

Nepal's Foreign Alignments Amidst Competing Global Ideologies

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Abstract

Nepal's location between China and India, and engagement with Western powers has made its foreign policy complex in global ideological competition between liberalism and communism. Though Nepal upholds non-alignment policy, its diplomatic engagements show a pragmatic balancing strategy shaped by external pressures and domestic considerations. This study examines how Nepal's foreign policy reflects influence of liberal and communist ideologies, and explores challenges of balancing relations with China, India, and Western countries. It also analyzes role of domestic political actors and institutions in shaping foreign policy. The research adopts a qualitative, interpretive case-study design grounded in small-state diplomacy and asymmetric international relations. Secondary data were collected from books, peer-reviewed journal articles, studies on Nepal's foreign policy and small-state behavior. Analysis also draws upon primary political documents, official government policy statements, constitutional provisions, and speeches by influential political leaders. Data were analyzed using qualitative thematic and interpretive content analysis. The findings indicate that Nepal pursues a pragmatic hedging strategy rather than strict ideological alignment, balancing relations with China, India, and West to maximize strategic autonomy. Domestic political actors and institutions significantly shape foreign policy decisions, where regime security and nationalist considerations take precedence over ideological consistency. The study concludes that Nepal's foreign policy is best understood as a dynamic negotiation between domestic political imperatives and external geopolitical pressures. These findings contribute to the literature on small-state diplomacy by demonstrating how ideological competition and domestic political dynamics jointly influence the foreign policy behavior of states operating within asymmetric regional power structures.

Keywords: policy, relation, ideology, geopolitics, diplomacy

1. Introduction

Nepal's distinct geostrategic location, sandwiched between two intimidating neighbors has historically influenced its foreign policy. The Prithvi Narayan Shah's metaphor of a "yam

between two boulders" is still representative of the delicate balancing act Nepal has to do in its foreign relations (Chaturvedy & Malone, 2012, p. 288). Given that India's economy is more than 100 times larger and China's population is more than 47 times larger, Nepal's status as a small state is highlighted by the glaring disparities in population, economic, and military might (World Bank, 2016), by which the external limitations that Nepal must negotiate diplomatically are defined.

After Nepal's defeat in the Anglo-Nepal War (1814–1816), its foreign policy shifted from imperial ambition to small-state diplomacy—as noted by Adhikari (2018). This new approach involved aligning with British India, offering military support in return for territorial concessions and nominal independence, as explained by Rose (1971). In the post-Rana period, Nepal's foreign policy took the shape of "special relations" with newly independent India, largely driven by shared political changes and India's security concerns in the Himalayan region, as highlighted by Muni (2016) and Feer (1953).

King Mahendra later pursued diversification of Nepal's external ties, recognizing the need for broader diplomatic space to survive as a small state. This effort included joining the UN in 1955 and building ties with powers like China and the United States—an early assertion of non-aligned strategy described by Budhraj (1966) and Baral (1981).

Despite its formal commitment to neutrality, Nepal has often faced external pressure. Its neutrality during the 1962 Sino-Indian War and the 1989 Indian trade blockade exposed the limits of its diplomatic flexibility—Dahal (2011) notes. Upadhya (2012) and Anand (1977) discuss creative responses like the Zone of Peace proposal in 1975, supported by many but not India, illustrate Nepal's struggle for autonomy.

The restoration of democracy in 1990 and the civil conflict that followed brought greater foreign involvement. Shah (2004) and Khatri (2012) describe how powers like the U.S., China, and India deepened their engagement during this time. In response, Nepal has sought to reposition itself as a bridge between China and India through ideas like "equiproximity" and trilateral cooperation, Pandey (2009) says.

Nepal's 2015 Constitution reaffirms its pursuit of an independent foreign policy rooted in non-alignment, Panchsheel, and peaceful global engagement (The Constitution of Nepal, 2015, Clause 51).

Modern international relations are increasingly shaped by a global ideological contest rooted in two historically influential traditions: liberalism and communism. The liberal tradition, inspired by thinkers like John Locke, views political society as a mechanism for protecting natural rights—life, liberty, and property—through limited government and equal application of law (Locke, 1980). Liberalism defines human well-being as the preservation of individual freedoms, especially protection from arbitrary authority and economic coercion.

