



## **Trilateral Relation between Nepal, India and China**

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### **Abstract**

**Background:** Nepal lies in a highly strategic location between two major Asian powers, India and China. Because of its geography, historical relationships, and economic linkages with both neighbors, Nepal has always been an important point of interest in regional politics. In recent years, China's growing presence in South Asia and Nepal's long-standing close ties with India have made the idea of trilateral cooperation both relevant and complex.

**Methods:** This study uses a qualitative and descriptive approach based on secondary sources. Information has been gathered from books, journal articles, policy papers, treaties, and other scholarly works related to Nepal's foreign policy and its relations with India and China. A comparative and analytical method is applied to understand the political, economic, and strategic dimensions of these relationships.

**Results:** The findings show that there is strong potential for cooperation among Nepal, India, and China, especially in areas like trade, infrastructure development, hydropower, tourism, and regional connectivity. However, this potential is limited by ongoing border issues, strategic mistrust, and geopolitical competition between India and China. Nepal continues to follow a balancing foreign policy to maintain good relations with both neighbors while protecting its sovereignty and national interests. Among all sectors, economic cooperation appears to be the most practical and achievable area for trilateral engagement.

**Conclusion:** Trilateral cooperation among Nepal, India, and China can contribute to peace, stability, and economic development in the region. For this to happen, stronger political trust, regular dialogue, and mutual respect are necessary. Nepal's balanced diplomatic approach is essential in maintaining stability in this sensitive regional environment.

**Novelty:** This study brings together geopolitical, economic, and security perspectives to provide a clear understanding of Nepal's role as a bridge between India and China, highlighting both opportunities and challenges in trilateral relations.



**Keywords:** Foreign policy, trilateral relationship, foreign aid, diplomatic relationship, security concern, India factor

## **1 Introduction**

Nepal is a landlocked country in South Asia located between two major emerging powers, India to the south, east, and west, and China to the north. Despite its limited geographic size and economic capacity, Nepal holds significant geopolitical and geo-economic importance due to its strategic location in the Himalayas, serving historically as a bridge between South and East Asia (Adhikari, 2019; Whelpton, 2005).

Historically, Nepal has maintained multidimensional relations with its neighbors through trade, cultural exchange, religious linkages, and political interaction. The country's foreign relations have been deeply influenced by geography, power asymmetry, and regional strategic competition. In the contemporary international system, the rise of India and China as global and regional powers has further amplified Nepal's strategic relevance. While both countries share strong economic cooperation, their bilateral relationship is also characterized by strategic rivalry, unresolved border disputes, and competing regional ambitions, which significantly shape South Asian geopolitics (Pant, 2017; Shukla, 2020).

Over the past few decades, India and China have emerged as major development partners of Nepal, contributing to infrastructure development, trade, investment, hydropower, tourism, migration governance, and regional connectivity. China's Belt and Road Initiative (BRI) and India's Neighborhood First Policy have further deepened Nepal's position as a transit and connectivity hub between two major Asian economic centers (Bhattarai, 2021; Iyer, 2018).

Nepal's foreign policy has evolved continuously in response to changing domestic, regional, and global dynamics. Following its unification in 1768, Nepal initially pursued territorial expansion. However, after the Anglo-Nepal War (1814–1816), it gradually shifted toward a small-state survival strategy focused on sovereignty protection and diplomatic balancing. In the modern period, Nepal's foreign policy has been guided by the principles of non-alignment, peaceful coexistence, neutrality, and balanced engagement with neighboring powers (Khanal, 2016; Uprety, 2011).

The guiding principles of Nepal's foreign policy emphasize mutual respect for sovereignty, non-interference in internal affairs, sovereign equality, peaceful settlement of disputes, and cooperation for mutual benefit, alongside a firm commitment to the United Nations Charter and international peace. These principles reflect Nepal's long-standing effort to maintain strategic autonomy while navigating asymmetrical relations with powerful neighbors (Constitution of Nepal, 2015).

Security and strategic considerations also play a central role in Nepal's foreign relations. India considers Nepal an important part of its regional security and economic integration framework, while China prioritizes border stability and concerns related to Tibet. Consequently, Nepal often finds itself in a delicate balancing position between competing strategic interests. Despite



these challenges, Nepal has consistently pursued a policy of equidistance and balanced diplomacy to avoid alignment with any military or political bloc.

Border issues, particularly the Kalapani–Lipulekh–Limpiyadhura dispute with India, remain a sensitive aspect of bilateral relations. Such issues require sustained diplomatic engagement, evidence-based negotiation, and mutual political trust. At the same time, Nepal’s increasing geopolitical relevance in South Asia underscores the importance of pragmatic, interest-based, and stable foreign policy behavior.

In the evolving regional context, Nepal has significant opportunities to enhance economic development through improved connectivity, regional integration, and trilateral cooperation among Nepal, India, and China. By leveraging its strategic geographic position, Nepal can transform geopolitical constraints into opportunities for sustainable development. Strengthening diplomatic institutions, ensuring policy continuity, and building national consensus on foreign policy issues are essential for safeguarding sovereignty and promoting long-term prosperity (Acharya, 2026).

## **1.1 Research objective**

### **General Objective**

The general objective of this study is to analyze the foreign relations, foreign policy orientations, and economic interactions among Nepal, India, and China, with special emphasis on their trilateral relations.

### **Specific Objectives**

The specific objectives of the study are as follows:

- To explore the nature of foreign relations between Nepal, India, and China
- To conduct a brief analysis of the foreign policy approaches of Nepal, India, and China
- To examine the economic relations among Nepal, India, and China
- To analyze the dynamics and significance of trilateral relations between Nepal, India, and China

## **1.2 Research methodology**

This study employs a qualitative analytical research design to examine the evolving dynamics of Nepal–India–China trilateral relations and their implications for Nepal’s national security, foreign policy, and economic development. The research is guided by a geopolitical analytical framework that draws upon concepts of strategic balancing, interdependence, and regional security. More specifically, the study utilizes qualitative comparative analysis (QCA) to identify patterns of cooperation, competition, and conflict in Nepal’s bilateral relations with India and China and to assess how these patterns influence the prospects for trilateral engagement. The analysis is informed by geopolitical theories, particularly Nicholas Spykman’s Rimland perspective and contemporary small-state foreign policy approaches, which help explain Nepal’s strategic behavior as a landlocked state situated between two major powers.

The study primarily adopts a deductive approach, whereby theoretical insights derived from existing literature are used to analyze empirical developments in Nepal’s relations with India



and China. The research covers the period from 2006 to 2026, a timeframe selected because it encompasses Nepal's post-conflict political transition, the abolition of monarchy, the promulgation of the Constitution of Nepal (2015), China's Belt and Road Initiative (BRI), evolving India–China strategic competition, and recent developments in regional connectivity and security cooperation.

Both primary and secondary sources of information are utilized. Primary sources include official government documents, foreign policy statements, bilateral agreements, joint communiqués, policy papers, security strategies, and reports issued by Nepalese, Indian, and Chinese government agencies. Secondary sources comprise peer-reviewed journal articles, books, policy briefs, think-tank publications, academic theses, newspaper reports, and publications from international organizations. Particular emphasis is placed on scholarly literature related to geopolitics, national security, regional cooperation, border management, and Nepal's foreign policy.

Data are analyzed through thematic content analysis, which allows for the identification of recurring themes such as geopolitical rivalry, economic interdependence, connectivity initiatives, border security, strategic autonomy, and regional cooperation. By triangulating information from multiple sources, the study seeks to enhance the validity and reliability of its findings. Although every effort has been made to maintain objectivity, the study acknowledges the inherent limitations of qualitative research, including reliance on available documentary evidence and the possibility of interpretive bias. Nevertheless, the adopted methodology provides a comprehensive framework for understanding the opportunities, challenges, and future prospects of Nepal–India–China trilateral relations within the broader context of Nepal's national security and geopolitical environment.

