



Divergent Paths: A Comparative Analysis of Bhutan and Nepal's Strategies in the South Asian Subsystem

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Abstract

Background: Small South Asian states like Nepal and Bhutan are between two dominant powers, India and China. Even though their geopolitical situations are similar, their foreign policy actions are very different. To figure out how small states survive and get around hegemonic and competitive subsystems, it's important to know about these differences. Analyzing how small states endure and negotiate hegemonic and competitive subsystems requires an understanding of these distinctions.

Methods: This study adopts a qualitative research design and a systemic level of analysis. It utilizes ex post facto methodology to investigate historical and contemporary events in Nepal and Bhutan. Data is from secondary sources, including academic literature, policy documents, and official statements. The research uses Comparative analysis to identify patterns and divergences in strategic behaviour.

Results: Nepal has demonstrated a dual strategy of soft balancing and occasional bandwagoning to maintain its autonomy and address regional pressures. Bhutan, on the other hand, has mostly used a consistent alliance and bandwagoning approach, especially when it comes to security and economic support from India. Both states, on the other hand, use multilateralism and identity-based strategies to show that they are independent in the world.

Conclusion: The study finds that geopolitical location does not fully determine foreign policy strategies. Internal political dynamics, leadership choices, and historical contexts have a big impact on the different paths that small states with similar structural problems take.



Novelty: This study compares two small states that are similar in many ways; small, landlocked and neighbor of India and China. It shows how internal factors and perceived threats affect foreign policy in ways that go beyond structural determinism.

Keywords: Bhutan, Nepal, Strategies for small states

Introduction

Small states play a significant role in the international system, with some having considerable influence due to their geopolitical and strategic positions. These states share characteristics such as survival, autonomy, and prestige but face inherent vulnerability and existential threats. To address this, they typically employ various strategies to comply with extraordinary powers, depending on the structure of the international system and the preference to gain the most benefit from that structure. Small states generally have no viable alternative to bandwagoning to deal with great powers in a hegemonic international system. They can only survive in such a system, so they engage in less manoeuvring or make concessions for autonomy. Small states risk becoming trapped in a power vacuum in a balance-of-power system. If great powers adopt policies of dividing their spheres of influence while dealing with one another, small states face grave threats to their survival and autonomy. If great powers are willing to be on the same side, the balance of power system comes at a high cost for small states. However, if great powers conflict, they may be willing to pay attention to small states and seek to ally with them for geo-strategic benefits. Small states prefer to be balancers rather than scavengers or protectorates of a hegemon, but if their survival is threatened, they might switch to being allied with a hegemon. This study examines the variances in small states' roles and strategic behaviour under a similar external environment by examining two geopolitical identical states: Nepal and Bhutan. The study is divided into two parts: portraying South Asia as a subsystem with India as a hegemon and China as an external balancer and generalizing the role and strategies of these two identical small states in compliance with India's hegemonic traits and China's balancing role. The study contributes to understanding the uniqueness and diverse approach of small states' strategic choices in complying with great powers in a similar geopolitical environment. It adopts a systemic level of analysis to find the role and strategies of these two identical small states, focusing on their strategic behaviours under a similar geopolitical environment.

Methodology

The study is based on the qualitative research design. This study adopts a qualitative research design and a systemic level of analysis to investigate the foreign policy strategies of Nepal and Bhutan within the South Asian subsystem. The research employs an ex post facto approach, analyzing historical and contemporary developments retrospectively without direct manipulation of variables. The international subsystem characterized by the presence of a regional hegemon (India) and an external balancer (China) serves as the independent variable, while the strategic behaviors of the small states (balancing, bandwagoning, and multilateralism) are treated as dependent variables. The data used in this research are entirely secondary in nature. The selection of sources was guided by academic credibility and relevance



to the topic. Preference was given to peer-reviewed journal articles, policy documents and official statements from government and diplomatic sources and think tank reports, doctoral dissertations, and reputable news outlets with verified geopolitical content

To enhance validity and credibility, the study employed a triangulation strategy, comparing multiple categories of sources—government documents, scholarly literature, and media reports to interpret state behavior and verify consistency across narratives. This approach allowed for cross-verification of findings and minimized the risks of source bias. However, the study acknowledges its methodological limitations. Due to institutional constraints and the nature of the research, primary interviews or fieldwork were not conducted. As a result, some of the subjective perceptions of leadership decisions or internal political debates are inferred rather than directly reported. This limitation is partially mitigated by drawing on extensive archival and policy literature that captures official positions and retrospective analysis by scholars and policymakers. Despite these limitations, the qualitative and comparative approach allows for an in-depth understanding of the divergent strategies pursued by Nepal and Bhutan under structurally similar but contextually distinct circumstances.