In contrast, communist ideology, articulated most powerfully by Karl Marx, critiques liberal political economy for alienating the working class and commodifying labor. Marx saw private property not as a safeguard of freedom, but as a mechanism of exploitation—arguing instead for its abolition to achieve collective ownership and social equality (Marx, 1994). Communism thus offers a radically different conception of freedom: not individual liberty from state control, but liberation from capitalist domination and class-based systems of power.

While both traditions emphasize freedom from oppression, they differ sharply on how that freedom is achieved and what comes after. Liberalism envisions human flourishing as emerging through individual rights and market participation, whereas communism sees freedom realized only through revolution and systemic transformation. Critics argue, however, that both frameworks focus heavily on negative freedom—freedom from domination—while neglecting positive freedom, or the ability to pursue meaningful participation in one's community and common good (Aristotle, 2013).

Holbrook says, in today's multipolar world, these ideological currents remain deeply embedded in foreign policy strategies, diplomatic discourse, and development agendas. Liberalism supports Western democratic institutions and multilateral organizations, while communist-rooted governance models continue to shape states like China. For smaller states like Nepal, navigating between these two competing worldviews—each offering a different vision of progress, security, and sovereignty—presents an enduring strategic and ideological dilemma.

1.1 Research Objectives

- To examine how Nepal's current diplomatic alignments and foreign policy decisions reflect the influence of liberal and communist ideologies.
- To explore the challenges Nepal faces in balancing its relations with China, India, and Western powers amidst global ideological polarization.
- To analyze the role of domestic political actors and institutions in shaping, aligning with, or resisting international ideological influences in Nepal's foreign policy.

1.2 Research Questions

1. How do Nepal's current diplomatic alliances and foreign policy choices reflect liberal and communist ideologies?
2. Why has balancing relations with China, India, and the West been a challenge for Nepal amid global ideological divides?
3. What role do domestic political players and institutions play in aligning or resisting Nepal's foreign policy with global ideological influences?

1.3 Significance of study:

Nepal's geographic positioning between two influential powers: China and India, combined with its expanding engagements with Western nations, situates it within a web of competing global ideologies. Although Nepal has traditionally adhered to a non-aligned foreign policy, its recent diplomatic practices reveal nuanced influences from both liberal democratic and communist ideological spheres. Nevertheless, much of the existing scholarship on Nepal's foreign policy concentrates on its geopolitical, economic, or historical aspects, often neglecting the ideological dynamics that underpin these orientations.

There remains a noticeable gap in the literature regarding a thorough exploration of how liberal and communist ideologies are reflected in Nepal's international relations, particularly in the aftermath of the 2015 constitution. Moreover, scant attention has been given to the role of domestic political institutions and actors in navigating and responding to external ideological influences. In light of intensifying global ideological polarization, a deeper understanding of Nepal's foreign policy stance is crucial.

2. Literature Review

Nepal's political evolution presents a notable divergence from the global decline of communism and the parallel rise of neo-liberal democracy. As noted by Hutt (1994), Nepal's democratic transition in 1990 was catalyzed by a rare alliance between the centrist Nepali Congress and orthodox communist factions, a political configuration almost unheard of elsewhere during the post-Cold War period.

Communism in Nepal, delayed by isolation and repression in Rana-era took institutional form only in 1949 under Pushpa Lal Shrestha. Despite early fragmentation, multiple communist factions emerged over decades—some aligning with the Soviet Union, others with Maoist orthodoxy. The geopolitical positioning of Nepal being between India and

China, intensified these ideological divisions as external strategic interests often superseded unity doctrinally (Hutt, 1994).

During the Panchayat era (1960–1990), party politics were banned, yet factions like the NCP, engaged in secret mobilization. Their expansion led to significant support for multi-party democracy during the 1980 referendum (Hutt, 1994). Parallel to this, Maoist groups like Mashal, influenced by Peru’s *Sendero Luminoso*, denounced constitutional reforms and parliamentary processes as bourgeois distractions, advocating for revolutionary transformation instead.

Following the democratic uprising of 1990—*Jana Andolan*—communist parties consolidated power. The UML, formed in 1991, became a major political actor. The 1991 general election saw communist forces win over 38% of the national vote, showcasing Nepal’s unique ideological landscape compared to the global communist decline (Election Commission, 1991).