### **1.3 Conceptual Framework**

Trilateralism is generally defined as the practice of engaging in three party relations, agreement or negotiations. there are very few examples of present-day international system. How ever the trend become popular during cold war period (1945-1989). (pokhrel, 2074)

The interaction and interdependence among Nepal, India, and China within a shared geopolitical space. It is characterized by Economic cooperation (trade, infrastructure, energy, connectivity), Strategic interaction (security concerns, border issues, regional influence) Diplomatic engagement (bilateral and multilateral dialogue mechanisms) In this framework, trilateralism is not fully institutionalized but remains emerging and conceptual, shaped by both cooperation and competition among the three states.

Trilateralism partnership issues between Nepal, India and china is trade, economy and security. Nepal's always wants to balance relation between two neighbor's but Nepal's relation is more concern with India because open boarder, easy access activities and marriage relation. Nowadays China is greater invest mentor of Nepal .

The government of Nepal articulate the idea of trilateralism several times. After the independence of India in 1947 it's roles is more powerful that of China. In panchayat system late king Mahendra started to develop a relationship of equidistance with both neighbor's which



was labeled China card in Nepal. Past king Gyanendra wants make China become member of SAARC because minimizing power of India in SAARC .

According to Nepali Diplomat Ramesh Nath Pandey strong attachment and hard detachment between China and India is dangerous for us . The African proverb says " When two elephants fight it is the grass which gets trampled" The statement applied to the present context of Nepal, China and India relationship. The best example is Lipulekh trade agreement between China and India.

The conceptual framework of this study is built around the geopolitical and geo-economic positioning of Nepal between two major regional powers, India and China. It explains how Nepal's foreign policy behavior is shaped by trilateral dynamics, balancing strategy, and equidistance approach in managing its external relations.

The trilateral relationship is influenced by the following key drivers:India–China strategic rivalry, border disputes and security sensitivities infrastructure competition (roads, railways, connectivity corridors), foreign aid and development assistance from India and China, regional initiatives such as BRI and Indian connectivity policies. these factors create both opportunities and constraints for Nepal's foreign policy.

This framework shows that Nepal's foreign policy is not independent but structurally constrained by its geographic position between two major powers. The presence of India–China rivalry shapes the overall trilateral environment, while Nepal attempts to manage this through balancing and equidistance strategies. The effectiveness of these strategies determines the extent of cooperation, economic benefit, and diplomatic stability achieved in the Nepal–India–China relationship.

## **2. Literature review**

The existing literature on Nepal–India–China trilateral relations highlights that the Himalayan region is one of the most sensitive geopolitical spaces in South Asia due to overlapping strategic interests, historical ties, and economic interdependence. Scholars consistently argue that Nepal's geographic position between two major powers creates both opportunities for cooperation and challenges arising from regional competition. ( Baral 2019) emphasizes that while India and China are both rising global powers, their rivalry and unresolved strategic differences shape the environment in which Nepal must operate. He further argues that Nepal, despite being a small landlocked country, occupies a strategically significant position, and its stability is essential for maintaining balance between the two neighbors. China–India competition in South Asia has transformed the regional geopolitical landscape, particularly through infrastructure investment and competing connectivity initiatives such as India's Neighborhood First policy and China's Belt and Road Initiative (BRI) . (Barik and Laishram 2024)

Another major theme in the literature is the tension between cooperation and competition in trilateral engagement. (Sharma and Chhetri 2022) argue that Nepal–China relations under the BRI framework reflect both development opportunities and geopolitical uncertainties. They



highlight that while infrastructure cooperation under BRI aims to enhance connectivity and economic growth, it also raises concerns about debt, dependency, and strategic balancing with India. In a similar vein, (Chand 2021) emphasizes that Nepal's foreign policy is increasingly influenced by multiple external actors including China, India, and even the United States, making Nepalese geopolitics highly complex and sensitive to external pressures.

A key finding across the literature is that trilateral cooperation between Nepal, India, and China remains more conceptual than practical. While scholars acknowledge strong potential in trade, tourism, hydropower, and connectivity, they also stress that political mistrust between India and China limits institutionalized cooperation. (Baral 2019) highlights that despite cultural and geographic proximity, India and China continue to compete for influence in Nepal, especially through infrastructure diplomacy and development assistance. This competition is further intensified by broader regional disputes, including border issues and security concerns, which reduce the possibility of a stable trilateral framework.

Another important dimension in the literature is Nepal's role as a bridge state. Several studies argue that Nepal can function as a transit hub linking the Indian and Chinese economies if political conditions allow. The concept of Nepal as a "connectivity bridge" is widely discussed in academic works, where hydropower energy trade, road and rail connectivity, and tourism development are identified as key areas of trilateral cooperation. However, (Barik and Laishram 2024) caution that although Chinese investment in Nepal is growing, overall investment trends fluctuate due to geopolitical competition and policy uncertainty.

Security concerns also form a central part of the literature. India and China both view Nepal through strategic lenses, particularly in relation to border security and regional influence. China's concerns over Tibet and India's concerns over strategic encirclement shape their respective policies toward Nepal. Studies indicate that Nepal's open border with India and its sensitive northern border with China make it a critical buffer zone in South Asian geopolitics (Baral, 2021; Imran, 2021). This has led both countries to prioritize stability in Nepal, although their methods of engagement differ significantly, with India relying more on historical-security frameworks and China emphasizing infrastructure-led strategic engagement (Timalsina, 2026). The literature also highlights the differences in development assistance patterns between India and China. Chinese aid is generally described as highly visible, infrastructure-oriented, and strategically focused, while Indian aid is characterized by long-standing development cooperation with strong socio-cultural linkages (Pant, 2017). These differences influence public perception in Nepal and contribute to varying narratives about dependency, influence, and national interest (Bhattarai, 2020). However, both forms of assistance remain essential for Nepal's infrastructure development and economic growth, particularly in transport connectivity, energy, and human resource development.

Furthermore, research shows that India–China relations themselves are marked by both cooperation and rivalry. While the two countries engage in trade and multilateral cooperation on issues such as climate change and global governance, they also face serious disputes, including border conflicts and competition for regional influence (Garver, 2016; Pant & Joshi,



2017). These dynamics directly affect Nepal, as its foreign policy space is shaped by the broader India–China strategic environment.

The literature suggests that Nepal–India–China trilateral relations are characterized by high potential but low institutionalization (Baral, 2021). Economic complementarities exist, particularly in energy, connectivity, and trade, but geopolitical mistrust and strategic competition limit deeper integration. Nepal’s role as a balancing state remains central, requiring careful diplomatic management to maintain sovereignty while maximizing development opportunities (Adhikari, 2019). This review highlights the need for further research on practical mechanisms that can transform theoretical trilateral cooperation into functional regional collaboration.

### **3. Analysis and discussion**

#### **3.1 Nepal-India Relations**

##### **3.1.1 Political relations**

Nepal and India share one of the most enduring and multifaceted bilateral relationships in South Asia, shaped by geography, history, culture, economics, and deep-rooted people-to-people connections. The two countries are bound by an open border and centuries of social and cultural interaction, which has created a unique form of regional interdependence. Despite this strong foundation, the relationship has often experienced fluctuations, with periods of close cooperation alternating with political disagreements and diplomatic tensions. (Muni & Baral, 2018).

At the societal level, Nepal–India relations remain exceptionally strong and stable. The open border facilitates unrestricted movement of people, goods, and services, allowing families and communities across both countries to maintain close ties. Cross-border marriages, shared religious practices, linguistic similarities, and cultural exchanges have further strengthened these bonds, making people-to-people relations the most resilient dimension of bilateral ties (Thapliyal, 2019).

In contrast, government-to-government relations have frequently experienced ups and downs due to political, strategic, and economic factors. A central reference point in contemporary relations is the 1950 Treaty of Peace and Friendship, which continues to influence diplomatic discourse. While the treaty institutionalized close cooperation, it has also been widely debated in Nepal as asymmetrical and requiring revision in light of changing geopolitical realities (Baral, 2019).

Beyond this treaty, several other bilateral agreements have shaped Nepal–India relations. The Koshi Agreement (1954), Gandak Agreement (1959), and Mahakali Treaty (1996) represent key frameworks for cooperation in water resource management, irrigation, and hydropower development. In recent years, additional agreements such as energy trade arrangements and hydropower projects like Arun III have expanded economic collaboration, reflecting growing interdependence in infrastructure, energy security, and regional connectivity (Pandey, 2020).



