



## "Socio-Economic and Governance Impacts of Cross-Border Policies on Indo-Nepal Border Communities"



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### ARTICLE INFO

Received date: April 25, 2025

Reviewed: May 12, 2025

Revised: June 5 2025

Accepted: July 2 2025

### Keywords

Policy Formulation, Economic  
Integration, International  
Migration, Environmental  
Economics, Economic  
Development.

### JEL Classification:

F15, F22, O18, Q56.

### ABSTRACT

*This research investigates the socio-economic dynamics, migration patterns, and governance challenges along this unique border using data from 134 respondents collected through structured questionnaires. This study highlights the mutual benefits of an open border policy, including enhanced trade, seasonal migration, and cultural integration, which sustain livelihoods and strengthen bilateral relations. However, it also identifies significant challenges such as poverty, infrastructural deficiencies, wage disparities, and environmental vulnerabilities such as deforestation and flooding. Trade relations remain pivotal, with India being Nepal's largest trading partner. Informal trade and remittances from Nepalese workers in India contribute significantly to Nepal's economy. Conversely, Indian industries benefit from labor supplied by Nepalese migrants. Despite this interdependence, security policies and geopolitical tensions often disrupt cross-border interactions, creating economic and social challenges for communities. The study finds that regulatory inconsistencies and infrastructural inadequacies impede seamless integration, whereas geopolitical disputes strain historically robust ties. This paper calls for harmonized policies that address the socioeconomic and environmental needs of border populations while balancing security concerns. Improved governance, equitable labor rights, and investments in infrastructure are critical to fostering sustainable development and mitigating vulnerabilities. This study underscores the importance of bilateral cooperation in addressing these challenges and enhancing the shared prosperity of Indo-Nepal border communities by applying mixed-method approach where surveys were conducted and thematic analysis was done with the focused group.*

## Introduction

The Indo-Nepal border, stretching over 1,770 km, exemplifies such a space, functioning as an open border that allows free movement of people and goods. This unique arrangement has created an environment for robust cross-border interactions, fostering trade, cultural exchange, and socioeconomic interdependence. However, it also poses challenges in areas such as governance, regulation, and resource management, thus making it a critical zone for academic exploration. Unlike conventional borders marked by strict controls, the Indo-Nepal border operates under a special bilateral agreement that facilitates ease of movement.

**Frequent political tensions** between India and Nepal spill over into policy inertia or ad-hoc decisions. For centuries, communities on both sides of the border have shared historical, cultural, and economic ties, making the region a melting pot of traditions and activities. This open border policy has fostered significant informal trade and seasonal migration, both of which are vital to the livelihoods of border populations. However, these benefits coexist with challenges such as poverty, lack of infrastructure, security concerns, and environmental vulnerabilities. The socioeconomic conditions of border communities often reflect a blend of opportunities and hardships. On one hand, the border facilitates access to diverse markets, employment opportunities, and cultural integration. On the other hand, inadequate infrastructure, limited healthcare, and education services, along with inconsistent governance mechanisms, restrict the potential for sustainable development.

Additionally, environmental issues like deforestation and frequent flooding exacerbate the vulnerabilities of these communities, creating a need for coordinated interventions. Migration and labor market dynamics also form a critical aspect of life along the Indo-Nepal border. Seasonal migration is common, with individuals crossing the border in search of better employment opportunities. While migration has been a coping mechanism for economic hardship, it also brings challenges such as wage disparities, labor exploitation, and changes in the social fabric of border communities. These trends highlight the importance of understanding the complex interplay between migration, labor markets, and livelihoods in the region. Culturally, the Indo-Nepal border is a space of shared heritage. However, disparities in political and economic conditions sometimes lead to tensions, which are further exacerbated by policy gaps and geopolitical considerations. From a governance perspective, managing the Indo-Nepal border involves balancing multiple priorities, including trade facilitation, security, and the welfare of border populations. Bilateral agreements between India and Nepal have sought to address these issues, but challenges remain in areas such as policy harmonization and implementation. The voices of local communities, who are directly impacted by these policies, are often underrepresented in decision-making processes. The failure lies not in the absence of policies, but in their disconnect from local realities, implementation gaps, and lack of a people-centric approach. Sustainable border policy must balance national interests

with local needs, emphasizing cross-border cooperation, community engagement, and inclusive development planning. This research aims to address these gaps by examining the multi-dimensional dynamics of the Indo-Nepal border. Using primary data collected through a structured questionnaire, the study seeks to explore the socio-economic conditions, migration patterns, cultural exchanges, and governance challenges of border communities. The objectives include analyzing the impact of cross-border interactions on livelihoods, assessing the role of cultural ties in fostering social cohesion, and evaluating the effectiveness of policies in addressing local concerns. This study seeks to address this gap by exploring the multi-dimensional interactions along the Indo-Nepal border, focusing on socio-economic, cultural, and governance perspectives. Using primary data collected through a questionnaire, the research aims to:

1. Analyze the socio-economic conditions and challenges faced by border communities.
2. Assess the effectiveness of policies and governance frameworks in managing border dynamics.