The ideological rift persisted. While UML embraced parliamentary democracy, hardline Maoist groups like Masal rejected the post-1990 political order, citing its failure to dismantle monarchy-led power structures or address socio-economic injustices. Their rhetoric increasingly paralleled Peru’s Maoist insurgency in both language and revolutionary goals (Hutt, 1994).

These developments illustrate the complex ideological landscape in Nepal, where communism, liberal democracy, and nationalism intertwine with domestic grievances, caste-ethnic inequalities, and geopolitical pressures. Scholars have drawn attention to structural parallels between Nepal and Peru—especially in terms of economic centralization, ethnic marginalization, and youth political radicalization—that make the persistence of Maoist ideology in Nepal particularly salient (Hutt, 1994).

From the 1980s onward, discontent escalated due to neo-liberal economic policies, notably the Structural Adjustment Programs (SAPs) implemented under the protection of the IMF and World Bank. These reforms emphasized privatization, deregulation, and financial liberalization, but failed to yield equitable development or address deep-seated structural inequalities in land access, caste discrimination, and gender roles (Khanal & Bracarense, 2020). Feminist Institutionalism critiques these dualist frameworks—market versus state, private versus public—as inadequate to explain Nepal’s complex socio-political realities. Instead, a “triple movement” framework, as proposed by Fraser (2014), better captures the overlapping axes of domination and emancipation involving land, labor, and money (Khanal & Bracarense, 2020).

The Maoist insurgency (1996–2006) thus emerged not merely as a response to class-based exploitation, but as a broader resistance to centuries of feudal, caste-based, and patriarchal oppression. The movement mobilized a cross-section of historically excluded groups—Dalits, Janajatis, Madhesis, and women—who saw in it an opportunity for socio-political emancipation (Zharkevich, 2019; Khanal & Bracarense, 2020). Despite its costs, the insurgency contributed to significant structural changes: the abolition of the monarchy, the declaration of Nepal as a secular state, and improved representation of marginalized groups in national politics (Khanal & Bracarense, 2020).

The Maoist movement also shows the limitations of traditional institutional economics in addressing the complexities of underdevelopment in Nepal. While mainstream perspectives emphasized market efficiency and institutional formalization, they ignored how social hierarchies—rooted in caste, ethnicity, and patriarchy—continued to restrict access to resources, rights, and representation (Fraser, 2014; Khanal & Bracarense, 2020). As such, the transformation of Nepal’s state structure post-2006 is better understood through a multi-dimensional, historically embedded approach that accounts for both formal institutions and informal systems of domination.

2. Methodology

The primary objective of this study is to examine how Nepal's diplomatic alignments and foreign policy decisions reflect liberal and communist ideological influences, explore challenges Nepal faces in balancing its relations with China, India, and Western countries, and analyze the role of domestic political actors and institutions in shaping foreign policy.

To achieve these objectives, the study adopts a qualitative, interpretive research design based on case-study analysis to understand ideological narratives and diplomatic strategies that cannot be adequately explained through quantitative methods. The study is grounded in theoretical perspectives of small-state diplomacy and foreign policy analysis.

The research relies primarily on secondary data supplemented by selected primary political documents. Secondary sources include peer-reviewed journal articles, scholarly books, book chapters, government reports, policy papers, and publications related to Nepal's foreign policy, international relations, political ideology, small-state diplomacy, and regional geopolitics. To strengthen the analysis, the study also incorporates primary political texts, including the Constitution of Nepal (2015), political party manifestos, official foreign policy statements, bilateral agreements, government publications, speeches by prominent political leaders, and official documents published by MOFA and relevant international organizations.

The collected data were analyzed using qualitative thematic analysis supported by interpretive content analysis. Relevant documents were systematically reviewed, coded, and categorized according to recurring themes related to liberalism, communism, non-alignment, hedging, sovereignty, strategic autonomy, domestic political institutions, and foreign policy behavior. The findings were then interpreted within the frameworks of small-state diplomacy and international relations theory to identify patterns, similarities, and differences in Nepal's diplomatic engagements with China, India, and Western countries.

