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# Has India Shifted its Diplomacy toward Nepal? Analyzing Post-Blockade Relations

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## **Abstract**

This paper examines how India and Nepal's diplomatic relationship has changed, especially in the aftermath of the 2015 blockade that negatively affected the two countries' relations. This paper critically investigates whether India's diplomatic efforts following the blockade represent a fundamental change in strategy or are merely a response to China's increasing might. The study explores important issues about the nature of India's diplomatic relations with Nepal using qualitative approaches, such as thematic analysis of primary and secondary data sources. In light of Nepal's expanding ties with China, this paper analyzes India's diplomatic change towards Nepal after the 2015 blockade, emphasizing its strategic adaptation to maintain regional supremacy. The study argues that India used economic incentives and diplomatic engagement to improve bilateral ties as part of its shift from a coercive to a "soft balancing" strategy. The convergence of neorealism and soft power in forming India-Nepal relations is highlighted in this paper, underscoring the necessity of ongoing communication to negotiate regional power dynamics successfully.

**Keywords:** India-Nepal relations, Diplomatic shift, Post-blockade, Soft balancing, Neorealism

## Introduction

Nepal and India established diplomatic relations on June 17, 1947, rooted in principles of peaceful coexistence, sovereign equality, and mutual understanding (GON, 2021). Their relationship is characterized by close political, social, cultural, and economic ties, supported by shared history and traditions. A cornerstone of this partnership is the 1950 India-Nepal Treaty of Peace and Friendship, which promotes mutual respect, territorial integrity, and cooperation on defense and foreign affairs. This treaty emerged from regional security concerns following China's communist rise and its occupation of Tibet (Nayak, 2010, p. 579). However, misconceptions have led to multiple instances of Indian sanctions, disproportionately impacting Nepal's landlocked economy, which relies on India for transit (Chand, 2018, p. 51). India's use of blockades as a coercive tool to achieve political and security objectives is not isolated but occurs periodically depending on the political climate (Dahal, 2018, p. 160). In 2015, Nepal adopted a new constitution that marginalized specific communities, particularly the Madhesis, Janajatis, and Tharus, who felt their longstanding aspirations, such as ethnically based provincial boundaries and proportional representation, were ignored (Nayak, 2015). In response, these groups, especially Madhesi immigrants, initiated blockades at border points. The Nepalese government accused India of exacerbating the situation by blocking truck passage even when no protests were ongoing, a claim India denied-arguing that its truck drivers avoided entering Nepal due to safety concerns stemming from violent protests (GOI, 2015). The Indian government justified the blockades by citing widespread violence in Nepal's Tarai region, raising security concerns, even though many areas were peaceful and unimpeded (Dahal, 2018, p. 166). The Nepalese government countered this assertion, stating that no significant security threats prevented trucks from entering the country (GON, 2016b).

Following Nepal's adoption of a new constitution on September 20, 2015, a fourmonth blockade along the Indo-Nepal border significantly hampered the flow of fuel and supplies, leading to a humanitarian crisis (SAHR, 2016, p. 42). This blockade heightened anti-Indian sentiment in Nepal, adversely affecting the most vulnerable populations and alienating those the protesters aimed to support (Pant, 2020, p. 34). India's blockade and subsequent coercive diplomacy-damaged bilateral relations and prompted Nepal to diversify its economic and diplomatic ties, particularly with China. Despite India's attempts to influence Nepal's constitutional process, the failure to amend the Constitution solidified Nepal's political autonomy (Bhattarai, 2015; Bhattarai, 2018; Pant, 2018, 2020). In the aftermath, India shifted its diplomatic strategy to repair

relations with Nepal through increased political engagement, economic support, and highlevel visits, adopting a more cautious and accommodating approach to counter China's influence and restore trust (Sharma, 2024).

This study investigates whether India's diplomatic strategy toward Nepal has genuinely shifted following the 2015 unofficial blockade, which severely strained bilateral relations and fostered deep mistrust. Although India has since adopted a more engaged and conciliatory stance, there is limited academic analysis on whether these actions reflect a substantial change in its long-term approach or are simply reactive measures to counter China's rising influence in Nepal. The research aims to clarify the nature and extent of India's diplomatic shifts by addressing key questions, particularly whether India has fundamentally altered its diplomatic approach toward Nepal.