Indo-Nepal labor and economic relations are defined by shared geography, open borders, cultural ties, and historical interdependence. These factors have led to significant cooperation and exchange, particularly in the areas of trade, labor migration, investment, and economic development. The labor and economic ties between India and Nepal are shaped by shared geography, open borders,

cultural similarities, and a long history of interdependence. These factors have fostered extensive collaboration and exchange, particularly in trade, labor migration, investment, and infrastructure development. Together, they form a crucial pillar of the close bilateral relationship between the two nations.

### **Labor Migration and Employment**

One of the most significant aspects of Indo-Nepal relations is the movement of labor across borders. The open border between the two countries allows for free movement of people, enabling Nepalese citizens to seek employment opportunities in India without the need for work permits or visas.

- **Employment Opportunities in India:** Millions of Nepalese workers migrate to India, particularly to states like Uttarakhand, Uttar Pradesh, Delhi, and West Bengal, to work in sectors such as agriculture, construction, hospitality, and domestic services. These workers contribute to India's economy while sending remittances back to Nepal, which form a vital source of income for many Nepalese households.
- **Gorkha Regiments in the Indian Army:** A unique aspect of labor relations is the recruitment of Nepalese citizens into the Gorkha regiments of the Indian Army. This tradition dates to the early 19th century and remains a symbol of trust and cooperation between the two nations.

## Remittances and Economic Impact

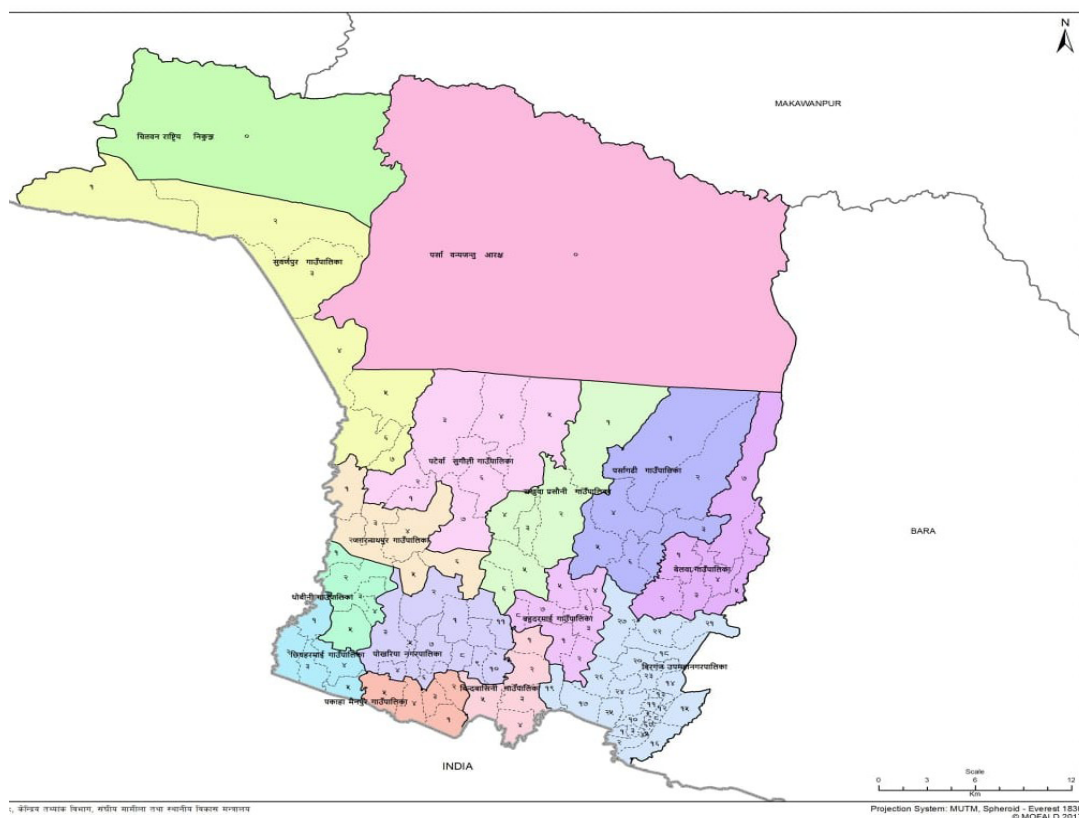
Nepalese workers in India send back significant remittances to Nepal, which play a crucial role in supporting Nepal's economy. According to estimates, remittances account for a substantial portion of Nepal's GDP, enabling families to improve their living standards, invest in education, and boost local economies. Conversely, Nepalese workers in India fill labor gaps in various industries, contributing to India's economic activities, particularly in informal and unskilled labor sectors.