3. Analysis

3.1 How do Nepal's current diplomatic alliances and foreign policy choices reflect liberal and communist ideologies?

Nepal's present-day foreign policy represents a nuanced fusion of liberal democratic ideals and its enduring communist heritage—an outcome shaped by both global ideological currents and the nation's unique historical context. Classical realist thinkers such as Morgenthau (1948) defined foreign policy as the strategic pursuit of national interest within an anarchic international system. This notion was further systematized by Waltz's (1979) structural realism and supported by Kissinger's (1994) *realpolitik*, all of which underscore the centrality of power and state survival. Expanding beyond these realist traditions, Nye (2004) introduced the concept of soft power, arguing that attraction and persuasion could also serve as effective tools in the exercise of international influence.

The collapse of the Soviet Union and the subsequent rise of liberal democracy in the post-Cold War world led many to question the viability of communism as a governing ideology (Hanson, 2014). Fukuyama (1992, as cited in Roth, 1993) famously suggested that liberal democracy could mark the "end of history," portraying it as the ultimate form of political organization. Against this backdrop of global ideological realignment, Nepal pioneered its own ideological synthesis through Madan Bhandari's doctrine of People's Multiparty Democracy (PMPD), which has since become the cornerstone of the Communist Party of Nepal (Unified Marxist–Leninist)'s foreign policy orientation.

PMPD blends democratic pluralism with socialist principles, offering a localized framework that embraces electoral competition while preserving Marxist critiques of social injustice, imperialism, and economic inequality (Karki, 2023; Pokhrel, 2023). Rather than advocating for revolutionary upheaval, Bhandari envisioned a path to socialism rooted in democratic processes and economic independence. As Dhakal (2023) emphasizes, PMPD

reflects a commitment to achieving social justice through consensus-building and sovereign development, positioning Nepal as both ideologically adaptive and diplomatically assertive in the global arena.

From a foreign policy standpoint, PMPD champions non-alignment, national independence, and progressive engagement, aligning Nepal's diplomacy with both pragmatic liberalism and anti-imperialist Marxism (Bhusal, 2012). This approach is particularly evident in its emphasis on sovereignty, territorial integrity, and economic self-reliance, resisting both capitalist domination and geopolitical subordination (Bhandari, 1993). In doing so, PMPD reimagines Nepal as a semi-feudal and semi-colonial state that must strengthen its national economy before transitioning fully to socialism.

Geopolitically, PMPD promotes equidistance between India and China, prioritizing mutual respect and equal partnership (Bhandari, 1991). This reflects both the realist strategy of balancing power in a fragile neighborhood and a Marxist concern for resisting unequal treaties and external dependency (Shahi, 2021). Bhandari's stance on treaties like Tanakpur illustrates this dual commitment: maintaining peaceful bilateral relations while demanding revisions to exploitative agreements.

Furthermore, PMPD supports global multilateralism and regionalism. It encourages strengthening the United Nations, supporting SAARC as a mechanism for regional cooperation, and promoting international law and world peace (CPN UML, 1993; Bhandari, 1993). This aligns with liberal internationalist ideals, while its consistent opposition to aggression, hegemony, and arms races reflects its Marxist foundations.

Finally, the Bandung Conference's NAM remains a critical reference point for PMPD. Bhandari valued NAM as a platform for resisting global domination—be it imperialism or neo-colonial capitalism—while championing the rights of smaller, landlocked nations like Nepal (Bhandari, 1993). This vision balances liberal principles of sovereign equality and diplomacy with leftist critiques of global inequality.

3.2 Why has balancing relations with China, India, and the West been a challenge for Nepal amid global ideological divides?

At the heart of Nepal's strategy lies the concept of hedging in international relations. As Waltz (1996) and Paul (2019) note, hedging allows smaller states to cooperate simultaneously with multiple powers without fully aligning with any, thereby preserving strategic flexibility. For Nepal, this means avoiding overt bandwagoning with either China or India while cultivating mutually beneficial relationships with both and the West.

