Limpiyadhura regions have resurfaced periodically, most notably in 2020 when both nations released conflicting political maps.

These territorial disagreements underscore the fragility of the bilateral relationship and often exacerbate anti-India sentiments in Nepal. India's infrastructure projects in disputed regions and Nepal's constitutional amendments incorporating these areas into its map reflect the complexity of reconciling historical agreements with contemporary nationalistic aspirations.

Modern Developments: India's Role and Challenges: India has played a central role in Nepal's modernization journey, extending financial aid, technical expertise, and infrastructural support. Key initiatives such as cross-border rail links, the Motihari-Amlekhgunj petroleum pipeline, and hydropower projects like Arun-3 demonstrate India's commitment to fostering economic integration. However, these efforts have often been marred by delays and

bureaucratic hurdles, which have diminished India's credibility and allowed China to expand its influence.

China's strategic engagement with Nepal, particularly through the Belt and Road Initiative (BRI), presents a new layer of complexity. By funding ambitious infrastructure projects and engaging in cultural diplomacy, Beijing has emerged as a formidable counterbalance to India's traditional dominance in Nepal. This shift has prompted India to reassess its approach and prioritize timely implementation of development projects to maintain its relevance in Nepal (Pant, 2020).

Results & Discussion

The Rise of China's Influence in Nepal

Economic Engagement and the Belt and Road Initiative (BRI): China's strategic initiatives, such as the Belt and Road Initiative (BRI), have significantly enhanced its influence in Nepal. Through investments in infrastructure projects, including roads, airports, and hydropower plants, China has positioned itself as a key economic partner for Nepal (Gupta, 2021). While such investments promise economic growth, they also risk entangling Nepal in China's debt-trap diplomacy, as seen in other countries like Sri Lanka and Pakistan (Jha, 2021).

Sharp Power Tactics: China's influence in Nepal extends beyond economics to cultural and political domains. The introduction of Confucius classrooms and the mandatory teaching of Mandarin in Nepalese schools illustrate China's soft power strategy to shape public opinion and promote its ideological narratives (ORF, 2020). These initiatives have raised concerns about Beijing's long-term intentions and its impact on Nepal's sovereignty.

Political Alignments: China's influence in Nepal extends beyond economics to the political realm. Beijing has played a pivotal role in fostering unity among Nepal's left-leaning political parties. In 2018, it mediated the merger of the CPN-UML and the Maoist Centre to form the Nepal Communist Party (NCP). Although this alliance dissolved within three years due to internal conflicts and a Supreme Court ruling, China's efforts to rebuild coalitions continue. Most recently, Beijing facilitated a new alliance between the CPN-UML and the Maoist Centre, enabling the formation of a coalition government (Gupta, 2021).

China's support for Nepal's political leadership aligns with its broader goal of countering Indian and Western influence in the region. This strategy became particularly evident during the pandemic, when China extended substantial humanitarian aid, including vaccines, to Nepal. These actions contrasted with earlier instances where Nepal relied heavily on Indian assistance, marking a shift in regional alignments (Mazumdar, 2012).

India's Response: Strengthening Ties with Nepal

Diplomatic Initiatives: India has undertaken significant measures to address the trust deficit and counterbalance China's growing influence in Nepal. High-level diplomatic visits, such as Indian Foreign Secretary Vikram Misri's engagements, have emphasized India's commitment to fostering stronger bilateral ties and rebuilding trust through dialogue (Rathi, 2024). Prime Minister Narendra Modi's outreach efforts, including official visits to Nepal, signal India's intent to strengthen people-to-people and government-to-government relations, particularly after the challenges posed by the 2015 economic blockade and subsequent events. Modi's congratulatory remarks to KP Sharma Oli on his recent return as Prime Minister highlight India's readiness to collaborate for the prosperity of both nations.

Economic and Development Assistance: India has prioritized economic collaboration by funding key infrastructure projects, such as the Motihari-Amalekhgunj petroleum pipeline and the Arun-3 hydropower project, both of which have strengthened economic ties between the two countries (Nayak, 2023). These initiatives not only underscore India's long-standing development partnership with Nepal but also reflect its commitment to fostering connectivity and addressing mutual needs. Despite this progress, delays in implementing certain projects have hindered India's ability to fully consolidate its influence, a challenge that remains critical to address (Ranjan, 2020).

India's response to Nepal's development needs has also included substantial financial aid, focusing on education, healthcare, and rural development (Table 1). Projects such as inland waterways, railways, and integrated check posts further demonstrate India's vision for a well-connected and economically interdependent South Asia. These efforts are complemented by India's role in facilitating cross-border trade and providing grants for high-impact community development projects.

Post-2015 Constitution Developments and Diplomatic Relations: After Nepal adopted its new constitution in 2015, relations with India saw significant upheaval, marked by the economic blockade and associated tensions. The elections of 2017 brought KP Sharma Oli to power, leading to renewed diplomatic interactions. Oli's visit to India in April 2018 at Prime Minister Modi's invitation was pivotal in restoring trust and resetting bilateral relations. During this visit, both leaders proposed innovative projects, including exploring inland waterways to enhance connectivity. Modi's reciprocal visit to Nepal in May 2018 further solidified ties, emphasizing the shared interests of both nations in fostering political stability and economic growth (Bhuyan, 2024).