## Trade and Economic Exchange

India is Nepal's largest trading partner,

reflecting the deep economic interdependence between the two countries.

- **Bilateral Trade:** Nepal exports agricultural products, herbs, handicrafts, and small-scale industrial goods to India, while importing essential commodities like petroleum products, machinery, medicines, and consumer goods.
- **Cross-Border Trade Infrastructure:** The development of integrated check-posts and border trade points, such as at Raxaul-Birgunj and Jogbani-Biratnagar, has facilitated smoother trade flows, reduced costs and enhanced efficiency.



**Source:** Google maps

### Investment and Development Assistance

India has been one of the largest investors in Nepal's economy, supporting sectors such as hydropower, tourism, manufacturing, and education.

- **Hydropower Projects:** Nepal has vast hydropower potential, and India has invested in several projects to harness this resource, such as the Arun III and Upper Karnali hydropower projects. These initiatives benefit both countries, with Nepal gaining revenue from electricity exports and India securing an additional power supply.
- **Infrastructure Development:** India has provided financial and technical



Source: Google Photos

### Challenges and Areas for Improvement

Despite strong economic relations, there are challenges that need to be addressed:

- **Trade Imbalance:** Nepal has a trade deficit with India, as it imports far more than it exports. Strengthening Nepal's industrial base and diversifying its export portfolio are critical to reducing this imbalance.
- **Labor Rights and Welfare:** Many Nepalese workers in India face challenges such as low wages, lack of social security, and exploitation. Ensuring better labor rights and protections for migrant workers remains an important area for cooperation.
- **Infrastructure Gaps:** While progress has been made, there is still a need to improve cross-border infrastructure and logistics to enhance trade and connectivity.

### India's Role in Nepal's Development

India is often viewed as a key development partner by Nepal. Over the decades, India has contributed significantly to Nepal's infrastructure, education, health, and energy sectors. Projects like the construction of roads, bridges, and hydropower plants, along with scholarships and technical training programs, reflect India's long-standing commitment to Nepal's progress. At the same time, some Nepalese perceive India's involvement as being overly dominant or interfering in Nepal's internal affairs, especially in political matters. This perception occasionally leads to criticism, but



the majority still value India's contributions to Nepal's development. The current policies between India and Nepal often fail to address the real needs of border communities, primarily because they prioritize state-centric concerns such as national security, territorial integrity, and bilateral diplomacy over local development. While India has invested in various development projects in Nepal—such as roads, Integrated Check Posts (ICPs), and cross-border railways—these initiatives frequently overlook the nuanced impacts on local livelihoods. For instance, while roads and ICPs may improve connectivity and facilitate trade at a macro level, they can also disrupt traditional markets, marginalize informal traders, and restrict the free movement that border communities have historically relied on. Furthermore, these projects often lack community participation in planning and execution, resulting in development that is misaligned with local priorities. The brief mention of geopolitical tensions like the Kalapani and Susta disputes should be expanded, as these conflicts not only heighten diplomatic strain but also create real uncertainty for border residents, who may face restricted mobility, delayed infrastructure, or even the risk of displacement. Moreover, media coverage in both countries plays a significant role in shaping public perceptions of the border and its people—often portraying them as security threats or foreign agents rather than as communities with shared histories and socio-economic ties. For example, Indian media narratives around the Kalapani issue have at times depicted Nepali claims as politically

motivated, while Nepali outlets have framed Indian development efforts as attempts at soft dominance. These representations can fuel mistrust, exacerbate tensions, and lead to policies that are reactive and exclusionary rather than inclusive and developmental.

### **Economic and Trade Relations**

The economic interdependence between India and Nepal shapes mutual perceptions in important ways:

- **Trade and Investment:** India is Nepal's largest trading partner and a major source of foreign investment. Nepalese markets are heavily reliant on Indian goods, which create a perception of India as an indispensable economically. However, the trade imbalance, where Nepal imports significantly more than it exports to India, has sparked some concerns about economic dependency.
- **Remittances:** The large-scale migration of Nepalese workers to India and their contributions through remittances are appreciated by Nepalese families. Conversely, Indians often view Nepalese workers as hardworking and integral to certain sectors of the Indian economy.

### **Geographical Proximity and Open Borders**

The open border between the two countries is a unique feature of their relationship and shapes perceptions at a grassroots level:

- **Ease of Movement:** The visa-free movement of people fosters strong interpersonal relationships and allows for cultural and economic exchange. People from both sides of the border often

interact daily, which strengthens mutual understanding.

- **Border Challenges:** Despite the benefits, disputes over border demarcations, such as the Kalapani and Susta issues, have occasionally caused tensions. These incidents influence public opinion but are often managed diplomatically.

### **Political Relations and Public Opinion**

India's close involvement in Nepal's political transitions, such as during the peace process that ended Nepal's civil war and the drafting of its constitution, has elicited mixed reactions. While some see India as a supportive partner, others view it as an overbearing neighbor. On the Indian side, there is generally a positive perception of Nepal as a culturally rich, peaceful, and friendly neighbor. The historical contribution of Nepalese soldiers in the Indian Army (especially the Gorkha regiments) is widely respected and appreciated.