Since the 2015 Indian blockade, Nepal has increasingly diversified its foreign partnerships. It signed a trade and transit agreement with China, joined the Belt and Road Initiative (THT Online, 2016), and welcomed Chinese investment in infrastructure and hydropower. China viewed Nepal as a critical partner and encouraged communist party unification to strengthen political stability favorable to its interests (Pradhan, 2019; MOFA of Nepal, 2019). However, internal splits within Nepal's Communist Party and the subsequent ratification of the US-led MCC grant in 2022 marked a failure in Chinese diplomatic efforts and a resurgence of US influence (Ghimire, 2021; Adhikary, 2022).

Meanwhile, India's approach has reflected a mix of status quo behavior and hegemonic assertiveness. Episodes such as the 2015 blockade, ongoing border disputes since 2020 (Shakya, 2020), and cultural-political interventions under the BJP government—which is closely associated with Hindutva ideology—have raised alarms in Kathmandu. The BJP's use of diplomacy to promote Hindu nationalism and expand its influence in Nepal is viewed by many as a threat to Nepal's secular democratic identity (Kumar & Rizwan, 2021; Huju, 2022; Schwalbe, 2022).

Despite India being Nepal's largest trading partner—accounting for over 80% of exports and more than 60% of imports (MoF Nepal Economic Survey, 2021)—Nepal's increased economic and infrastructural cooperation with China since 2014 signifies a strategic recalibration. Chinese FDI projects in Nepal now outnumber India's, and China offers significant aid, including promises under the BRI, such as the Kathmandu-Lhasa railway (Mainali, 2022; Bhattarai, 2022).

Yet, Nepal's reliance on both powers is asymmetric. While China provides capital and infrastructure, India remains crucial for daily economic activity, energy supply, and migration-linked remittances. This dual dependency limits Kathmandu's maneuvering space, especially as both neighbors expect loyalty while viewing each other with suspicion.

The United States adds another dimension to this equation. Since the 1950s, it has provided development and military support to Nepal, notably during the Maoist insurgency. The Peace Corps, Point Four Program, and most recently, MCC and SPP initiatives reflect American efforts to anchor Nepal within a liberal, democratic, and market-oriented order (Manchanda, 2003; Budiman, 2021; Thakuri, 2021). China views these programs as coercive tools to contain its influence (Ministry of Foreign Affairs of China, 2022), while the US sees them as reinforcing governance, rule of law, and liberal values.

Nepal's preference for hedging over bandwagoning is further shaped by historical experience. Unlike Bhutan, which bandwagons with India and faces direct Chinese pressure at its borders (Kaura, 2020; Kaul, 2022), Nepal maintains a neutral stance without foreign military presence. It has resisted both Chinese and Indian attempts at domination, echoing the strategic dilemma Poland faced between Germany and Russia in the early 20th century (Mearsheimer, 2014).

From a constructivist lens, Nepal's hedging also involves resisting socio-political influence—particularly India's Hindutva-driven diplomacy—by reinforcing its secular identity and seeking plural partnerships. Liberal interpretations of hedging emphasize Nepal's strategy to gain infrastructure, investment, and political support from all three power centers—China, India, and the West—while maintaining autonomy and avoiding proxy entanglement (Lim & Mukherjee, 2019).

3.3 What role do domestic political players and institutions play in aligning or resisting Nepal's foreign policy with global ideological influences?

Nepal's foreign policy is heavily influenced by its domestic political actors and institutions, which frequently support or oppose international ideological influences depending more on the need for regime security than on a person's ideological beliefs. Historically, the strategic interests of ruling elites who place a high priority on maintaining their position of power have been reflected in foreign policy decisions. To illustrate how Nepalese leaders moderate their foreign policy to neutralise external threats and maintain domestic political stability, even at the expense of ideological consistency, Prime Minister Pushpa Kamal Dahal (Prachanda) adopted a cooperative stance towards India after taking office in 2008, despite his Maoist party's anti-India rhetoric and ideological alignment with China (Kraft, 2018, p. 4).

Foreign policy behaviour is heavily influenced by the threat environment, whether it be external (like pressure from neighbouring governments) or internal (like civil disturbance or insurgency). When there are significant internal dangers, like during the Maoist insurgency or political disintegration, authorities turn to strong outside forces to help ensure the survival of their government. This frequently means siding with nations with opposing ideologies, such as the US or India. On the other hand, Nepali leaders prioritise national sovereignty and strategic autonomy when external dangers are more pressing, such as during times of Indian coercion. They frequently do this by fortifying ties with China or pursuing Western engagement. Instead

of ideological allegiance, these changes show a pattern of pragmatic alignment motivated by the nature of regime risks (pp. 5–7, 22–26).