Historically, Nepal–India relations have evolved through several distinct political phases. In the early 1950s, India played a significant role in Nepal’s political transformation following the end of the Rana regime. However, this close engagement also generated concerns in Nepal regarding sovereignty and external influence. During King Mahendra’s reign, Nepal pursued a more independent foreign policy and diversification strategy, which created periodic tensions between the two countries. (Muni & Baral, 2018)

Under King Birendra, relations experienced both cooperation and strain. While economic and cultural engagement continued, disputes emerged over Nepal’s “Zone of Peace” proposal and other strategic issues. The 1989 economic blockade imposed by India marked a critical turning point, significantly affecting Nepal’s economy and shaping public perceptions of India (Jaiswal, 2014). However, India also supported Nepal’s democratic transition in 1990, highlighting the cyclical nature of cooperation and tension.

During King Gyanendra’s rule, relations again became strained due to political instability and concerns over democratic backsliding. India’s engagement with Nepal’s political actors contributed to the 12-point agreement, which ultimately facilitated the 2006 democratic movement and reshaped Nepal’s political system (Baral, 2019).

Following the establishment of the federal democratic republic, Nepal–India relations entered a more complex phase characterized by political instability and fluctuating trust. The promulgation of Nepal’s 2015 constitution marked a significant turning point, accompanied by protests from Madhesh-based groups and diplomatic concerns from India regarding inclusivity (Sharma, 2016). The subsequent border disruptions further strained relations, although humanitarian cooperation during the 2015 earthquake demonstrated resilience and mutual dependence.

In the following years, diplomatic engagement through high-level visits and development cooperation helped normalize relations. Infrastructure development, hydropower cooperation, trade facilitation, and connectivity projects have become central pillars of bilateral engagement. India remains a major development partner in Nepal’s energy and infrastructure sectors, while Nepal continues to pursue a balanced foreign policy approach involving both India and China (Whelpton, 2017).

Despite recurring challenges, Nepal–India relations are gradually moving toward greater stability and pragmatic cooperation. Both countries have emphasized mutual respect, sovereign equality, and non-interference, particularly in economic and development cooperation. Strengthening institutional dialogue and addressing outstanding issues through diplomatic channels remain essential for long-term stability.

Overall, Nepal–India relations represent a complex but deeply interconnected partnership shaped by history, geography, and shared interests. While political disagreements are inevitable, structural interdependence ensures continued engagement. The future of bilateral relations will depend on sustained trust, sensitivity to domestic concerns, and a shared commitment to regional peace, development, and connectivity.

Following the promulgation of Nepal’s new constitution on September 20, 2015, Nepal–India relations entered a particularly sensitive and complex phase. India expressed special diplomatic



interest in the evolving political developments in Nepal and responded by sending its Special Envoy, S. Jaishankar, who engaged in extensive consultations with key Nepali political actors. These included President Dr. Ram Baran Yadav, Prime Minister Sushil Koirala, leaders of major political parties such as CPN (UML) Chairman KP Sharma Oli and Unified CPN (Maoist Centre) Chairman Pushpa Kamal Dahal, as well as representatives of Madhesh-based political parties and Tharu lawmakers who were expressing dissatisfaction with certain provisions of the constitution. While India emphasized the need for broader inclusivity and consensus, Nepal maintained that the constitution was a sovereign domestic achievement adopted by its Constituent Assembly and proceeded with its promulgation despite external concerns. (Jaiswal, 2017)

In the immediate aftermath of the constitution's adoption, protests and political unrest emerged in Nepal's southern Terai region. These movements were primarily driven by disagreements over federal restructuring, provincial boundaries, political representation, and citizenship-related provisions. The situation created significant political instability and deepened divisions among different political groups within the country. During this period, disruptions in cross-border trade and supply routes occurred, which severely affected Nepal's economy and access to essential goods. Nepal characterized these disruptions as an "undeclared blockade," while the Indian side attributed them to security concerns and instability along the border areas. Regardless of differing narratives, the episode had a lasting impact on public perception and bilateral relations.

The issue of economic blockade is not new in Nepal-India relations. A similar situation had occurred during the late Panchayat period, particularly on Chaitra 3, 2045 BS, when restrictions on supplies had significantly affected Nepal's economy. These historical experiences have contributed to a sensitive political memory within Nepal regarding border disruptions and economic dependence.

Despite periodic tensions, India has historically played a significant role in major political transformations in Nepal. During the anti-Rana movement of the early 1950s, the Nepali Congress launched its democratic struggle from Indian soil with support from political networks based in India. King Tribhuvan also sought asylum at the Indian Embassy during the final phase of the Rana regime, an event that ultimately facilitated the end of the Rana system and the establishment of democracy in 1951. This period marked the beginning of a close and strategically significant relationship between the two countries.

During the Panchayat era (1960-1990), Nepal's opposition political parties, including both the Nepali Congress and communist groups, operated largely from exile, with India serving as a key base for political organization and mobilization. This period witnessed fluctuating relations as Nepal attempted to assert greater foreign policy independence while India continued to maintain strong strategic interest in Nepal's political stability. India also played an important role in the democratic movement of 1990, which resulted in the restoration of multiparty democracy in Nepal. (Dharmadasani, 1997)

Similarly, during the Maoist insurgency period (1996-2006), India again became indirectly involved in Nepal's political transition. Several rounds of dialogue and political coordination



involving Nepalese actors took place in India. A significant milestone was the 12-point agreement between the Seven Party Alliance and the Maoists, which was signed in New Delhi with India's facilitation. This agreement laid the foundation for the peace process and the subsequent political transformation of Nepal into a federal democratic republic.

In all these historical phases, India has remained a consistent external actor in Nepal's political evolution, whether through direct diplomatic engagement, mediation, or hosting political negotiations. While these interactions have contributed to democratic transitions and peacebuilding, they have also generated debates within Nepal regarding sovereignty, independence, and external influence.

Overall, Nepal–India relations continue to be shaped by a combination of deep historical ties, geographic proximity, political interdependence, and occasional strategic disagreements. The post-constitution period of 2015 highlighted both the fragility and resilience of this relationship. Moving forward, sustained dialogue, mutual respect, and sensitivity to each other's domestic political realities remain essential for ensuring stable and constructive bilateral relations.

After the Gen Z movement, Nepal–India relations have entered a renewed phase characterized by cautious engagement, political recalibration, and efforts to rebuild trust while maintaining long-standing interdependence. The movement, which reflected strong youth-driven demands for governance reform, transparency, and accountability in Nepal's political system, also indirectly influenced the broader diplomatic environment between Nepal and its neighbors, particularly India. As Nepal's domestic political landscape experienced generational shifts and increasing public pressure for institutional change, India's approach toward Nepal has also shown signs of pragmatic adjustment.

In the post-Gen Z movement context, Nepal–India relations continue to be shaped by deep structural linkages such as geography, open borders, cultural affinity, and economic interdependence. The open border system remains a central pillar of bilateral relations, facilitating continuous movement of people, trade, labor migration, and family connections. Despite political fluctuations, people-to-people relations have remained stable and continue to serve as the strongest foundation of bilateral ties.

At the governmental level, both countries have shown interest in stabilizing relations through diplomatic dialogue and institutional mechanisms. High-level visits, joint commissions, and sectoral cooperation meetings have been emphasized to ensure continuity in economic, energy, and infrastructure cooperation. India remains one of Nepal's most important development partners, particularly in areas such as hydropower generation, cross-border transmission lines, road connectivity, and disaster response. Similarly, Nepal continues to benefit from remittances, labor migration opportunities, and access to the Indian market.

Following the Gen Z movement, Nepal's political leadership has increasingly focused on governance reforms, anti-corruption measures, and strengthening public institutions. This internal transformation has also influenced Nepal's foreign policy orientation, with greater emphasis on balanced diplomacy, sovereign decision-making, and diversified international partnerships. India, in response, has maintained a policy of engagement and stability,



recognizing Nepal's internal political evolution and the importance of maintaining close bilateral relations.