### **Review of Literature and hypothesis development**

The Indo-Nepal border has historically been a region of significant socio-economic, cultural, and political interaction. Scholars have extensively studied various aspects of this border, including trade, migration, cultural exchange, and governance challenges. Studies have highlighted the critical role of cross-border trade in enhancing economic interdependence between India and Nepal. According to Singh and Sharma (2019), informal trade across the Indo-Nepal border constitutes a significant portion of the

local economy, driven by the open border policy between the two nations. However, regulatory inconsistencies and infrastructural deficiencies hinder seamless trade operations (Adhikari, 2020). Research by Pandey (2021) emphasizes the potential of enhanced border infrastructure to boost bilateral trade and foster regional development. Socio-economic studies have shown that border communities often face unique challenges. Mishra (2018) notes that limited access to basic services such as healthcare, education, and employment opportunities exacerbates poverty in these regions. Furthermore, informal trade and seasonal migration serve as survival strategies for many households in border villages (Bhandari & Gupta, 2017). These studies underscore the need for targeted development policies aimed at improving living standards in border areas. The porous nature of the Indo-Nepal border facilitates significant cross-border migration, both seasonal and permanent. Dahal (2016) explores the impact of migration on the labor market in border regions, highlighting both opportunities for income generation and challenges such as labor exploitation and wage suppression. Sharma and Tamang (2020) argue that migration has led to a reshaping of social structures, particularly in terms of gender roles and remittance dependency.

The Indo-Nepal border is a zone of rich cultural and social interaction. Shared festivals, religious practices, and kinship ties have contributed to a sense of unity among border populations (Thapa, 2019). However,

studies by Joshi (2020) reveal that despite cultural similarities, disparities in political and economic conditions often lead to tensions in cross-border relationships. Effective governance of the Indo-Nepal border remains a complex issue. Scholars such as Kumar (2017) emphasize the importance of bilateral agreements in managing trade and migration flows. However, there are critiques of existing security policies, which are perceived as overly restrictive and detrimental to the livelihood of border communities (Mehta & Rai, 2018). The need for harmonized policies that balance security concerns with socio-economic development is a recurring theme in the literature. Environmental challenges, including floods, deforestation, and climate change, disproportionately impact border regions. A study by Koirala (2019) highlights the vulnerability of Indo-Nepal border communities to natural disasters and the lack of coordinated disaster management strategies. Additionally, geopolitical tensions have occasionally strained bilateral relations, affecting border dynamics and regional cooperation (Pradhan, 2020).

### Research Gap

Despite the wealth of literature on Indo-Nepal border issues, gaps remain in understanding the nuanced interconnections between socio-economic development, cultural integration, and policy frameworks. Few studies have employed a mixed-method approach to comprehensively examine the perspectives of local communities on trade, migration, and governance. This study aims to address these gaps by using questionnaire-based primary data

to explore the multifaceted dynamics of the Indo-Nepal border of Raxaul-Birgunj. The data was collected in 3 months and as its people were comfortable with the language so there was no language barrier. Total of 300 questionnaire was circulated among which 285 were collected among which 134 were authentic.

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***Hypothesis H<sub>1</sub>:*** *Bilateral agreements between India and Nepal have a significant impact on improving trade and migration flows across the border.*

Bilateral agreements between India and Nepal indeed play a critical role in shaping trade and migration flows. The two nations share a long-standing partnership due to their geographical proximity, cultural ties, and open-border policy.

### Trade Relations:

- **Major Trade Partner:** India is Nepal's



largest trade partner, accounting for approximately 64.1% of Nepal's total trade, equating to \$8.85 billion USD in the Indian fiscal year 2022-23. This includes \$8.015 billion USD in exports from India to Nepal and \$839.62 million USD in exports from Nepal to India. (MEA, India)

- **Trade Agreements:** The India-Nepal Trade and Transit Treaty facilitate duty-free access to certain goods and simplify customs procedures, enhancing bilateral trade. (Timalsina, S. K., 2023)

#### **Migration Dynamics:**

- **Open Border Policy:** The 1950 Treaty of Peace and Friendship allows citizens of both countries to travel and work across the border without visas, fostering significant migration flows. (MEA, India)
- **Labor Mobility:** The open border system has promoted trade, business, and cross-border migration, with many Nepalese seeking employment opportunities in India. (Adhikari, 2023)

Here are some keyways these agreements impact trade and migration:

#### **Impact on Trade**

1. **Preferential Access to Markets:** Agreements like the India-Nepal Trade and Transit Treaty facilitate duty-free access to certain goods and simplify customs procedures, boosting bilateral trade. (Embassy of India Kathmandu, Nepal 2025)
2. **Infrastructure Development:** Initiatives such as cross-border railways, integrated check posts (ICPs), and energy agreements (e.g., electricity trade) enhance connectivity and reduce logistical bottlenecks. (Economic Times)
3. **Economic Integration:** Collaborative frameworks promote sectors like agriculture, energy, and manufacturing, fostering regional economic integration. (MEA India)
4. **Addressing Non-Tariff Barriers (NTBs):** Agreements aim to resolve challenges related to quality standards, certification processes, and quotas, enabling smoother trade flows. (Embassy of India Kathmandu, Nepal 2025)

#### **Impact on Migration**

1. **Open Border Policy:** Citizens of both nations can freely cross the border without visas, facilitating the movement of labor, students, and families.
2. **Employment Opportunities:** Nepalese workers find opportunities in India across sectors like construction, domestic services, and hospitality, while Indian businesses benefit from a steady labor supply.
3. **Remittances:** Migrant workers contribute significantly to Nepal's economy through remittance inflows, which have a multiplier effect on local development.
4. **Cultural and Social Exchange:** Migration fosters deeper cultural ties,

contributing to mutual understanding and cooperation between the two populations.

**Hypothesis  $H_2$ :** *Security policies at the Indo-Nepal border are perceived as restrictive by local border communities, hindering cross-border interactions.*

Security policies at the Indo-Nepal border have, at times, been perceived as restrictive by local border communities, impacting cross-border interactions. Key observations include:

**Impact on Livelihoods:** During the COVID-19 pandemic, border closures severely affected individuals reliant on the open border for their livelihoods. Both Indian and Nepali workers faced challenges due to restricted movement, disrupting economic activities. (ISAS, 2021)

**Socio-Cultural Ties:** Communities residing along the Indo-Nepal border often share deep cultural and religious connections. Security measures that limit cross-border movement can strain these traditional bonds, affecting social structures and daily interactions. (Upreti, Y., 2021)

**Informal Trade:** The open border has historically facilitated informal trade, especially in agricultural commodities. While this trade supports local economies, increased security measures can disrupt these activities, leading to economic hardships for those dependent on such commerce. (IFRI, 2023)

These instances highlight the delicate balance between ensuring security and

preserving the socio-economic fabric of border communities. It's essential for policies to consider the unique needs and traditions of these populations to maintain harmony and mutual prosperity.

**Hypothesis  $H_3$ :** *Geopolitical tensions between India and Nepal adversely affect cross-border economic and social activities.*

Geopolitical tensions between India and Nepal have significantly disrupted cross-border economic and social activities. For instance, traders in border towns like Banbasa, India, report that approximately 80% of their business, which relies heavily on Nepalese customers, is under threat due to strained relations (Hindustan Times, June 24, 2020). Geopolitical tensions between India and Nepal have had a noticeable impact on cross-border economic and social activities.

These tensions often stem from political disagreements, territorial disputes, and shifts in foreign policy, which disrupt the traditionally close ties shared by communities on both sides of the border. One of the major impacts has been on trade. The border regions, which are hubs for small-scale trade and business, have faced significant economic losses during periods of strained relations. For instance, during the unofficial blockade of 2015, essential supplies such as fuel, medicine, and food items were severely disrupted in Nepal, leading to public hardship and resentment. Traders in Indian border towns like Banbasa have also reported a decline in business, with some estimates suggesting an 80% loss in economic activity

due to reduced footfall from Nepalese customers.

This demonstrates how localized economies reliant on cross-border trade are highly vulnerable to political conflicts. Social interactions between communities have also been affected. The open border between the two countries historically facilitated the movement of people for employment, education, healthcare, and cultural exchanges. However, tensions have led to increased scrutiny and sometimes restrictions, which hamper the seamless movement of individuals. This has not only affected livelihoods but also strained familial and cultural ties that span the border.

On a larger scale, Nepal's strategic shift towards diversifying its foreign relations, particularly by strengthening ties with China, has added complexity to its relationship with India. Initiatives like Nepal's involvement in China's Belt and Road Initiative indicate an effort to reduce economic dependence on India. While this move seeks to provide Nepal with alternative sources of investment and infrastructure development, it has heightened geopolitical competition in the region. These dynamics underscore how geopolitical tensions ripple through local economies and social structures, disrupting the symbiotic relationship that border communities have traditionally enjoyed.

Addressing these issues requires diplomatic efforts to restore trust and promote mutually beneficial policies that prioritize the well-being of border residents. Additionally,

Nepal's strategic pivot towards China for infrastructure investments, as evidenced by Prime Minister K.P. Sharma Oli's visit to Beijing seeking momentum for Belt and Road Initiative projects, underscores Kathmandu's efforts to lessen economic dependence on India (Reuters, 2024). These developments highlight how geopolitical frictions can adversely affect traditional economic partnerships and social interactions between neighboring nations.