# **Conceptual Foundations**

Global shifts, including the emergence of non-state entities, technological breakthroughs, and growing international interconnection, have all substantially impacted diplomacy, Modern diplomacy, which was once primarily focused on formal negotiations between countries, now involves a greater variety of players, including private companies, NGOs, and international organizations (Kissinger, 1994, p. 8). Digital diplomacy, where social media and internet platforms facilitate quick connection and engagement with audiences worldwide, further amplifies this trend and helps governments project their soft power (Holmes, 2024, p. 1). Moreover, the growing complexity of global challenges, such as climate change and terrorism, necessitates multilateral approaches that transcend traditional diplomatic channels (Friedman, 2009, p. 67). As a result, diplomacy is evolving into a more dynamic and participatory process, reflecting the diverse interests and voices in the international arena (Nye, 2011, p. 135). This transformation underscores the importance of adapting diplomatic strategies to address contemporary challenges while maintaining the core principles of negotiation and cooperation.

In the 21st century, diplomacy has evolved beyond statecraft into a broader instrument of global communication, involving multiple participants such as NGOs and media (Bolewski, 2007, pp. 3-

7).- Sharp (2009, p. 56) argues that effective diplomacy and skilled diplomats can enhance a country's influence beyond its material power, acting as crucial policy instruments.

## **Theoretical**

# **Perspectives**

## Neorealism

Kenneth Waltz was largely responsible for the rise of neorealism, sometimes known as structural realism, as significant theoretical paradigm in international relations in the late 20th century. Neorealism, which builds on classical realism, stresses how the structure of the international system affects state conduct. It argues that states put their security and survival first because the system is anarchic and lacks a central authority. The idea of power, especially allocating capacities across nations, is fundamental to neorealism. Waltz contends that the power structure, which influences how states interact, defines the international system. The need to maintain their security is the main driving force for states' power struggles and alliances (Waltz, 1979, p. 102). Neorealism makes a distinction between two forms of balancing: external balancing, in which nations join alliances with other states to resist a shared threat, and internal balancing, in which states strengthen their own military capabilities (Waltz, 1979, p. 102).

Furthermore, neorealism presents the idea of "polarity" to describe the number of great powers in the system: unipolarity, bipolarity, and multipolarity, and argues that the structure of the international system influences state behavior and international stability. For instance, Waltz argues that a bipolar system, such as the one that prevailed during the Cold War, is typically more stable than a multipolar one, where multiple nations share power, resulting in more rivalry and uncertainty (Waltz, 1979, p. 168) (Mearsheimer, 2001, p. 35).

Neorealism's critics contend that it ignores how international organizations, nonstate actors, and economic variables influence state action. They argue that neorealism is overly predetermined and fails to consider the intricacies of international relations, such as state cooperation and interdependence (Keohane & Nye Jr, 1973, p. 158). Despite these criticisms, neorealism is a fundamental paradigm in international relations because it offers a prism-to examine state conduct in a competitive and frequently antagonistic global setting.

## Constructivism

This approach will help comprehend how perceptions and identities influence

interactions between states. It will examine how India's strategic silence toward Nepal is influenced by cultural links, historical ties, and threat concerns.

Constructivism emphasizes the significance of rules and values in relationships between people and between nations. It highlights how social realities are created by actors or players who construct their own worlds, frame and shape them as they see fit, and then assess and analyze their own worldviews before acting on them.

The social construction of reality and the significance of ideas, norms, and identities in influencing state action and global results are central to constructivism, a well-known theory in international relations. Constructivism contends that the common ideologies and social customs of nations and other actors, in addition to material forces, form the international system, in contrast to realism and neorealism, which emphasize material power and anarchy (Wendt, 1999, p. 1)

Constructivist theory is based on the notion that social interaction and language shape state identities and interests, which are not fixed. In his well-known assertion that "anarchy is what states make of it," Alexander Wendt implies that state interactions and perceptions play a significant role in determining the character of international relations (Wendt, 1992, p. 394).

Constructivists analyze how norms such as human rights, sovereignty, and international law emerge and influence state behavior, arguing that these norms can reshape interests and promote cooperation among states (Ruggie, 1998, p. 877). Overall, constructivism highlights the role of ideational factors in international relations, emphasizing that the interplay of ideas and social contexts is crucial for understanding global politics.