Defining Small State

The definition of the small state has been contested, with various terms used interchangeably and independently, including microscopic, developing, weak, poor, failed, or least developed country, resulting in a mixture of concepts. Different views on defining a small state incorporate historical development, changes in international systems, and capabilities to influence the system. Small states have lower ranking, emerged recently through decolonization, and possess internal constraints that affect the international system. However, these views have evolved based on changing international systems.

Simon Kuznets, a Russian professor, identified the small state as an independent sovereign state with a population of ten million or less ([Kuznets, 1960](#)). The Commonwealth defines small states as countries with a population of 1.5 million or less, such as Botswana, Jamaica, Lesotho, Namibia, and Papua New Guinea ([The Commonwealth, 2021](#)). Thus, academic studies primarily suggested small-state definitions based on the population size; however, they still diluted the concept with variations in population sizes.

Rothstein (1968) and Morgenthau (1973), small states cannot secure themselves and rely on others for protection. They classify into three categories: states seeking power through status quo policies, those seeking external expansion to uplift their position, and states satisfied with their power and merely enhancing it. International politics is a power struggle ([Morgenthau, 1973](#)). Thus, small states have lower military capabilities and rely on others for their security and survival. They are not the party to power struggle and have limited capabilities to enhance their security independently. Jean A.K. suggests that the definition of a small state is based on perceptions, where a state's people and institutions perceive themselves as small, or another state's people and institutions perceive it as small ([Kavalsk, 2006](#)). Keohane categorizes small states into four categories based on their influence on the international system. These states, he believes, are non-influential, and leaders realize they cannot influence the system through alliances or unilateral actions. They are considered non-influential ([Keohane, 1969](#)). The idea



of perception also shapes the meaning and definition of small states. The state that perceives itself as small and agrees that it cannot unilaterally or in the group influence the system is known as a small state. Historically, small states' insiders were weak, meaning they were too weak to impact international order or change their rules significantly. They were also seen as weaker in an asymmetric relationship, unable to change their nature or functioning independently (Clive, 2014). Later, the weakness of a small state is attributed to its quantitative characteristics: the size of the territory, population, economy and limited military capability. Jaquet views that a small state, neither on a global nor a regional scale, can impose its political will or protect its national interests by exerting power in politics (Raj, 2023). In other words, a small state cannot defend its national interests by its own political or military means (Vaicenskaitė, 2017).

Small state definitions and meanings have always been conflictual; however, reviewing the handful of literature, it is clear that some quantitative characteristics, such as geographic size, population, economy, and limited military capabilities, are essential in defining small states. Other literature adds qualitative characteristics like the perception of being weak, historical isolation, and lack of confidence in influencing the international system in small states.

Hegemonic Theory, Balance of Power and Small states

Hegemony refers to the leadership or predominance of one state over others, often involving international leadership or historical blocs of social groupings. It is the strongest position, allowing control over weaker parties. A hegemonic structure exists when a robust state controls or dominates the system's lesser states (Schmidt, 2018). Realists define hegemony as overwhelming power and its ability to dominate others. They see a hegemon as a state with superior military, economic, and diplomatic capabilities and believe the dominant state exclusively dominates all subordinate states (Levy, 2005). According to John Mearsheimer, a hegemon is a state that is so powerful that it dominates all the other states present in the system (Mearsheimer, 2001).

Layne, a neoclassical realist, identifies four characteristics of hegemony: economic supremacy, self-interest, stability, and polarity. He believes hegemony requires hard power, self-interest, and intentional exercise to create a stable order. He suggests that a single dominant state must articulate and enforce norms and rules to maintain the stability of the international system. According to Layne, hegemony must be exercised willfully to serve its interests (Layne, 1993). Hegemonic stability theory is defined by various schools of thought, with neo-realists focusing on military superiority and neoliberals focusing on a global hegemon's economic size and political power to generate international public goods like free trade and liquidity during crises (Prabhakar, 2010). This hegemon controls the system and generates economic and political stability. The Keohane criterion emphasizes economic and trade interdependence factors, opposing realist uni-dimensional understanding of hegemony as preponderant material power. Hegemonic power establishes international rules for mutual exchanges among countries and can punish transgressors with predictable penalties. Punishing the aggressor symbolizes the strength of a hegemonic power in maintaining global stability (Schmidt, 2018).