### **Data Collection Procedure**

The data for this analysis was collected through a structured questionnaire administered to residents living in the border areas between Raxaul-Birgunj. The questionnaire aimed to capture a wide range of information, including demographic details, socio-economic conditions, cross-border activities, and perceptions of border dynamics. 300 respondents were selected using a stratified random sampling method to ensure representation across different communities and socio-economic groups in the region among which 134 were selected.

As the research was conducted in limited time frame of 90 days. The data collection process adhered to ethical research practices, ensuring confidentiality and voluntary participation. The insights derived from this dataset provide a comprehensive understanding of the lived experiences, challenges, and opportunities faced by residents in this unique geopolitical context.

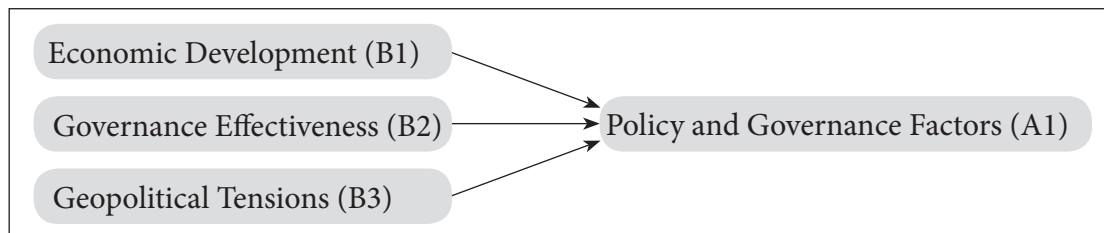
**Table 1***Variable description for measurement*

Name of variable	Symbols
Policy and Governance Factors	A1
Economic Development	B1
Governance Effectiveness	B2
Geopolitical Tensions	B3

Source: Author's self-compilation

The table 1 presents key variables used for measurement in the study, along with their corresponding symbols. Policy and Governance Factors are represented by A1, indicating their role in shaping workforce development, investment, and cross-border employment regulations. Economic

Development, denoted by B1, captures the financial and industrial growth influencing job creation and mobility. Governance Effectiveness, labeled as B2, reflects the efficiency and quality of institutional policies in managing cross-border employment and workforce-related issues. Lastly, Geopolitical Tensions, represented by B3, account for political and diplomatic challenges that may impact employment opportunities and workforce movement between India and Nepal. These variables serve as critical indicators for assessing the broader socio-economic and political dynamics influencing cross-border employment trends.

**Figure 1***Conceptual model***Dependent Variable:****Policy and Governance Factors (A1):**

Bilateral agreements, security policies, and border management.

**Independent Variables:**

- 1. Economic Development (B1):** Changes in regional GDP, investment opportunities, and local business growth.
- 2. Governance Effectiveness (B2):** Perception of policy effectiveness and security measures by border communities.
- 3. Geopolitical Tensions (B3):** Strain or

collaboration between India and Nepal affecting trade and security.

**Results and Discussions****Table 2***Respondents' number chosen from India and Nepal*

S. N.	Name of the country	Respondent's number	Percentage
1	India	75	56
2	Nepal	59	44
Total		134	100

Source: Author's field survey 2024-25

The table 2 provides a breakdown of the survey respondents based on their country of origin, with participants from both India and Nepal. Most of the respondents (56%) were from India, while 44% were from Nepal, indicating a relatively balanced representation from both countries. The total number of respondents surveyed was 134, ensuring a diverse perspective on cross-border employment and related issues.

### Respondent's Outline

**Table 3**

#### *Demography of Respondents*

Respondents	Number of responses	Percentage
<i>Gender</i>		
Male	98	73.1
Female	36	26.9
<i>Age group</i>		
>15	0	0
16-25	61	45.5
26-35	40	29.9
36-45	28	20.9
45<	5	3.7
<i>Occupation</i>		
Employed	64	47.8
Self-employed	2	1.5
Business	2	1.5
Labor		
Student	62	46.3
others	4	3
<i>Educational Qualification</i>		
Chartered accountant	Ac- 1	0.7
12 <sup>th</sup>	2	1.5
Graduation	31	23.1

While the distribution slightly favors Indian respondents, the significant representation from Nepal ensures that insights reflect the experiences and perceptions of individuals from both sides of the border. This balanced participation enhances the reliability of the findings regarding workforce mobility, job opportunities, and challenges faced in cross-border employment.