However, certain traditional sensitivities continue to shape the relationship. Issues related to border management, trade logistics, water resource sharing, and treaty interpretation remain areas requiring continuous dialogue. The open-border system, while beneficial, also presents challenges related to security coordination and regulatory harmonization. Both countries have acknowledged the need to address these issues through mutual consultation and institutional cooperation.

In the economic sphere, Nepal–India relations remain robust and expanding. Trade between the two countries continues to grow, with India being Nepal's largest trading partner. Energy cooperation has also emerged as a key pillar of bilateral relations, with increasing electricity trade and cross-border transmission projects contributing to regional energy integration. Infrastructure connectivity initiatives, including roads, railways, and integrated check posts, further strengthen economic linkages.

Diplomatically, the post-Gen Z period reflects a more cautious but constructive engagement between the two countries. Both sides appear aware of the importance of maintaining stability in bilateral relations, given their geographical proximity and shared interests in regional peace and development. While occasional political disagreements may arise, the overall trend indicates a preference for dialogue, cooperation, and incremental trust-building.

Nepal–India relations after the Gen Z movement can be characterized as a phase of renewal and adjustment. While domestic political transformation in Nepal has influenced diplomatic dynamics, the fundamental pillars of the relationship—geography, economics, culture, and security—remain unchanged. Moving forward, sustained dialogue, respect for sovereignty, and mutual sensitivity will be essential for strengthening bilateral ties and ensuring long-term stability in South Asia.

### **3.1.2 Economic relation**

India has been one of Nepal's key development partners, providing extensive financial, technical, and humanitarian assistance across multiple sectors such as infrastructure, health, education, transportation, and institutional capacity building. Over the decades, Indian support has contributed significantly to Nepal's modernization and connectivity, particularly in strengthening physical infrastructure and improving access to essential public services.

One of the most notable areas of Indian assistance has been transport infrastructure development. The construction of the Tribhuvan Highway, Nepal's first major highway connecting Kathmandu with the Indian border, marked a milestone in bilateral cooperation and laid the foundation for modern road connectivity in Nepal. Similarly, the Siddhartha Highway and Mahendra Highway (East–West Highway) have also received substantial support, including the construction of bridges and maintenance assistance, which has greatly enhanced internal mobility and trade connectivity within Nepal.

In addition to highways, India has also supported the development of dry ports to facilitate trade and cross-border logistics. The Birgunj Dry Port is a significant example, playing a crucial role in Nepal's import and export activities. Similarly, the Nepalgunj Dry Port, currently under



development, reflects ongoing cooperation aimed at improving trade infrastructure and reducing logistical bottlenecks in landlocked Nepal.

The health sector is another important area of Indian assistance. Institutions such as Bir Hospital, Kathmandu Trauma Center, and the Nepal–India Maitri Eye Hospital have benefited from support in infrastructure development, equipment supply, and capacity enhancement. These contributions have helped improve access to specialized healthcare services for Nepali citizens, particularly in emergency care and ophthalmology.

India has also supported educational and training institutions in Nepal. The establishment of the BP Koirala Institute of Health Sciences in Dharan is one of the most prominent examples of Indo–Nepal cooperation in medical education and research. Similarly, Manmohan Polytechnic Institute and other technical training initiatives have contributed to skill development and human resource enhancement in Nepal.

In the field of security and governance, India has provided assistance for institutional strengthening, including support for the National Police Academy and capacity-building programs for law enforcement agencies. Such cooperation has aimed at enhancing professional training and improving public security management in Nepal.

India has also contributed to social welfare and cultural cooperation programs. Initiatives such as the Bhupu Gorkha Kalyankari Project reflect support for welfare programs related to retired Gurkha soldiers and their families, highlighting the long-standing military and cultural ties between the two countries. Additionally, the BP Koirala India–Nepal Foundation, established in 1992, has played an important role in promoting cultural exchange, academic collaboration, and people-to-people diplomacy.

Overall, Indian aid and development cooperation in Nepal cover a wide spectrum of sectors, ranging from large-scale infrastructure projects to social development initiatives. These contributions have played a significant role in Nepal’s economic development, regional connectivity, and institutional strengthening. At the same time, such assistance has also shaped the broader framework of Nepal–India relations, reinforcing interdependence while occasionally raising discussions on sovereignty, dependency, and development priorities.

### **3.2 Nepal- China relation**

#### **3.2.1 Political relations**

Nepal and China share a long-standing historical, cultural, and diplomatic relationship that is often described as friendly, peaceful, and based on mutual respect for sovereignty and territorial integrity. The roots of Nepal–China relations can be traced back to ancient times through cultural and religious exchanges. One of the earliest symbolic connections is the marriage of Nepali Princess Bhrikuti with the Tibetan Emperor Songtsen Gampo in the 7th century, which is widely regarded as an early bridge of cultural diplomacy between Nepal and Tibet. Similarly, the visit of Nepali architect and craftsman Araniko to China in the 13th century further strengthened artistic and cultural exchanges between the two civilizations. ( China embassy 2024)

In the modern period, Nepal and China formally established diplomatic relations on August 1, 1955. Since then, both countries have maintained cordial relations based on the principles of



peaceful coexistence, non-interference in internal affairs, and mutual respect. Nepal has consistently upheld the “One China Policy,” recognizing Tibet and Taiwan as integral parts of China. In return, China has expressed respect for Nepal’s sovereignty and has generally refrained from involvement in Nepal’s internal political affairs.(MOFA,2024)

Historically, Nepal–China relations have also been influenced by regional geopolitical dynamics, particularly Nepal’s sensitive position between India and China. During different political periods, Nepal has at times strengthened relations with China when domestic or regional political pressures increased. Monarchs such as King Mahendra, King Birendra, and King Gyanendra, as well as political actors during different transitions, have engaged more actively with China to diversify Nepal’s foreign relations and reduce overdependence on any single neighbor. In response, China has maintained a cautious and pragmatic approach, strengthening relations without directly challenging India’s dominant influence in Nepal.

Several historical treaties and agreements have shaped Nepal–China relations, particularly in relation to border management and diplomatic cooperation. Border agreements and protocols signed in the 1960s helped formalize boundary demarcation and reduce the possibility of territorial disputes. These agreements contributed to long-term stability along the Nepal–China border, which is generally considered peaceful compared to many other international borders in the region.

China’s foreign policy toward Nepal has largely focused on stability, security, and gradual engagement. Chinese leaders have historically viewed Nepal’s monarchy as a stable institutional partner, particularly during periods when democratic politics in Nepal were closely aligned with India. At the same time, China has also developed strong relations with political parties in the post-1990 democratic era, reflecting a flexible and adaptive diplomatic approach. This shift has allowed China to engage with Nepal’s evolving political system while maintaining continuity in bilateral relations. (Subedi, 2016)

Nepal, on its part, has consistently pursued a balanced foreign policy approach, seeking to maintain friendly relations with both India and China. This balancing strategy is driven by Nepal’s geographical reality and strategic location between two major powers. In this context, Nepal–China relations are viewed as an essential component of Nepal’s broader foreign policy, particularly in areas such as infrastructure development, trade, energy cooperation, and connectivity under initiatives such as the Belt and Road Initiative (BRI).(Dahal,2016)

Nepal–China relations are characterized by historical depth, political stability, and mutual strategic interests. While influenced by broader regional geopolitics, the relationship has remained largely cooperative and stable over time. Both countries continue to emphasize non-interference, peaceful coexistence, and mutual benefit, making Nepal–China relations an important pillar of South Asian regional diplomacy.

During the reign of King Gyanendra (2001–2008), Nepal–China relations developed within a broader context of political instability in Nepal and shifting regional geopolitics in South Asia. China adopted a policy of cautious engagement and non-interference, consistently characterizing Nepal’s internal political developments—including the royal takeover of February 2005—as internal matters of Nepal. From Beijing’s perspective, both the 1990



People's Movement and the 2006 democratic movement were also considered domestic political processes in which external involvement was to be avoided. (Dahal, 2016)

During this period, China maintained a generally favorable position toward the monarchy, viewing it as a relatively stable institution capable of ensuring continuity and order in Nepal's political system. At the same time, China avoided direct political alignment with any party-based democratic forces, which were often perceived in Chinese strategic thinking as being closer to Indian political influence. Similarly, China did not extend political support to the Maoist insurgency, instead describing the Maoist movement as an "anti-government" armed group and avoiding ideological association with Nepal's communist factions.