Political players' foreign policy conduct is also restrained by Nepal's democratic institutions. Overt support for any one global power, particularly if viewed as going too far, can incite nationalist backlash and hurt a party's political standing in a multiparty system with regular elections. In order to maintain strategic flexibility and not alienating certain elements of the population, ruling parties frequently employ a hedging approach, keeping ambiguous or balanced relations with China, India, and the West. A cautious and frequently ambiguous diplomatic posture is encouraged by these institutional restraints, which make drastic foreign policy realignments less possible (pp. 27–28).

Domestic political actors actively employ nationalist feeling as a tactical instrument to oppose foreign influence and disparage rivals, in addition to institutional restraints. Various parties have delegitimised rivals perceived as being unduly subservient to Indian interests and mobilised support by exploiting anti-India sentiment in particular. A cyclical pattern in Nepal's foreign policy is reinforced by this political dynamic: when it is politically advantageous, leaders fight foreign influence, and when they are in power, particularly if they are reliant on international assistance or support, they modify their tone. The strategic considerations that underlie domestic political maneuvering are thus exposed when foreign policy rhetoric frequently deviates from actual reality (pp. 38–39).

The fundamental logic of regime maintenance is the same in all systems, despite the fact that different regime types—authoritarian monarchy or multiparty democracy—introduce distinct institutional incentives and limitations. In the same way as democratic leaders modify their external alignments according to political competition and regime security, monarchs such as Mahendra and Birendra adopted forceful foreign policies, particularly when they believed India was undermining their authority. Democracies typically prefer a more moderate, hedging approach because of the risks of political backlash or election failure. The difference is in the degree of flexibility and public accountability that each regime faces (pp. 22–24, 28–29).

In the end, Nepal's foreign policy is influenced by a dynamic interplay between internal political demands and global opportunities or limitations rather than by strict ideological alignments. Depending on how useful they are in resolving internal issues like ensuring economic growth, maintaining national unity, or concentrating power, leaders either support or oppose global ideological forces. Therefore, rather than being only the result of ideological or structural pressures, the country's interaction with China, India, and the West is better understood as the result of strategic calculations based on the changing domestic political situation (pp. 21, 27, 30–32).

4. Results and Discussions

The findings reveal that Nepal's foreign policy is characterized by pragmatic hedging strategy rather than rigid ideological alignment. Although Nepal constitutionally adheres to principles of non-alignment, its diplomatic engagements demonstrate an effort to balance relations with China, India, and Western powers according to changing geopolitical circumstances. This finding is consistent with the work of Waltz (1996) and Paul (2019), who argue that small states employ hedging strategies to maximize strategic autonomy while minimizing the risks associated with dependence on any single major power. Similarly, Mainali (2022) concludes that Nepal increasingly relies on hedging to preserve flexibility amid intensifying Sino-Indian rivalry. The present study extends these arguments by demonstrating that Nepal's hedging behavior is influenced not only by geopolitical considerations but also by competing liberal and communist ideological narratives.

The analysis further indicates that Nepal's foreign policy after the 2015 Indian blockade reflects a strategy of diplomatic diversification. Nepal strengthened cooperation with China

through the Belt and Road Initiative while simultaneously maintaining engagement with Western partners through initiatives such as the MCC. These findings support the observations of Pradhan (2019), who argues that China has expanded its political engagement in Nepal through economic cooperation and party-to-party relations, and Budiman (2021), who highlights the continued role of the United States in promoting democratic governance and development assistance. However, unlike studies that interpret Nepal's external engagements as evidence of a gradual alignment with either China or the West, this study finds that these partnerships are better understood as complementary components of a broader hedging strategy intended to preserve Nepal's strategic autonomy.

Another important finding is that domestic political actors exert stronger influence on foreign policy decisions than ideological commitments alone. Political leaders frequently adjust Nepal's external alignments according to domestic political conditions and public sentiment than maintaining strict ideological consistency. This finding strongly supports Kraft's (2018) argument that Nepal's foreign policy is primarily driven by regime survival and asymmetric power relations rather than ideological preferences. Similarly, Shah (2004) and Khatri (2012) observed that Nepal's political transitions have repeatedly altered the country's diplomatic priorities. The present study reinforces these conclusions by showing that governments with contrasting ideological orientations have adopted remarkably similar foreign policy strategies when confronted with comparable domestic and external pressures.