The theoretical literature on hegemony is a complex concept characterized by preponderant power and leadership ability. Realist theories emphasize power, while most theories focus on both. A hegemon is a state with superior material capabilities, while there is limited literature on the dominant state's leadership character. Only a few works distinguish hegemony theory and leadership in different contexts, highlighting the complexity of the concept. According to Hans Morgenthau's realist theory, the aspiration for power for several nations, each attempting to maintain or overthrow the status quo, leads to a configuration known as the balance of power ([Morgenthau, 1966](#)). Similarly, Neorealism, as formulated by Kenneth Waltz, argues that the anarchic structure of the international system compels states especially weaker ones to adopt balancing strategies to survive ([Waltz, 1979](#)). neo-realist Kenneth Waltz asserts that just as nature abhors a vacuum, international politics abhors unbalanced power ([Waltz, 2000](#)). In addition to these classical IR theories, Alliance Shelter Theory, as developed by [Bailes, Thayer, and Thorhallsson \(2016\)](#), provides a nuanced framework for understanding how small states seek comprehensive protection not just military security, but also economic and societal "shelters"—through asymmetric alliances. According to Christopher Layne, Great powers balance against each other because structural constraints compel them to do so ([Schweller, 2016](#)). Thus, the balance of power is conflictual regarding asserting power over one another in a given international system. The conflictual state results from a vacuum where the conflict might not be physical but in many forms, from military and economic to ideologies.

While other theorists believe in a peaceful international system with the distribution of power at an equilibrium level, according to the balance of power theory, if power is distributed evenly among states in the international system, that is, if there is an international equilibrium in terms of power, peace will prevail. Because war is started with the expectation of winning, state parity would deter a potential transgressor from attacking others ([Choi, 1995](#)). Thus, peace is achieved when power is distributed and balanced among two or more great powers rather than when power is primarily possessed by one great power. As a result, small states benefit more from the balance of power system, which is more likely to protect independence because it prevents any nation from rising to such power that it could destroy the independence of all others ([Handle, 1981](#)).

The above literature reflects the balance of power as a very abstract and contested concept. The term can refer to an equal distribution of power, a preponderance of power, or an existing distribution without measuring whether it is balanced or stable. However, in this study, the balance of power system is equated with the 'competitive' system, or, to put it another way, a 'non-unipolar' system.

Small states are more secure and beneficial in a competitive system than a hegemonic one. However, the intentions of great powers are essential. Suppose small states restrain themselves and collaborate to maintain balance. In that case, they become more dependent on the decisions of great powers, reducing their manoeuvring options and making them more dependent on their dominant power ([Handle, 1981](#)). In a competitive system, great powers compete for relative power advantages, making them more advantageous to small states for increased manoeuvring options. As long as great powers fear each other, small states can maintain their independence. This is a permanent characteristic of great power behaviour, as nations actively engaged in



power struggles aim for superiority rather than the balance of power ([Morgenthau, 1973](#)). In such a competitive system, the greater the gap between (or among) great powers, the less the powerful pay attention to small states. In other words, the great powers are prone to pursue prestige, namely the policy of prestige or the balance of disequilibrium; the more they are willing to pay to small states to attract them to their side, the greater the benefits small states can get ([Choi, 1995](#)).

The literature cited above supports the competitive system, specifically the balance of power System, as being more favourable to small states than the hegemonic system. However, this does not imply that the balance of power theory is more viable than the hegemonic theory, but rather that if there are two or a few conflicting great powers, small states will benefit from greater freedom of manoeuvring. Unfortunately, if great powers do not reach an agreement and cooperate, this favourable period usually ends quickly. Furthermore, small states are more sensitive to even minor threats. They are more likely to seek survival rather than freedom of manoeuvre when one of the great powers seizes the initiative, so they will bandwagon behind the most immediately threatening power. The international system is shaped and transformed by the politics of great powers, and the type of international system influences the behaviour of small states. However, the strategies those small states adopt might vary within the system.