In terms of security cooperation, China's assistance to Nepal during this period was more visible compared to several Western countries and India, particularly after 2005, when some external actors reduced or suspended military support to the Nepali state. China's cooperation was largely framed within the context of strengthening Nepal's sovereignty, stability, and institutional capacity to manage internal conflict.

In return, Nepal under King Gyanendra demonstrated a more visible tilt toward strengthening relations with China. One of the notable diplomatic gestures during this period was Nepal's support for China's bid for Observer Status at the South Asian Association for Regional Cooperation (SAARC), particularly during the 13th SAARC Summit. Nepal's position in regional diplomacy was closely observed by neighboring countries, especially India, given the strategic sensitivity of SAARC and its membership dynamics. It is also noted that Nepal's diplomatic positioning during this time reflected an attempt to diversify foreign relations and balance its strategic dependency.

However, Nepal's foreign policy orientation during King Gyanendra's direct rule also generated significant regional diplomatic tensions. India, along with several Western countries, expressed concerns over the suspension of democratic governance in Nepal and the consolidation of royal authority. These differences contributed to strained diplomatic relations between Nepal and some external partners, while China maintained a comparatively stable and non-confrontational approach.

The period is often analyzed in academic literature as an example of Nepal's strategic balancing behavior between two major regional powers, India and China. While China emphasized stability and non-interference, Nepal attempted to leverage its relationship with Beijing to broaden its diplomatic space during a time of domestic political isolation and external pressure. Nepal-China relations during King Gyanendra's rule were characterized by pragmatic cooperation, political non-interference, and strategic engagement within a highly unstable domestic environment in Nepal. China's approach remained consistent with its broader foreign policy principles, while Nepal's engagement reflected its effort to diversify foreign relations and maintain strategic autonomy in a complex regional geopolitical setting.

After Nepal transitioned into a federal democratic republic in 2008, Nepal-China relations entered a new phase characterized by greater political engagement, expanded economic cooperation, and more direct diplomatic outreach. This period also reflected China's adaptive



foreign policy strategy in response to Nepal's changing domestic political structure, particularly the rise of republicanism and the increasing influence of political parties.

In the initial phase of Nepal's republic transition, China faced a strategic dilemma regarding its engagement in Nepal. On one hand, traditional democratic parties were perceived as being closer to India, while on the other hand, the Communist Party of Nepal (Maoist Centre) displayed ideological affinity with China and had been previously viewed with caution by India and Western countries. In this context, China gradually strengthened engagement with the Maoists, who had emerged as a major political force after the peace process. From Beijing's perspective, the Maoists represented a potentially stable and ideologically compatible political partner in Nepal's evolving political landscape.

This engagement further intensified following the 2008 Tibet unrest, which heightened China's security concerns regarding its southwestern border. The Tibetan uprising and related protests raised fears in Beijing about attempts to internationalize the Tibet issue, particularly in the lead-up to the 2008 Beijing Olympics. As a result, China became more proactive in strengthening political and security cooperation with Nepal to ensure stability along the Himalayan frontier and prevent anti-China activities from spreading through Nepalese territory.

Over time, China expanded its diplomatic engagement beyond the Maoists and began building relations with other major political forces in Nepal, including Madhes-based parties such as the Madhesi Janadhikar Forum (MJF). This broader engagement strategy reflected China's pragmatic approach of maintaining balanced relations across Nepal's diverse political spectrum rather than relying on a single political actor.

A notable diplomatic development during this period was Prime Minister Pushpa Kamal Dahal (Prachanda)'s decision to make his first foreign visit to China in 2008 during the Beijing Olympics. This departure from the long-established tradition of visiting India first was widely interpreted as a significant shift in Nepal's diplomatic signaling and was viewed with concern in New Delhi. However, it also highlighted Nepal's attempt to assert a more balanced foreign policy approach between its two immediate neighbors.

In 2009, China reportedly advanced a draft proposal for a Sino–Nepal Friendship Treaty, reflecting its interest in institutionalizing bilateral relations further. However, the treaty was not concluded, partly due to political instability in Nepal following Prachanda's resignation before his planned visit to China. Despite this, bilateral engagement continued to deepen in subsequent years.

China's growing diplomatic outreach to Nepal was further demonstrated when Nepal was declared the "Country of Honour" at the China–South Asia Exposition held in Kunming in 2014. This recognition reflected China's increasing emphasis on economic diplomacy and regional connectivity with South Asian countries, including Nepal.

In terms of infrastructure and connectivity, China expanded its presence in Nepal through several major initiatives. The opening of the Kerung border point in 2015 marked an important step in enhancing cross-border connectivity, with long-term plans to link it to the Qinghai–Tibet Railway network, potentially extending connectivity toward Kathmandu and Lumbini.



However, the Tatopani (Kodari) border point remained closed following the 2015 earthquake, while Rasuwa emerged as a key alternative trade route between the two countries.

China also provided significant post-disaster reconstruction assistance to Nepal, including approximately 3 billion RMB in grant support following the 2015 earthquake. This aid contributed to rebuilding efforts in infrastructure, housing, and public services, reinforcing China's role as a major development partner of Nepal.

During the same period, regional geopolitical tensions influenced Nepal's relations with both India and China. The promulgation of Nepal's new constitution in 2015 was followed by protests in the southern Terai region and a prolonged disruption in border supplies, which Nepal described as an "undeclared blockade." While India denied imposing a blockade and attributed the situation to internal unrest, the episode contributed to a temporary strain in Nepal–India relations. In contrast, Nepal–China relations remained relatively stable and continued to expand in economic and strategic dimensions.

In March 2016, Nepal and China signed a series of important agreements, including the Transit Transport Agreement and feasibility studies for cross-border railway connectivity. These agreements marked a significant milestone in reducing Nepal's dependency on a single transit route and enhancing its access to international trade networks. Nepal also signed a Memorandum of Understanding (MoU) with China under the Belt and Road Initiative (BRI), reflecting growing cooperation in regional infrastructure and connectivity projects.

At the same time, China showed interest in expanding its diplomatic footprint in Nepal, including proposals to establish a consulate office in Pokhara. However, such initiatives were often viewed within the broader context of regional geopolitical sensitivities, particularly India's strategic concerns in Nepal.

Nepal–China relations after the establishment of the republic have evolved into a multifaceted partnership shaped by political pragmatism, economic cooperation, and regional geopolitics. While China has significantly expanded its engagement in Nepal through infrastructure, aid, and diplomatic outreach, Nepal has continued its policy of balancing relations with both China and India in pursuit of national interest and strategic autonomy.

China's policy towards Nepal has traditionally been shaped by a consistent and pragmatic diplomatic approach that emphasizes stability, non-interference, and long-term strategic cooperation. In general, China has adopted a pro-establishment policy toward Nepal, engaging closely with the ruling governments and maintaining continuity in bilateral relations regardless of internal political changes. This approach reflects China's broader foreign policy orientation of state-centric diplomacy and strategic patience in its engagement with neighboring countries. A central foundation of China–Nepal relations is the principle of peaceful coexistence, commonly known as the Five Principles of Panchsheel. These principles include mutual respect for sovereignty and territorial integrity, non-aggression, non-interference in internal affairs, equality and mutual benefit, and peaceful coexistence. Based on these principles, China has consistently maintained that it does not intervene in Nepal's domestic political affairs, irrespective of changes in government or political system.



At the same time, China expects reciprocal support from Nepal on issues related to its core national interests. These include the One China policy, which requires Nepal to recognize the People's Republic of China as the sole legitimate government of China and to refrain from any official engagement with Taiwan. Nepal has consistently supported this position and has formally adhered to the One China principle in its foreign policy. Additionally, China places importance on Nepal's cooperation regarding sensitive issues such as Tibet, particularly in preventing anti-China political activities from operating through Nepalese territory.