Post- graduation	94	70.1
PhD	6	4.5
<i>Residence</i>		
Village/ Town	73	54.5
District	61	45.5
<i>Income</i>		
>10000	39	29.1
10001-20000	21	15.7
2001-30000	11	8.2
30001-50000	20	14.9
50000<	43	32.1

Source: Author's compilation 2024-25

The demographic profile of the respondents reveals a diverse yet predominantly young and educated group. The majority of participants were male (73.1%), with females comprising 26.9%, indicating a gender imbalance in the survey. In terms of age distribution, nearly half (45.5%) were between 16-25 years old, followed by 29.9% in the 26-35 age group, while only a small percentage (3.7%) were above 45. This suggests that the survey primarily captured the perspectives of younger individuals. Occupation-wise, a significant proportion were employed (47.8%), while students also formed a large segment (46.3%), with only a few respondents



engaged in self-employment (1.5%) or business (1.5%). Educational qualifications highlight a well-educated sample, as 70.1% had completed post-graduation, 23.1% had a graduate degree, and a small percentage held a PhD (4.5%). The residence distribution was fairly balanced, with 54.5% from villages or towns and 45.5% from district-level areas. In terms of income, the highest proportion of respondents (32.1%) earned above 50,000, while 29.1% had an income below 10,000, showing a varied economic background. Overall, the survey sample represents a well-educated, predominantly young, and professionally active group, with significant representation from both rural and semi-urban areas.

**Table 4**

*Respondent's Perception on commonness of working across border*

Statements	Very common	Common
Very Common	45	33.6
Common	64	47.8
Uncommon	6	4.5
Rare	17	12.7
Never	2	1.5
Total	134	100

*Source: Author's field survey 2024-25*

The table 4 presents respondents' perceptions of the commonness of working across the India-Nepal border. A majority of respondents (47.8%) consider cross-border work to be "common," while 33.6% view it as "very common," indicating that most participants acknowledge the frequent movement of the workforce between the two countries. A smaller portion (4.5%) believes it is "uncommon," while 12.7% perceive it

as "rare," suggesting that some respondents see barriers or limitations to cross-border employment. Only 1.5% stated that working across the border "never" happens, implying that complete restrictions on workforce mobility are rare. The overall distribution of responses suggests that cross-border employment is generally an accepted and frequent practice, though some individuals may face challenges or perceive limitations in certain industries or regions.

**Table 5**

*Respondent's Perception on primary work type*

Statements	Frequency	Percentage
Agriculture	15	11.2
Manufacturing	11	8.2
Trade	27	20.1
Services	26	19.4
Business	32	23.9
Gig workers	9	6.7
Street vendors	9	6.7
Agriculture and business	1	0.7
All sectors	1	0.7
Labor	1	0.7
General worker	1	0.7

*Source: Author's field survey 2024-25*

The table 5 provides insights into the primary types of work respondents are engaged in across various sectors. The highest proportion of respondents (23.9%) identified business as their main occupation, followed closely by trade (20.1%) and services (19.4%), indicating a strong presence in commercial and service-oriented fields. Agriculture accounted for 11.2% of respondents, highlighting its continued significance, though it is not the dominant sector. Manufacturing work was reported by 8.2% of participants, while gig

workers and street vendors each made up 6.7%, reflecting the growing presence of informal and flexible employment. A very small percentage (0.7%) reported working across multiple sectors, including agriculture and business, general labor, or all sectors combined. The data suggests that while business, trade, and services dominate employment, a portion of the workforce is still engaged in agriculture and informal jobs, highlighting the diverse economic activities in the region.

The table 6 highlights the key challenges faced by individuals engaged in cross-border employment between India and Nepal. The most commonly reported issue is legal and documentation challenges (34.3%), indicating that visa, work permits, or regulatory requirements are significant barriers for workers. Discrimination was reported by 19.4% of respondents, suggesting that some workers face biases or unequal treatment in their workplaces. Language barriers were cited by 17.9%, showing that communication difficulties can hinder employment opportunities and workplace interactions.

**Table 7**

*Respondent's Perception on different aspects*

Statements		SA	A	N	DA	SDA	N	Mean
Government policies in India and Nepal facilitate workforce development and skill enhancement initiatives	F	15	62	48	8	1	134	26.8
	%	11.2	46.2	35.8	6	0.7	100	
	A%		57.4	35.8	6.7			
Indian investments in Nepalese industries promote workforce mobility and job creation within Nepal.	F	8	60	43	11	11	133	26.6
	%	6	45.1	32.3	8.3	8.3	100	
	A%		51.1	32.3	16.6			
The ease of obtaining work permits influences workforce mobility between India and Nepal	F	5	66	44	8	10	133	26.6
	%	3.8	49.6	33.1	6	7.5	100	
	A%		53.4	33.1	13.5			
Weighted average mean								26.67

*Source: Author's field survey 2024-25*

**Table 6**

*Challenges faced during cross border employment*

Statements	Frequency	Percentage
Legal/documentation issues	46	34.3
Discrimination	26	19.4
Language barriers	24	17.9
Poor working conditions	13	9.7
No significant challenges	25	18.7
Total	134	100

*Source: Author's field survey 2024-25*

Poor working conditions were noted by 9.7% of respondents, reflecting concerns about job safety, wages, or work environments. Interestingly, 18.7% of respondents stated that they face no significant challenges, implying that a portion of cross-border workers navigate employment smoothly without major obstacles. Overall, the findings indicate that while legal and documentation issues remain the most pressing concern, social and workplace challenges also play a significant role in shaping the experiences of cross-border workers.