## **Soft Power Theory**

Soft power, introduced by Joseph S. Nye Jr. in the late 1980s, refers to a country's ability to influence others through attraction and persuasion rather than coercion or payments. Nye defines it as "the ability to get what you want through attraction rather than coercion or payments" (Nye, 2004, p. 5). The phrase emphasizes cultural, political, and ideological appeal in international affairs to supplement conventional hard power strategies that emphasize economic and military might.

Nye identifies three primary components of soft power: culture, political values, and foreign policies, stating that these elements contribute to a nation's attractiveness and ability to shape global perceptions (Nye, 2004, p. 11). In today's globalized world, soft

power has become important when communication and cross-cultural interaction are essential to diplomacy. Anne-Marie Slaughter and other critics contend that a lack of credibility in foreign policy might erode soft power (Slaughter, 2017, p. 78), while others, like Edward Nye, emphasize the role of non-state actors in shaping soft power dynamics (Nye, 2011, p. 23).

Additionally, scholars such as Christopher Hill contend that the effectiveness of soft power often relies on the context in which it is employed (Hill, 2017, p. 150). Soft power is a crucial paradigm for comprehending how nations may promote collaboration and influence international relations without only using force, despite objections to its quantification and indirect impacts (Nye, 2004, p. 20).

# Methodology

This research adopts a qualitative approach to analyze the nature and depth of India's diplomatic shifts toward Nepal after the blockade. –This approach allows for an in-depth exploration of India's specific context and strategic choices within the broader framework of regional geopolitics. Primary and secondary sources are examined to gather data on India's diplomatic behavior and policy decisions toward Nepal. These include government documents, statements, policy briefs from India and Nepal, and media reports, editorials, and analyses from leading Indian and Nepalese media outlets. The collected data has been analyzed using thematic analysis to identify patterns and themes related to India's Nepal

diplomacy. This involves systematically coding and organizing the data into categories that align with the research objectives.

## Result/ and Discussion

## **Historical Context of Nepal- India Relations**

Nepal and India established diplomatic relations on June 17, 1947. The unwavering commitment to peaceful coexistence, sovereign equality, and understanding of each other's aspirations and sensitivities has been the foundation on which bilateral relations between Nepal and India have been growing further (GON, 2021Nepal- India relationships are close, comprehensive, and multidimensional, and are more pronounced in political, social, cultural, religious, and economic contacts. They are founded on the age-old connection of history, culture, tradition, and religion.

The 1950 India-Nepal Treaty of Peace and Friendship is a key bilateral agreement that forms the foundation of relations between the two countries. Signed on July 31, 1950, by Nepal's Prime Minister Mohan Shamsher Jang Bahadur Rana and India's Ambassador Chadreshwar Narayan Singh, the treaty contains ten articles promoting harmony, mutual respect for territorial integrity, and national sovereignty. It allows for the free movement of people and goods and cooperation on foreign and defense matters. The treaty was largely driven by concerns over regional security following China's establishment as a communist state and its occupation of Tibet in 1949 (Nayak, 2010, p. 579).

India has significantly shaped Nepal's political landscape, participating in key democratic movements since 1950. India supported the 1950 agreement that ended the Rana regime and backed later democratic movements, including those in the 1980s, 1990s, and 2006, culminating in Nepal becoming a republic. India's influence in Nepal is rooted in its economic ties, security concerns, and political dominance. The downfall of Nepal's monarchy in 2006 also saw India actively intervening, sending envoys, and supporting democratic transitions (KC, 2016; Campbell, 2012; Bhattarai, 2018; Janjua, 2007).

India's intervention in Nepal's politics intensified after the end of Rana's rule in 2007 BS, growing stronger during King Tribhuvan's reign but less so under King Mahendra. India remained largely uninvolved during the Panchayat era but provided moral support during the 2046 people's movement. In 2063 BS, India became a key player, directly engaging with Maoist leaders and other political elites on Indian soil, facilitating alliances. Complex issues such as secularism, republicanism, and federalism increased India's involvement, alongside other international actors, in Nepal's political transition (Khanal, 2021).

Sharma (2019) claims King Gyanendra's coup shifted India's approach to Nepal. Initially, India sought to resolve political issues through collaboration between the King and political parties, sending intelligence agents, including the RAW chief, to negotiate. However, upon learning of the King's use of the "China Card," India changed its strategy, backing an alliance between Maoists and political parties. Some Indian authorities, according to Shah (2067), pushed for Nepal to become a federal republic, aligning to end the monarchy. India supported both the King and Maoists while reducing the influence of political parties like the Nepali Congress and CPN-UML (Sharma, 2019, p. 124).