Table 1: Key India-Nepal Development

Projects Project Name	Description	Status	Impact
Motihari-Amalekhgunj Pipeline	South Asia's first cross-border petroleum pipeline	Completed	Reduced fuel costs and ensured an uninterrupted supply of petroleum.
Arun-3 Hydropower Project	900 MW hydroelectricity project in eastern Nepal	Ongoing	Boost to Nepal's power generation and export potential.
Kathmandu-Raxaul Railway	High-speed railway project connecting Nepal and India	Planning	Enhanced connectivity and trade efficiency.
Terai Roads	Infrastructure development in Nepal's southern region	Partially done	Improved regional connectivity and economic opportunities.
Integrated Check Posts (ICPs)	Modern trade and transit facilities at border points	Partially Done	Streamlined trade and border security.
Buddhist Circuit	Pilgrimage tourism initiative connecting Buddhist sites	Ongoing	Promotes cultural tourism and strengthens people-to-people ties.

Restoration of Nepal-India Relations: The restoration of Nepal-India relations following the 2015 blockade underscores India's efforts to repair and enhance bilateral ties. Former External Affairs Minister Sushma Swaraj's post-election visits to Nepal set the tone for renewed collaboration. These diplomatic efforts were instrumental in identifying bottlenecks in bilateral projects and establishing mechanisms for their resolution. Prime Minister Oli's reassurances during his India visit that Nepal's interests would not be compromised helped rebuild trust and address mutual concerns. The two 'countries' shared cultural and historical connections necessitate careful management of their geopolitical relationship (Kumar, 2023).

Cultural Diplomacy and People-to-People Ties: India has leveraged its shared cultural and religious heritage with Nepal to reinforce bilateral relations. Initiatives such as the Buddhist Circuit, which connects significant pilgrimage sites in both countries, underscore India's use of soft power to strengthen ties (Joseph, 2022). These efforts highlight the enduring importance of cultural diplomacy in fostering mutual understanding.

Challenges in India-Nepal Relations

- **Trust Deficit:** Despite shared cultural ties, a significant trust deficit persists between the two nations. Perceived Indian interference in Nepal's internal affairs, such as during the 2015 constitution-drafting process, has fueled resentment in Kathmandu (Pant, 2020). Conversely, India views Nepal's growing alignment with China as a strategic threat, complicating efforts to rebuild trust.
- **Economic and Strategic Competition:** China's ability to offer large-scale investments and quick project execution has overshadowed India's developmental assistance. Nepal's participation in the BRI and the Nepal-China Transit Protocol, which reduces its reliance on India for trade, further highlights this competition (Gupta, 2021).

India must address these disparities to remain a key partner for Nepal.

- **Border Management:** The prolonged closure of the India-Nepal border during the COVID-19 pandemic disrupted economic and social activities, highlighting the need for improved border management. The open border system, while beneficial, requires better infrastructure and regulatory mechanisms to ensure security and facilitate trade (Sharma, 2024).

Opportunities for Resetting Relations

Enhancing Connectivity: Improving infrastructure and connectivity remains a priority for both nations. Projects like the Kathmandu-Raxaul railway and Integrated Check Posts aim to streamline trade and transit while fostering economic integration (Nayak, 2023). India's commitment to enhancing Nepal's access to inland waterways further underscores its efforts to strengthen economic ties.

Energy Cooperation: The energy sector offers significant potential for collaboration. Recent agreements allowing Nepal to export surplus electricity to India have bolstered Nepal's economy and reduced its trade deficit. Long-term energy trade agreements, such as India's pledge to purchase 10,000 MW of electricity from Nepal over the next decade, exemplify the mutual benefits of such partnerships (Rathi, 2024).

Pragmatic Diplomacy: Adopting a pragmatic approach that emphasizes mutual benefits over historical grievances is essential. This includes fostering a balanced interdependence through economic and trade activities, such as joint ventures in hydropower and tourism (Jha, 2021). Additionally, India must engage constructively with all political factions in Nepal to build a sustainable and harmonious partnership.

Implications of Findings: The findings underscore the pressing need for India to adopt a more nuanced and pragmatic approach in its dealings with Nepal. While

economic aid and cultural diplomacy are effective, they must be complemented by policies that respect Nepal's sovereignty and mitigate perceptions of interference.

Relevance to Regional Stability: Nepal's strategic location as a buffer state between India and China highlights the broader implications of its geopolitical realignments. Ensuring stable India-Nepal relations is critical for maintaining regional peace and countering China's assertiveness in South Asia.

Recommendations

1. **Policy Recalibration:** India should prioritize mutually beneficial partnerships over paternalistic approaches.
2. **Infrastructure Development:** Accelerate the completion of key projects such as the Kathmandu-Raxaul railway.
3. **Cultural Engagement:** Expand initiatives like the Buddhist Circuit to deepen cultural ties.
4. **Energy Cooperation:** Streamline processes to ensure the timely completion of hydropower projects.

Conclusion

India-Nepal relations are at a critical juncture, shaped by historical ties, emerging geopolitical challenges, and the influence of external actors like China. To navigate this complex landscape, both nations must prioritize dialogue, mutual respect, and shared interests. By addressing trust deficits, enhancing economic and cultural cooperation, and adopting a pragmatic approach, India and Nepal can build a resilient partnership that promotes regional stability and prosperity.

Conflict of Interest

Authors declare there is no conflict of interest with the present publication.

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