The table 7 presents survey responses evaluating the impact of government policies, Indian investments, and work permit regulations on workforce development and mobility between India and Nepal. It categorizes responses into five levels: Strongly Agree (SA), Agree (A), Neutral (N), Disagree (DA), and Strongly Disagree (SDA), with frequency (F) and percentage (%) distributions for each. Additionally, the aggregated agreement percentage (A%) combines the SA and A responses to indicate overall agreement levels. The first statement, regarding government policies facilitating workforce development, Received the highest agreement (57.4%), with a mean of 26.8, suggesting a generally positive perception. The second statement, which assesses the role of Indian investments in job creation within Nepal, had a slightly lower agreement level (51.1%) and a mean of 26.6, indicating moderate support but also some uncertainty. The third statement, which evaluates the influence of work permit accessibility on workforce mobility, showed 53.4% agreement with a mean of 26.6, implying a similar level of consensus. Across all three statements, a significant portion of respondents (around 33-36%) remained neutral, indicating a lack of strong opinions or awareness about these issues. The overall weighted average means of 26.67 suggests a moderate level of agreement across all factors, with disagreement levels remaining relatively low (6.7% to 16.6%). This analysis highlights that while there is general agreement on these topics, a considerable number of respondents are either unsure or

indifferent about the impact of these policies and investments. Despite these positive impacts, challenges like trade imbalances, smuggling, and the exploitation of migrant labor persist. Strengthening institutional frameworks, improving dispute resolution mechanisms, and addressing infrastructural gaps could enhance the effectiveness of bilateral agreements.

### **Conclusion and Recommendations**

This study highlights the complex socio-economic, cultural, and governance dynamics of the Indo-Nepal border region. The open border has fostered economic interdependence, labor migration, and cultural integration, benefiting both nations (Singh & Sharma, 2019). However, challenges such as regulatory inconsistencies, infrastructural deficiencies, wage disparities, and environmental vulnerabilities persist, limiting the full potential of cross-border interactions (Adhikari, 2020). Geopolitical tensions and security policies have also been identified as significant barriers to seamless integration and economic cooperation (Mehta & Rai, 2018). Trade relations remain pivotal, with India being Nepal's largest trading partner and informal trade playing a significant role in Nepal's economy (Pandey, 2021). Labor migration, particularly Nepalese workers in India, contributes to remittances and economic sustenance (Dahal, 2016). However, labor rights issues and the absence of social security measures need urgent attention (Sharma & Tamang, 2020). Moreover, infrastructural gaps and inefficient governance frameworks hinder effective economic collaboration and development (Kumar, 2017). Security

policies, while necessary, have been perceived as restrictive, impacting livelihoods and traditional socio-cultural exchanges (Upreti, 2021). Additionally, geopolitical disputes occasionally disrupt economic activities and social cohesion in border communities (Pradhan, 2020). Addressing these concerns requires a balanced approach that integrates security with sustainable socio-economic policies.

This study reveals that despite various bilateral initiatives, current Indo-Nepal border policies fall short in addressing the lived realities of border communities. Development efforts, though substantial—such as infrastructure projects and cross-border facilities—often lack community consultation and do not fully account for the informal economies and transboundary social ties that shape local livelihoods. To translate policy into meaningful outcomes, specific and collaborative measures are needed. These include the establishment of Indo-Nepal joint administrative task forces to improve cross-border governance, the deployment of digital platforms for informal trade formalization, and the introduction of community-based grievance redress systems. Environmental interventions, such as targeted afforestation programs and disaster preparedness mechanisms, should be directly informed by survey findings, which highlighted vulnerability to seasonal flooding and land degradation. Acknowledging the study's limitations, including its confined geographic scope and relatively small

sample size, further research is necessary to generalize the findings and monitor long-term trends. Ultimately, fostering sustainable and inclusive borderland development requires a shift from state-centric approaches toward people-centered, evidence-based policymaking that reflects the cross-border interdependence of these communities. By implementing these recommendations, India and Nepal can maximize the benefits of their open-border policy while mitigating challenges. After conducting research in other Indo-Nepal border with more respondents we could gather more proper information and effective policies could be made by both countries for the betterment.

### **Acknowledgements**

We would like to express our deepest gratitude to Mahatma Gandhi Central University, Motihari (MGCUB), for providing us with the resources and support necessary to complete this research. We are also immensely grateful to the Indian Embassy for their invaluable assistance and guidance throughout this project by helping in framing of questionnaire. Special thanks to the Integrated Check Post (ICP) Raxaul and Birgunj Customs office for their cooperation and support, which were crucial for the successful completion of this research by helping in overcome language barrier, questionnaire distribution and data collection. We would like to extend our heartfelt thanks to the students and employees from Birgunj and Raxaul for their participation and contributions, without which this research would not have been possible.

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