The findings also demonstrate that democratic institutions and electoral politics constrain Nepal's foreign policy behavior. Political parties generally avoid overt alignment with any major power because such actions risk provoking nationalist backlash and undermining electoral support. This is consistent with Kraft (2018), who argues that democratic competition encourages political leaders to maintain strategic ambiguity in foreign affairs. The present study further suggests that nationalism functions not just as political ideology but also as an instrument through which domestic actors legitimize foreign policy decisions while resisting perceived external interference, particularly from neighboring states.

Regarding ideological influences, the findings reveal that Nepal has developed a distinctive foreign policy framework that combines elements of liberal democracy and communist political thought. Doing so by representing contradictory ideologies, these traditions coexist within Nepal's diplomatic practice through principles such as non-alignment, multilateralism, sovereignty, and social justice. Paudel (2024) argued that Nepal's geostrategic location compels it to pursue a realist foreign policy centered on balancing relations with major powers. This finding supports the interpretations of Bhusal (2012), Karki (2023), and Pokhrel (2023), who describe Madan Bhandari's People's Multiparty Democracy (PMPD) as a synthesis of democratic pluralism and socialist ideals. However, this study extends previous scholarship by demonstrating that PMPD functions as a domestic political doctrine and also as a practical foreign policy framework that enables Nepal to engage simultaneously with liberal democratic and socialist states without abandoning its strategic autonomy.

The analysis further reveals that Nepal's sovereignty remains constrained by structural economic and geopolitical dependencies despite its pursuit of an independent foreign policy. India continues to dominate Nepal's trade-transit and labor migration networks, while China has emerged as a major source of infrastructure investment and strategic connectivity. At the same time, Western countries continue to play an important role in governance reform, development, institutional capacity building, etc. These findings are in line with Rose (1971), Muni (2016), and Chaturvedy and Malone (2012), who posit that Nepal's geographic position inevitably limits its diplomatic freedom. Nevertheless, this study differs from earlier geopolitical analyses by emphasizing that these structural constraints are mediated by domestic political choices and ideological considerations.

Overall, findings suggest that Nepal's foreign policy cannot be adequately explained through realism, liberalism, or Marxism alone. Instead, it reflects an interaction between external geopolitical pressures, domestic political interests, institutional constraints, and ideological adaptation. This supports the broader literature on small-state diplomacy while offering comprehensive explanation of Nepal's foreign policy behavior. The study therefore contributes to existing scholarship by demonstrating that Nepal's sovereignty is not a fixed condition but an evolving process continually negotiated through strategic hedging and engagement with competing global ideological forces.

5. Conclusion

Nepal's foreign policy reflects the strategic balancing required of small states in a geopolitically contested environment. Caught between China, India, and Western powers, Nepal has adopted a hedging strategy that prioritizes flexibility over firm alignment. This approach allows Nepal to safeguard its sovereignty while navigating competing liberal and communist influences.

The research shows that domestic political actors play a critical role in shaping foreign alignments, often guided by regime survival and internal pressures rather than ideological commitments. While institutions and public opinion constrain over-dependency, nationalist rhetoric is frequently used to reinforce sovereignty narratives, even as leaders pragmatically engage with foreign powers.

Ultimately, Nepal's foreign policy is not defined by rigid ideology, but by a dynamic negotiation between domestic political imperatives and external geopolitical realities. Sustaining this balance will require continued diplomatic agility, institutional resilience, and a reaffirmed commitment to non-alignment and national autonomy.

Future research should extend this study by adopting mixed-method or quantitative approaches to complement qualitative findings and provide empirical evidence on the relationship between ideology and Nepal's foreign policy decisions. Comparative studies involving other small states like Bhutan, Sri Lanka, or Mongolia, could offer broader insights into how states situated between major powers navigate competing geopolitical and ideological influences. Such research would contribute to a more comprehensive understanding of the factors influencing Nepal's strategic behavior and enrich the literature on small-state diplomacy.

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