In recent years, Nepal–China relations have expanded significantly in the economic and development sectors. A notable milestone in this regard is the bilateral Free Trade Agreement (FTA), concluded in 2019, which has contributed to increased trade facilitation and economic interaction between the two countries. China has also emerged as one of Nepal's major sources of foreign direct investment (FDI), particularly in sectors such as hydropower, infrastructure, tourism, and manufacturing. Chinese companies have been actively involved in the construction of roads, bridges, airports, and other critical infrastructure projects in Nepal, thereby contributing to Nepal's physical connectivity and development capacity.

Another important dimension of Nepal–China relations is cooperation under the Belt and Road Initiative (BRI). Nepal has expressed strong interest in the BRI framework, viewing it as an opportunity to enhance regional connectivity, improve infrastructure, and attract foreign investment. Through BRI-related cooperation, Nepal aims to strengthen its position as a transit and connectivity hub between South and East Asia. This aligns with Nepal's broader foreign policy objective of economic diversification and infrastructure-led development.

Despite these positive developments, Nepal–China relations also face certain challenges. One of the most sensitive issues is the management of the Nepal–Tibet border and the presence of Tibetan refugee communities in Nepal. While Nepal has reaffirmed its commitment to the One China policy, occasional tensions have emerged regarding refugee movements and related political sensitivities. These issues require careful diplomatic handling to maintain mutual trust and avoid misunderstandings.

Another important concern is the debate within Nepal regarding dependency and strategic balance. While Chinese investment and infrastructure development have provided significant economic benefits, there are ongoing discussions within Nepalese policy and academic circles about the need to maintain a balanced foreign policy. Nepal seeks to avoid overdependence on any single country and continues to pursue a strategy of equidistance between its two large neighbors, China and India.

Nepal's foreign policy framework is guided by several key principles, including the United Nations Charter, non-alignment, Panchsheel principles, SAARC commitments, and constitutional provisions. The establishment of the Ministry of Foreign Affairs in 1951 marked a significant milestone in institutionalizing Nepal's external relations. Since then, Nepal has maintained diplomatic relations with a wide range of countries, including India and the United Kingdom in 1816 (historically contextualized), the United States and India in 1947, China in 1955, France in 1949, and Japan and Russia in 1956, among others.



Geopolitical realities have played a crucial role in shaping Nepal's foreign policy behavior, particularly in relation to China and India. In recent years, Nepal–China relations have grown significantly in areas of trade, investment, infrastructure, and connectivity. However, Nepal continues to emphasize a balanced diplomatic approach, seeking to maintain strong and constructive relations with both of its immediate neighbors.

China's policy towards Nepal is characterized by political non-interference, strategic engagement, and economic cooperation underpinned by the principles of Panchsheel. While the relationship has expanded significantly in recent decades, Nepal continues to navigate the complexities of regional geopolitics by maintaining balanced relations with both China and India, ensuring that its sovereignty, national interest, and development priorities remain central to its foreign policy orientation.

### **3.2.2 Economic relation**

China has been an important development partner of Nepal for several decades, contributing to infrastructure development, industrial projects, health services, and transportation networks. Chinese aid to Nepal is largely provided in the form of grants, concessional loans, technical assistance, and project-based cooperation. These contributions have played a significant role in supporting Nepal's early industrialization and later infrastructure expansion.

One of the most notable areas of Chinese assistance is infrastructure development. The construction and expansion of major highways and road networks have been a key component of this cooperation. The Kodari Highway, also known as the Araniko Highway, is one of the earliest and most important China-assisted projects, linking Kathmandu with the Nepal–China border. Similarly, sections of the Pokhara–Muglin Road, Kathmandu–Bhaktapur Ring Road, Pokhara–Baglung Road, and Prithvi Highway have benefited from Chinese support or technical assistance, contributing significantly to internal connectivity and trade facilitation within Nepal. (China embassy 2022)

In addition to road infrastructure, China has also supported the development of public utilities and transportation systems. The Kathmandu Ring Road improvement and the operation of the trolleybus service in Kathmandu represent early examples of urban transport cooperation between Nepal and China. These projects contributed to improving mobility in the capital city and demonstrated China's involvement in Nepal's urban infrastructure development.

China has also contributed to Nepal's industrial development through the establishment of state-owned enterprises and manufacturing facilities. The Bhrikuti Paper Factory, Lumbini Sugar Factory, and Hetauda Textile Industry are among the key industrial projects established with Chinese assistance. These industries were part of Nepal's early efforts to develop domestic production capacity and reduce reliance on imports. Although some of these industries faced operational challenges over time, they remain significant symbols of early Nepal–China economic cooperation.

In the health sector, Chinese assistance has supported the development of specialized medical institutions. The BP Memorial Cancer Hospital in Bharatpur and other healthcare facilities, including NiJamati Hospital and Bharatpur Cancer Hospital, have received Chinese support in the form of infrastructure development, medical equipment, and technical expertise. These



contributions have helped improve access to specialized healthcare services within Nepal, particularly in cancer treatment and public health services. ( China embassy 2022)

Hydropower development is another important area of cooperation. China has been involved in supporting projects such as the Sunkoshi Hydropower Project, which contributes to Nepal's energy generation capacity and supports the country's long-term goal of energy security. Hydropower cooperation remains a key pillar of Nepal–China economic relations, particularly under broader regional connectivity and infrastructure development initiatives.

One of the most prominent examples of Chinese assistance in Nepal is the Birendra International Convention Centre (BICC) in Kathmandu. This facility has become an important venue for national and international conferences and symbolizes China's contribution to Nepal's institutional and diplomatic infrastructure development.

Overall, China's aid to Nepal spans multiple sectors including transportation, industry, health, energy, and urban development. These projects have contributed significantly to Nepal's infrastructure growth and economic modernization. At the same time, Chinese assistance has also played a role in strengthening bilateral relations and expanding economic cooperation between the two countries.

China's development assistance to Nepal has been a major factor in shaping Nepal's infrastructure and industrial landscape. While these projects have provided substantial developmental benefits, they also highlight the importance of effective planning, sustainability, and balanced foreign cooperation to ensure long-term national development goals are achieved in a coordinated manner.

### **3.3 Triangular relations between Nepal India and China**

Nepal–India–China trilateral geopolitical space is one of the most sensitive strategic zones in South Asia, where historical claims, shifting borders, and competing national interests intersect. Within this broader framework, the Lipulekh–Limpiyadhura–Kalapani territorial issue represents a long-standing and unresolved boundary dispute between Nepal and India, with indirect strategic implications involving China due to its proximity to the Himalayan frontier.

The origin of the dispute is rooted in differing interpretations of the Treaty of Sugauli (1816), signed between Nepal and the British East India Company. Nepal argues that the Mahakali River (also known as the Kali River) originates from Limpiyadhura, and therefore the territory west of this origin—including Lipulekh, Limpiyadhura, and Kalapani—falls within Nepal's sovereign boundary. In contrast, India considers the Kali River to originate near Kalapani and maintains administrative control over the region, which it has treated as part of the Indian state of Uttarakhand.

Kalapani, Lipulekh, and Limpiyadhura hold significant strategic value due to their location at the tri-junction of Nepal, India, and the Tibetan Autonomous Region of China. The area is not only geographically sensitive but also militarily important, as it lies near key Himalayan passes historically used for trade and pilgrimage. The region has gained additional strategic relevance in recent years due to infrastructure development, including road construction leading to



Lipulekh Pass, which India has undertaken to improve connectivity with the Tibetan border region.

Tensions escalated in 2020 when India inaugurated a road link to Lipulekh Pass, which Nepal protested, asserting that the construction violated its sovereign territory. In response, Nepal issued a revised political and administrative map incorporating Limpiyadhura, Lipulekh, and Kalapani within its national boundaries, which was later endorsed through constitutional and legislative processes. India, however, rejected Nepal's claims, stating that the boundary delineation is based on established administrative and cartographic records.

The dispute remains unresolved and continues to influence diplomatic relations between Nepal and India. Although both countries have agreed in principle to resolve boundary issues through dialogue and established diplomatic mechanisms, progress has been limited due to differing historical interpretations and national sensitivities. The issue has also become a symbol of nationalist discourse in both countries, making compromise politically complex.