Sharma also notes that RAW aimed to overthrow the monarchy and establish a republic, which it achieved within six years. India allowed Maoists to operate from its

territory, positioning itself as a dominant player in Nepal while managing instability. Before 2001, India and the Royal Palace had similar views: allow Maoist activities to grow but control them when necessary (Sharma, 2019, p. 124). Delhi's concessions to the Maoists stemmed from the monarchy's increasing power, which hindered India's influence, and growing US involvement in Nepal, which Delhi disliked (Sharma, 2019).

Sharma (2019) argues that India supported the Maoists to prevent US or Chinese influence from expanding in Nepal, as an American-army alliance would have disrupted India's dominance. The Maoists also sought India's backing to fight the monarchy, aligning with parliamentary parties under India's influence (p. 133). Shah (2067) adds that while India used the Maoists to replace the monarchy, it later employed the Madhesh card to limit their power, dissatisfied by the Maoists' rise and Prachanda's first visit to China instead of India after becoming Nepal's PM.

India, though traditionally a reluctant democracy promoter, became heavily involved in Nepal's peace and democratization process between 2005 and 2008 (Destradi, 2012, p. 4). India played a more active role only shortly before Nepal's Constitution was adopted in 2015, with concerns over security, economic ties, and water resource management (Bhattarai, 2018, p. 3). India's support for the Madheshi population in Nepal's Terai region reflected its geopolitical interests and security concerns, including the risk of unrest spilling over bordering Indian states (Majumder, 2015; Bhattarai, 2018, p. 3).

The Madhesis, Janajatis, and Tharus, all regarded as underprivileged\_ communities, felt excluded from the Constitution after the constituent assembly. promulgated it. According to the Madhesis, Tharus, and Janajatis, the CA's adopted Constitution does not address their longstanding desires. These include the establishment of two Madhesh provinces, ethnically based provincial boundaries, equal political rights for naturalization candidates, proportional representation of ethnic groups in State agencies and Parliament, and the execution of earlier agreements between the State and Madhesis and Janajatis (Nayak, 2015). These groups, especially Madheshi immigrants, then blockaded the entry points.

However, by denying trucks access to checkpoints without protests, the Nepalese government accused India of deliberately escalating the embargo. The Indian government contested this. By saying that "Indian truck drivers were refusing to enter Nepal owing to safety concerns raised by the violent protests," the Indian government denied enforcing a blockade. India's Ministry of External Affairs claims that the border

blockades were brought on by turmoil, protests, and demonstrations by some of their citizens in Nepal (GOI, 2015). The Nepalese government refuted India's claim, claiming that no significant security issues would prevent the trucks from entering the country (GON, 2016b).

India's rationale is that Madheshi people established blockades, and there was widespread violence in Nepal's Tarai district. India is therefore worried about the rise in violence in border regions, which puts their security danger. Since not all areas of Nepal's Tarai were impacted by the political instability, this is the rationale for establishing blockades. For instance, there was no vehicular transportation of goods from India to Nepal because the former had completely stopped it, and Nepal's eastern and western regions remained peaceful (Dahal, 2018, p. 166). This embargo reflects India's unhappiness with Nepal's implementation process of the new Constitution.

India's statements and actions during the embargo demonstrate that it was willing to use extreme steps to help domestic actors and wanted to use them to further its objectives in Nepal. The embargo was lifted following strong domestic opposition and India's own admission that the initiative was ineffective. "The three objectives of India's sanctions in Nepal are subversion, deterrence, and compliance (Chand, 2018, p. 64).

India emphasized its desire for Nepal to become a peaceful, stable, and democratic state during its most recent constitution-making process, officially aiming to enhance the legitimacy of the Constitution (GOI, 2015; ICG, 2016). Bhattarai (2018, p. 3) argues that India had direct and indirect interests in Nepal's Constitution, as its provisions could impact India's national security, foreign policy, and water resource management. India shapes its foreign policy to ensure Nepal and Bhutan support its security objectives since it sees these nations as being within its area of influence (Tiwari, 2016). India's continued involvement in Nepal's domestic politics, which is justified by security concerns, related to open borders and possible Chinese threats is reflected in its colonial-era geopolitical view, which includes the Himalayan Frontier Policy. Even if China's foreign policy has changed since the 1990s, India still views Nepal's political growth as impacting its security and uses its economic, military, and intellectual might to keep sway (Bhattarai, 2018, p. 4).