From a broader geopolitical perspective, the tri-junction nature of the region adds a trilateral dimension involving China. While China is not a direct claimant in the Lipulekh–Kalapani–Limpiyadhura dispute, the area's proximity to the Tibetan Autonomous Region and its role in India–China border interactions give it strategic importance. Agreements between India and China regarding trade routes through Lipulekh Pass have further complicated Nepal's concerns, as Nepal views such arrangements as excluding its territorial claims.

The dispute highlights the broader challenges of border management in the Himalayas, where colonial-era treaties, limited historical documentation, and evolving geopolitical interests intersect. It also reflects the asymmetry of power among the three countries, particularly Nepal's position as a smaller state between two major regional powers. The issue underscores the importance of diplomatic dialogue, evidence-based negotiation, and trilateral sensitivity in addressing territorial disagreements.

In conclusion, the Lipulekh–Limpiyadhura–Kalapani dispute is not merely a bilateral boundary disagreement but a strategically significant issue embedded within the broader Nepal–India–China geopolitical framework. Its resolution requires sustained diplomatic engagement, historical clarification, and a commitment to peaceful negotiation. Until such a resolution is achieved, the issue will continue to remain a sensitive point in Nepal–India relations and a key factor in regional strategic calculations in South Asia.

The India factor plays a significant and continuous role in shaping Nepal–China relations due to Nepal's unique geopolitical position between two major regional powers. Nepal's foreign policy decisions involving China are often influenced by India's strategic interests, regional security concerns, and broader competition for influence in South Asia. As a result, Nepal's engagement with China is frequently interpreted within a triangular geopolitical framework involving Nepal, India, and China.

Historically, India has expressed concerns over certain infrastructure developments involving Nepal and China. For example, in the early 1960s, India objected to the construction and use of the Kodari (Araniko) Highway, which was Nepal's primary road link to China and the first major overland connectivity project between the two countries. This route remained Nepal's



only direct road connection with China until 2015, highlighting its strategic importance in regional connectivity.

In contrast, China has also proposed infrastructure projects within Nepal that overlap with areas of Indian strategic interest. For instance, proposals such as the Birgunj–Pathlaiya road and other cross-border connectivity initiatives have often been viewed through a competitive regional lens, although many of these projects were later implemented or expanded with broader international participation, including Indian involvement.

Chinese engagement in Nepal through non-governmental organizations and development assistance has occasionally raised concerns in India regarding expanding Chinese influence in Nepal’s political and strategic space. At the same time, both India and China have extended development assistance to border regions such as Mustang, reflecting parallel efforts to strengthen their presence in Nepal’s sensitive Himalayan frontier areas.

In 2009, China reportedly proposed a “Peace and Friendship Treaty” with Nepal, similar in spirit to Nepal’s 1950 treaty with India. However, the proposal did not materialize, partly due to political instability in Nepal following the resignation of then-Prime Minister Pushpa Kamal Dahal (Prachanda). Despite this, China has continued to deepen engagement with Nepal through infrastructure development, trade, and diplomatic cooperation.

Nepal has consistently sought Chinese support for the development of key cross-border highways aimed at improving north–south connectivity. Major proposed routes include Hilsa–Simikot, Syafrubesi–Rasuwadga–Kerung, Khadbari–Kimathanka, and Jomsom–Korala. These corridors are strategically important as they enhance Nepal’s access to Chinese markets and provide alternative trade routes, reducing dependency on southern transit points.

Rail connectivity has also become a major component of Nepal–China cooperation. China has already extended its railway network up to Shigatse in Tibet and has expressed interest in extending it further toward the Nepal border. Nepal, in turn, has proposed extending this railway network into its territory, connecting major cities such as Kathmandu, Pokhara, and Lumbini, and potentially linking it closer to the Indian border. This has added a new dimension to regional connectivity discussions.

In response to China’s expanding connectivity initiatives, India has also proposed several railway link projects with Nepal. These include rail connections from Raxaul, Jogbani, and Jaynagar in Bihar to Birgunj, Biratnagar, and Bardibas in Nepal, as well as links from Nautanwa to Nepalgunj and from New Jalpaiguri to Kakarbhitta. In addition, India has also proposed the Raxaul–Kathmandu railway project, which was highlighted during high-level discussions in 2018 under Prime Minister Narendra Modi’s leadership.

At the broader regional level, initiatives such as BIMSTEC (Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation) are often viewed as complementary or alternative frameworks to China’s Belt and Road Initiative (BRI), reflecting the competitive dimension of regional connectivity strategies in South Asia.

India factor significantly influences Nepal–China relations by shaping the strategic environment in which Nepal’s foreign policy operates. Nepal’s efforts to develop infrastructure, expand connectivity, and diversify economic partnerships with China are often



balanced against India's regional interests. This triangular dynamic highlights Nepal's delicate geopolitical position and underscores the importance of maintaining a balanced, pragmatic, and sovereignty-centered foreign policy approach in managing relations with both neighboring powers.

#### **4. Results and Discussion**

The findings of this study reveal that Nepal–India–China trilateral relations are shaped by a complex interaction of geographical realities, economic interdependence, security concerns, and geopolitical competition. Nepal's strategic location between two rising Asian powers creates both opportunities and vulnerabilities. While economic cooperation among the three countries has expanded significantly in recent years, geopolitical mistrust continues to constrain the realization of meaningful trilateral cooperation. These findings are consistent with the arguments of Upreti (2019), Jaiswal (2016), and Sapkota (2016), who maintain that Nepal's geopolitical position provides strategic leverage but simultaneously exposes the country to external pressures and competing interests.

A major finding of the study is that economic complementarities exist among Nepal, India, and China, particularly in trade, connectivity, infrastructure development, hydropower, tourism, and investment. India remains Nepal's largest trading partner and primary transit route, whereas China has emerged as an important source of infrastructure financing and technological support. The expansion of road networks, proposed railway connectivity projects, and hydropower cooperation demonstrate substantial potential for mutually beneficial economic engagement. However, despite these complementarities, the study finds that geopolitical mistrust persists and often overrides economic rationality.

This pattern can be explained through the lens of geopolitical realism. States frequently prioritize strategic security concerns over economic gains. India perceives growing Chinese influence in Nepal as a potential challenge to its traditional sphere of influence in South Asia, while China remains sensitive about Tibetan issues and external interference along its Himalayan frontier. Consequently, infrastructure projects, development assistance, and connectivity initiatives are often interpreted not merely as economic activities but as instruments of strategic influence. Similar observations have been made by Subedi (2016) and Shahi (2024), who argue that regional connectivity projects increasingly reflect broader geopolitical competition rather than purely developmental objectives. Therefore, economic interdependence alone has not been sufficient to eliminate strategic distrust between the two major powers.

The findings further indicate that border issues continue to constitute a significant source of political and security tension. The Kalapani–Lipulekh–Limpiyadhura dispute remains one of the most sensitive issues in Nepal–India relations. Historical ambiguities, conflicting interpretations of treaties, and strong nationalist sentiments have prevented a mutually acceptable resolution. This finding aligns with existing literature that identifies territorial disputes as powerful symbols of national identity and sovereignty rather than merely technical



boundary disagreements. The persistence of such disputes suggests that historical narratives and domestic political considerations often shape foreign policy decisions more strongly than economic incentives.

Another important finding concerns Nepal's foreign policy behavior. The study demonstrates that Nepal has consistently pursued a balancing strategy aimed at maintaining constructive relations with both India and China while preserving strategic autonomy. This supports the argument of Bhattarai (2019) that Nepal seeks to avoid alignment with either power and instead promotes a policy based on sovereign equality, mutual respect, and non-alignment. However, the study also finds that Nepal's balancing efforts are frequently challenged by domestic political instability, leadership changes, and inconsistent policy implementation. Different governments have often adopted varying approaches toward the two neighbors, reducing policy continuity and weakening Nepal's negotiating position.

The analysis also highlights the growing importance of connectivity diplomacy in shaping regional relations. China's Belt and Road Initiative (BRI) and India's regional connectivity programs have transformed Nepal into a crucial geographical corridor within South Asia. Proposed railway links, cross-border highways, and trade corridors have generated significant expectations regarding economic transformation. Nevertheless, the findings suggest that these projects are often viewed through a strategic lens, resulting in delays, skepticism, and political contestation. This observation corroborates Xavier's (2020) argument that connectivity projects in South Asia increasingly serve geopolitical purposes alongside economic objectives.

From a security perspective, the study reveals that Nepal functions as a strategic buffer between India and China. Both countries possess legitimate security concerns related to border management, migration, transnational crime, and regional stability. However, overlapping security interests have not translated into comprehensive trilateral security cooperation. Instead, security engagement remains largely bilateral and issue-specific. The findings suggest that cooperation in areas such as disaster management, climate change adaptation, anti-smuggling measures, and border governance may offer more practical opportunities for collaboration than broader strategic or military initiatives.

The study also identifies differing perceptions regarding foreign assistance and development cooperation. Chinese assistance is generally viewed as highly visible, infrastructure-oriented, and rapidly implemented, whereas Indian assistance is often perceived as deeply rooted in socio-cultural linkages and people-to-people relations. These contrasting perceptions influence domestic debates concerning dependency, strategic autonomy, and development priorities. Existing literature similarly suggests that public perceptions play a significant role in shaping foreign policy preferences within small states situated between competing powers.

An alternative interpretation of the findings could argue that geopolitical rivalry is sometimes overstated and that economic pragmatism ultimately dominates regional interactions. Evidence supporting this view includes the continued growth of trade, tourism, infrastructure investment, and diplomatic engagement despite recurring political tensions. Furthermore, both India and China have repeatedly expressed support for Nepal's stability and development. However, while economic cooperation has expanded, the persistence of unresolved territorial disputes,



strategic competition, and mutual suspicions indicates that geopolitical considerations remain highly influential. Therefore, the evidence suggests that economic cooperation and strategic rivalry coexist rather than replace one another.

Overall, the findings demonstrate that Nepal–India–China trilateralism remains largely a strategic aspiration rather than a fully operational framework. Geographic proximity, economic complementarities, and shared developmental interests provide a strong foundation for cooperation. Nevertheless, geopolitical mistrust, border disputes, domestic political dynamics, and competing strategic interests continue to limit deeper trilateral engagement. The study therefore supports the argument that Nepal’s long-term success depends on maintaining a balanced, pragmatic, and sovereignty-centered foreign policy while promoting institutional dialogue, economic cooperation, and confidence-building measures among all three countries.

## **5. Conclusion**

This study examined the dynamics of Nepal–India–China trilateral relations within the broader framework of national security, geopolitics, and regional cooperation. The findings reveal that Nepal’s strategic location between two major Asian powers simultaneously creates opportunities for economic cooperation and challenges arising from geopolitical competition. The analysis indicates that economic complementarities in trade, infrastructure development, connectivity, hydropower, and investment provide a strong foundation for trilateral engagement. However, persistent strategic mistrust, unresolved border concerns, and competing security interests continue to constrain the institutionalization of effective trilateral cooperation.

The study further finds that Nepal has consistently pursued a balanced foreign policy aimed at maintaining cordial relations with both India and China while safeguarding its sovereignty and strategic autonomy. Although cooperation has progressed in areas such as connectivity, development assistance, tourism, and regional economic engagement, trilateralism remains more of a strategic aspiration than an operational reality. The evidence suggests that geopolitical considerations frequently outweigh economic incentives, thereby limiting the scope of deeper cooperation. At the same time, the findings demonstrate that issue-based collaboration in non-sensitive sectors such as disaster management, climate adaptation, trade facilitation, and infrastructure development remains feasible despite broader strategic rivalries. Despite its contributions, this study has certain limitations. The research relies primarily on qualitative and secondary sources of data, which may limit the ability to capture rapidly evolving geopolitical developments and policy shifts. Furthermore, the study focuses mainly on the Nepal–India–China triangle and does not extensively explore the influence of extra-regional actors, changing global power dynamics, or quantitative measurements of economic and security interdependence.

Future research should therefore adopt comparative and interdisciplinary approaches to better understand the experiences of small states situated between major powers. Comparative studies involving Nepal and other geopolitically sensitive states such as Mongolia and Bhutan could



provide valuable insights into strategies for balancing competing external influences while preserving national autonomy. Similarly, empirical studies examining the impact of specific connectivity projects, border management mechanisms, and regional institutions on trilateral cooperation would enrich the existing literature. Future scholarship may also investigate how emerging issues such as digital security, climate change, energy transition, and transnational migration are reshaping regional geopolitics in South Asia. Overall, the study concludes that Nepal's ability to transform its geographical position from a geopolitical constraint into a strategic advantage will depend on its capacity to maintain balanced diplomacy, strengthen institutional resilience, and promote mutually beneficial cooperation with both neighboring powers.

## **6.Recommendation**

The findings of this study suggest that Nepal–India–China trilateral cooperation possesses significant potential but remains constrained by enduring geopolitical mistrust and competing strategic interests. Existing literature often portrays trilateralism as an attractive framework for regional development; however, the empirical evidence indicates that economic complementarity alone is insufficient to overcome political and security concerns. While scholars such as Sapkota (2016) and Jaiswal (2016) argue that Nepal can play a constructive role in promoting trilateral engagement, the present study demonstrates that strategic competition between India and China continues to limit the institutionalization of such cooperation.

Nevertheless, the findings also reveal that cooperation has succeeded in certain sectors despite broader geopolitical rivalry. Trade exchanges, tourism flows, disaster response coordination, cross-border connectivity initiatives, and regional forums such as BIMSTEC illustrate that pragmatic collaboration remains possible when issues are framed around mutual economic gains rather than strategic competition. This observation supports liberal institutionalist arguments that functional cooperation can emerge even among competing states when tangible benefits outweigh political costs. The continued expansion of infrastructure projects, border trade, and people-to-people interactions demonstrates that rivalry does not necessarily prevent cooperation; rather, it shapes the scope and pace of engagement.

The persistence of geopolitical mistrust can be explained by the security dilemma that characterizes India–China relations. Infrastructure investments, connectivity corridors, and development assistance are frequently interpreted through a strategic lens rather than purely economic terms. Consequently, initiatives that could promote regional integration are often perceived as instruments of geopolitical influence. This finding is consistent with realist perspectives, which suggest that states prioritize strategic security over economic efficiency when dealing with potential rivals.

To transform trilateralism from a strategic concept into an operational framework, several conditions are necessary. First, Nepal must continue pursuing a balanced and sovereignty-centered foreign policy that avoids excessive dependence on either neighbor. Consistency in



foreign policy implementation is particularly important because frequent political changes have historically weakened Nepal's ability to maintain long-term strategic engagement with both India and China.

Second, trilateral cooperation should initially focus on non-sensitive sectors where mutual interests are strongest. Areas such as hydropower development, climate change adaptation, disaster management, tourism promotion, digital connectivity, public health, and trade facilitation offer opportunities for confidence building without directly challenging the security interests of any party. Gradual success in these sectors can generate trust and create favorable conditions for deeper cooperation.

Third, institutional mechanisms for dialogue should be strengthened. The absence of a formal trilateral platform has limited opportunities for regular consultation and conflict management. Establishing issue-based working groups on connectivity, trade, environmental security, and border management could reduce misunderstandings and enhance policy coordination. Such mechanisms would allow economic cooperation to progress even when broader geopolitical tensions persist.

Fourth, both India and China should recognize Nepal as an independent strategic actor rather than merely a geopolitical buffer. Sustainable trilateralism requires respect for Nepal's sovereign choices and development priorities. Development assistance and infrastructure investments should therefore be aligned with Nepal's national interests rather than being driven primarily by strategic competition.

Finally, future research should move beyond descriptive assessments of trilateral relations and undertake empirical investigations into the economic, political, and security impacts of specific connectivity projects. Comparative studies examining successful cases of regional cooperation among rival states could also provide valuable lessons for the Nepal–India–China context.

Overall, the study concludes that trilateral cooperation is not impossible despite geopolitical rivalry. However, its success depends on sustained political commitment, confidence-building measures, institutional dialogue, respect for sovereignty, and a deliberate effort to separate economic cooperation from strategic competition. Under these conditions, Nepal can potentially transform its geographic position from a source of geopolitical vulnerability into a platform for regional connectivity, stability, and shared prosperity.

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