# The Impacts of the blockade

Indian pressures have intensified anti-Indian sentiments in Nepal, prompting Nepalese politicians to respond to Indian intervention by promulgating a new Constitution. The blockade imposed in 2015 led to a generational shift, turning many

young Nepalese against India and fostering skepticism and mistrust towards its intentions (Baral, 2016). Criticism of India's Nepal policy emerged from within India itself, emphasizing the counterproductive effects of the sanctions, which not only caused significant economic hardships but fueled the communist movement's rise by exploiting nationalist and anti-Indian rhetoric (Khanal, 2021). In response to strained relations, Nepal sought to reduce its dependence on India and pursue alternative alliances, particularly with China. The blockade resulted in severe shortages of essential goods and fuel,

creating an unprecedented humanitarian crisis that deeply affected Nepal's households, businesses, and daily life (Pant, 2018).

This crisis underscored the credibility of India's coercive measures and increased internal pressure on the Nepali government to comply with Indian demands. Consequently, Nepal's foreign policy dynamics shifted significantly, particularly after India supported the Madhes agitation and imposed border sanctions (Bell, 2015). These developments deepened Nepal's engagement with China, driven by a desire to diminish its dependence on India and explore alternative trade routes. The prolonged shortages of essential goods compelled the Oli government to finalize the Protocol of Transit Transport Agreement with China, which, while symbolically important, raised questions regarding its practical implications due to logistical challenges and the distance of Chinese ports compared to Indian ones (Baral, 2016). Overall, the sanctions have catalyzed a reorientation of Nepal's foreign policy and its diplomatic relations in the region

# **Post-Blockade Diplomatic Shift**

India's diplomatic shift post-blockade reflects its strategy to retain regional dominance in South Asia, particularly as Nepal's ties with China grow. This shift from coercion to engagement marks India's move toward a "soft balancing" approach, using diplomacy and economic tools to counter China's influence in Nepal. India now combines internal and external balancing, fostering partnerships and cooperation to strengthen its position without provoking backlash, aligning with broader power dynamics influenced by neorealism. Post-blockade relations have seen high-level visits and initiatives to rebuild trust between Nepal and India.

The restoration of the relationship between Nepal and India after the end of the 2015 blockade involved several key steps and initiatives to rebuild trust resume regular

diplomatic and economic interactions. Following the blockade, there were significant high-level visits and meetings between leaders of both countries, such as Nepalese Prime Minister KP Sharma Oli's 2016 visit and Indian Prime Minister Narendra Modi's subsequent visits. These interactions helped address grievances, promote mutual respect, and enhance bilateral trade, infrastructure, and energy cooperation. Both nations committed to ongoing dialogue and joint efforts in economic and cultural projects, fostering a rejuvenated relationship based on trust and collaboration (Bhattarai, 2018).

Nepal and India's relations strengthened through several high-level visits post-2015. Prime Ministers Modi and Oli emphasized shared cultural ties, inaugurating the Ramayana circuit in 2018 (Sood, 2020). In 2016, Prime Minister Prachanda's visit to India led to trade, infrastructure, and regional connectivity agreements, deepening ties (MOFA, 2016). Nepal President Bidya Devi Bhandari's 2017 visit further reinforced bilateral cooperation, with India reaffirming its commitment to mutual development and regional cooperation (SASEC, 2017).

In August 2017, Nepal's Prime Minister Sher Bahadur Deuba visited India at the invitation of Indian Prime Minister Narendra Modi, marking 70 years of diplomatic relations. Both leaders expressed mutual appreciation for high-level visits and committed to deepening ties based on trust. They discussed Nepal's political developments and praised progress on joint projects, including infrastructure, connectivity, and post-earthquake reconstruction. India also pledged to enhance cooperation in energy, water resources, and flood management, and to ensure regular power supply to Nepal (MOFA, 2017).

In May 2018, Indian Prime Minister Narendra Modi visited Nepal at the invitation of Prime Minister KP Sharma Oli, marking Modi's third visit to Nepal. This visit followed Oli's trip to New Delhi in April 2018, aimed at mending relations after India's unofficial economic blockade of Nepal in 2015. Modi's visit, which included stops in Janakpur and Muktinath, helped re-establish mutual trust and respect in bilateral relations. Both nations pledged to enhance cooperation in agriculture, infrastructure, and transport, including extending rail links and improving Nepal's access to the sea (Muni, 2016).

During Indian Prime Minister Narendra Modi's 2018 visit to Nepal, he and Prime Minister KP Sharma Oli launched key initiatives to strengthen cultural ties, including the first direct bus service between Janakpur and Ayodhya and the Nepal-India Ramayana Circuit. They also laid the foundation for Nepal's 900 MW Arun-III hydropower project and emphasized the need for regular bilateral meetings to boost economic cooperation.

Additionally, both countries signed an agreement to explore a rail link between Raxaul (Bihar) and Kathmandu. Modi's visit concluded with the inauguration of a rest house for pilgrims and prayers at the Pashupatinath temple (Standarad, 2018).

On May 16, 2022, during Buddha Purnima, Indian Prime Minister Narendra Modi visited Nepal, marking his sixth visit since 2019. This visit, aimed at improving strained relations due to border disputes, saw the inauguration of the India International Centre for Buddhist Culture and Heritage in Lumbini. Six partnership agreements were also signed between India and Nepal. Notably, Nepal's Prime Minister Sher Bahadur Deuba inaugurated the Chinese-supported Gautam Buddha International Airport on the same day, highlighting tensions over China's growing infrastructure presence in Nepal's Terai region (Ghimire, 2024, p. 4; Poudel, 2022).

During Foreign Minister Arzu Rana Deuba's visit to New Delhi, it was announced that India will import an additional 251 MW of electricity from Nepal, totaling nearly 1,000 MW. Key joint projects include the 900 MW Arun-3 and Upper Karnali projects, alongside new agreements for the 480 MW Phukot-Karnali and 669 MW Lower Arun projects. However, delays pose challenges, particularly with the long-stalled Pancheshwar Multipurpose Projects. Additionally, geopolitical concerns regarding Chinese investment in hydropower may affect future electricity sales. Nepal and India also launched a crossborder digital payment mechanism to enhance financial transactions, with Indian nationals able to make payments in Nepal starting February 28, 2024 (Gelal, 2024; Thapa, 2024).

In conclusion, India's diplomatic shift post-blockade towards a "soft balancing" strategy in its relations with Nepal illustrates a convergence of neorealism and soft power theory. As Nepal's growing ties with China challenge India's influence, India seeks to maintain regional dominance by fostering stronger diplomatic and economic relationships rather than coercion. This shift aligns with neorealism's emphasis on power dynamics in international relations, highlighting India's adaptation to the geopolitical landscape through cooperative engagement. By prioritizing high-level visits, joint projects, and cultural initiatives, India employs soft power to enhance its appeal and influence in Nepal, addressing grievances and building trust. However, ongoing geopolitical concerns, particularly regarding Chinese investment in hydropower, necessitate careful navigation of regional power structures to ensure sustained bilateral cooperation.

# **Cultural Appeal as a Soft Power Tool**

India's emphasis on cultural diplomacy following the blockade reflects a strategic effort to rebuild and strengthen its ties with Nepal through shared religious heritage and cultural values. Initiatives such as the inauguration of the Janakpur-Ayodhya bus service and Indian Prime Minister Modi's visits to significant religious sites underscore the deep spiritual connections between the two nations. By promoting religious tourism and historical bonds, India aims to reinforce its influence in Nepal, even as it navigates its political relationships with China (Pradhan, 2018). Modi emphasized that Nepal is essential to India's faith, history, and religious heritage, stating that: Without Nepal, "our Ram is incomplete" (Pradhan, 2018).

The new Janakpur-Ayodhya circuit aims to enhance connectivity and promote religious tourism, reinforcing the mythological and spiritual ties between the two nations. During his visit to Nepal, Prime Minister Narendra Modi became the first world leader to offer prayers inside the Muktinath temple, which is sacred to both Hindus and Buddhists. Wearing traditional Buddhist attire, he performed rituals and engaged with visitors. Modi reiterated Nepal's importance in India's 'Neighbourhood First' policy, announcing a Rs 100 crore development package for Janakpur (Desk, 2018).

He and Nepal's Prime Minister Oli launched a Ramayana-themed tourism circuit by inaugurating a Janakpur-Ayodhya bus service to promote religious tourism. This focus on cultural ties, particularly through shared religious sites like Muktinath and Pashupatinath, reflects India's strategy to enhance its soft power and rebuild influence in Nepal following the blockade (Desk, 2018).

India's emphasis on cultural diplomacy after the blockade, exemplified by Prime Minister Modi's visit to the Muktinath temple, reflects an effort to rebuild relations through shared cultural values and historical ties as part of his two-day state visit. Despite no formal reception, local dignitaries presented him with sacred souvenirs, such as holograms and handmade gifts,

symbolizing local identity. Modi engaged with locals, enjoyed the scenic surroundings, and even played a traditional Denge musical instrument.

PM Modi's visit is significant for promoting Muktinath as a religious tourism destination and strengthening cultural and religious ties between Nepal and India Local residents are optimistic about its potential to boost tourism and bilateral relations (RSS, 2018). His visits to key religious sites like Janaki Temple and Pashupatinath further underscored the deep spiritual connections between the two nations, despite Nepal's

political alignment with China (Pradhan, 2018).

Locals in Mustang district were thrilled about Indian Prime Minister Narendra Modi's visit to the Muktinath temple, a significant Hindu shrine. During his visit, Modi spent about an hour at the temple, including 25 minutes in worship, which is anticipated to boost religious tourism in the region. Indra Dhara Bista, a provincial assembly member, highlighted that Modi's presence could increase Indian tourist numbers and enhance Mustang's economy (Pokharel, 2018). Approximately 25,000 Indian tourists visit Muktinath annually, which fell in 2015 but began to recover in subsequent years, rising from 15,478 in 2016 to 24,888 in 2017. Modi's visit was expected to further promote Muktinath as a key pilgrimage site, particularly among South Indian Vaishnavs. (Pokharel, 2018).

In a nutshell, India's post-blockade cultural diplomacy, exemplified by Prime Minister Modi's visits to significant religious sites and initiatives like the Janakpur-Ayodhya bus service, illustrates the application of soft power theory. This approach emphasizes influencing others through cultural appeal rather than coercion. By celebrating shared religious heritage, such as Modi's historic prayers at Muktinath, India aims to strengthen its ties with Nepal, asserting that "without Nepal, our Ram is incomplete." This strategy not only promotes religious tourism but also reinforces historical connections, enhancing India's influence in Nepal amid its shifting political landscape, particularly concerning China

# India's Economic Power as a Diplomatic Tool

Neorealism highlights the importance of material power in international relations. After the blockade, India shifted from coercive economic dominance to a softer approach, using incentives and investments to maintain influence in Nepal. Their relationship is characterized by an open border, cultural ties, and economic interdependence, with India as Nepal's largest trading partner and foreign investor.

Kamal Dahal Prachanda, the Prime Minister of Nepal, visited India from September 15 to September 18, 2016, at the invitation of the Prime Minister of India, Narendra Modi. The two Prime Ministers agreed that expeditious action should be taken to implement mutually agreed-upon projects in the identified sectors for post-earthquake reconstruction in accordance with the bilateral MOU signed in February 2016(GON, 2016a).

At the request of the Nepali side, the Indian side agreed to extend assistance to the

NRA, including through the sharing of experience and capacity building by the National Disaster Management Authority of India. In response to the declared policy of the Government of Nepal to grant NRs 3 lakh to each beneficiary for the reconstruction of houses, the Government of India conveyed that it would increase its contribution for 50,000 households from NRs 2 lakh to NRs 3 lakh. For this purpose, US \$ 50 million will be drawn by the Government of Nepal from the LOC of US \$ 750 million for postearthquake reconstruction (GON, 2016a).

Sher Bahadur Deuba, Prime Minister of Nepal, visited India from August 23-27, 2017, at the invitation of Prime Minister of India, Shri Narendra Modi.-The Prime Ministers of India and Nepal agreed that enhanced connectivity would boost economic growth and people-to-people contacts. They reviewed the progress of bilateral connectivity projects, emphasizing the early completion of two cross-border rail links: Jayanagar-Bijalpur-Bardibas and Jogbani-Biratnagar. Both leaders expressed satisfaction with the ongoing railway projects and the construction of Integrated Check Posts (ICP) at Biratnagar and Birgunj. They also highlighted the importance of the Motihari-Amlekhgunj petroleum pipeline as a priority project. They welcomed the establishment of a Joint Working Group for cooperation in the oil and gas sectors (MOFA, 2017).

K P Sharma Oli, the Prime Minister of India, His Excellency Shri Narendra Modi, paid a State Visit to Nepal from 11 to May 12, 201. The Prime Ministers of India and Nepal inaugurated the Integrated Check Post at Birgunj, aiming to boost cross-border trade, transit, and movement of people. They also attended the groundbreaking ceremony for the Motihari-Amlekhguni petroleum products pipeline and emphasized the need for swift implementation of bilateral projects. Three joint statements were issued on key areas of mutual interest: a new partnership in agriculture, expanding rail linkages from Raxaul to Kathmandu, and enhancing connectivity through the inland waterway.

Nepal and India have enhanced their relationship in the past two years through high-level visits and agreements, especially in the energy sector. The 2022 Joint Vision Statement led to electricity exports from Nepal to India reaching 650 MW by 2023, generating over Rs 10 billion. A long-term agreement aims to export 10,000 MW over the next decade. Enhanced digital financial connectivity allows seamless mobile payments, while projects like new petroleum pipelines and upgraded border roads aim to reduce business costs. The Motihari- Amlekhgunj pipeline alone saves Nepal Rs 1 billion annually (Sharma, 2024).

Prachanda's visit to India in 2018 led to significant advancements in the economic

and connectivity sectors. Key outcomes included the ability for Nepal to export electricity to multiple Indian states and revisions to the Trade and Transit Treaty for inland waterway access. Agreements were signed for major hydropower projects, including the 480 MW Phukot Karnali and the 669 MW Lower Arun. Foundations for the 400 -kilovolt Butwal-Gorakhpur transmission line were laid, and India committed to importing 10,000 MW of Nepali hydropower over the next decade, aiming to reduce Nepal's trade deficit. Modi's agreement to negotiate the border dispute marked a diplomatic breakthrough, though immediate solutions for border issues and Gorkha recruitment were not achieved (Gupta, 2023; Pant, 2024).

In 2020, Nepal amended its Constitution to include a map reflecting disputed territories Kalapani, Lipulekh, and Limpiyadhura, intensifying tensions with India, which claims the same areas. This amendment was perceived as a nationalist strategy to shift focus from domestic issues, including the COVID-19 pandemic. India's refusal to discuss the matter following its own map release in 2019 has worsened relations, marking the lowest point since the 2015 Indian blockade. Additionally, China's rising influence in Nepal, particularly through the Belt and Road Initiative, complicates the situation. Despite economic ties, unresolved disputes and the 1950 Treaty of Peace and Friendship risk further discord unless diplomatic talks occur soon (Shakya, 2020; Simkhada, 2024).

The evolution of Nepal-India relations since 2015 demonstrates a significant diplomatic shift from India's coercive economic dominance to a more collaborative approach focused on soft power. India has prioritized strengthening ties with Nepal through cultural connections, economic interdependence, and developmental assistance, as seen in high-level visits and joint infrastructure and energy initiatives. This strategy seeks to improve India's appeal as a partner while addressing Nepal's development needs, especially in the earthquake's aftermath. Tensions stemming from unresolved territorial disputes, particularly following Nepal's 2020 constitutional amendment, expose the limitations of India's soft power in its relations with Nepal. Nationalistic sentiments and China's increasing influence further complicate the situation. This dynamic illustrates the importance of ongoing dialogue and cooperation to address challenges and ensure regional stability.

#### Conclusion

India's diplomatic shift following the 2015 blockade reflects a broader strategy to maintain its regional dominance in South Asia amid Nepal's increasing engagement with

China, which poses a perceived threat to India's influence. In response, India transitioned from coercion to engagement, adopting a soft balancing strategy that employs diplomatic and economic tools to reassert its influence without inciting backlash. Previously, India relied on internal balancing, enhancing its leverage over Nepal, but now combines internal and external strategies to counter China's growing presence. This shift illustrates a competition for influence in Nepal, aligning with neorealist perspectives on state behavior in response to power distribution. Following the blockade, India sought to rebuild trust through high-level visits and soft power initiatives, emphasizing cultural ties and economic connectivity to improve its image. Despite these efforts, unresolved issues like the 1950 treaty revision and border conflicts remain, necessitating renewed political exchanges and regular bilateral meetings to enhance cooperation and address longstanding challenges in their relationship.

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