Strategies of Nepal

Nepal's foreign policy is centred on ensuring its survival and safeguarding its territorial integrity from its neighbours because it is small and landlocked ([Muni, 2016](#)). To protect its territorial integrity, Nepal's foreign policy was created to strike a balance between India and China, to uphold UN values, and to join regional organizations. Worldwide recognition; forging ties with extra-regional powers to lessen reliance on both nation's manoeuvring and political changes ([Baral, 1986](#)).

Balancing and Bandwagoning

The balancing nature of small states largely depends on their geographical location. If a small state is situated in the middle of two confronting great powers, its balancing behaviour will be effective; however, because its weight is not heavy enough, a small state can hold the balance of the fulcrum only in minimal situations and thus, in most of the cases, small states are likely to bandwagon rather than balance ([Choi, 1995](#)). Criticizing Walt's 'balance of power threat' theory, Randall L. Schweller approaches balancing as driven by a desire to avoid losses, bandwagoning by the opportunity for gain ([Choi, 1995](#)).

Nepal is a small state between two great powers that is structurally constrained. Its strategies have been observed as balancing and bandwagoning both sides of the same coin. Nepal has adopted the policies of soft balancing and bandwagoning both to maximize its potential gain of survival in various periods. Prithvi Narayan Shah, the founder of modern Nepal, introduced the 'Yam Theory' in 1769, suggesting independent behaviour among rulers with foreign powers, particularly China and the southern sea. This concept, portrayed as a yam between two boulders, remains a fundamental principle in Nepal's foreign policy, promoting treaties of friendship with both nations ([Baral, 2022](#)). His thinking sought to balance North and South, and he was also advised not to engage in an offensive attack but rather to do it defensively. His



approach thus was to balance in a friendly way and, if threatened, defend on equal weight to North and South.

Nepal's diplomatic efforts to balance relations with China and the British failed, leading to wars with Tibet and British India in 1792 and 1814, respectively. This resulted in territory loss and limited external behaviour, prompting the successors to adopt a bandwagoning strategy ([Baral, 2022](#)). Janga Bahadur Rana, who became the new Prime Minister of Nepal on September 19 1846, decided to adopt Nepal's foreign policy to please that of the British, which was the most significant threat to Nepal's survival ([Adhikari, 2018](#)). The second rationale for this decision was also domestic politics. As regime protection was synonymous with state survival, Janga Bahadur consistently needed strong backing to defend his regime and state at a time. As a part of the bandwagoning strategy with the British, Jung Bahadur offered military assistance to British India.

As an occasion, on December 10 1857, the prime minister himself led 8,000 a strong Nepalese army contingent into India to suppress the mutiny of Indian army men against the British, which pledged the British rulers in Calcutta and in return, they restored a part of Nepalese land in the western Terai called 'Naya Muluk' which includes four districts—Bake, Bardia, Kailali and Kanchanpur of present-day Nepal. Similarly, Nepal sent 10 battalions of the Nepalese army to fight World War I on the side of the Allies. In return, 55,000 more Nepali men were recruited into British Gurkha battalions in India as an honour for the bravery of Nepali armies ([Rose, 1971](#)). As soon as World War II broke out in 1939, Nepal again sent 10 battalions of Nepal Army personnel to the battlefield, and more than 200,000 Nepalese men served in British units during the war ([Rose, 1971](#)). Nepal's bandwagoning with the British granted the status of an independent state through a treaty signed on December 21, 1923, keeping Nepal within the British sphere of influence and "as the provision of consultation" to the government of British India on relations with Tibet, Sikkim, Bhutan, and China ([Adhikari, 2018](#)).

The strategic environment, however, changed with the decolonization movement in India. While India marched through its post-independence political transition, Nepal established diplomatic relations with the US and other Western countries to counterbalance India and seek international recognition. There was also the threat of expansion of communism that thrived in China and its aggression in Tibet in 1950. The political scenario altered the security situation in the Himalayas. The Chinese view of Tibet as the palm of a hand and adjacent territories like Nepal, Bhutan and some parts of Indian territory, such as Sikkim and Arunachal Pradesh, increased Nepal's vulnerability ([Adhikari, 2018](#)). Worried over these developments, Nepal signed two treaties in July 1950: the Treaty of Peace and Friendship and the Treaty of Trade and Commerce with India. Nepal became a defence partner of India with the treaty allowing the consultation of India for the purchase of Weapons. India ensured a progressive, stable and strong Nepal that would be sensitive to India's security concerns. Since then, the Friendship Treaty has remained the guiding force in India–Nepal relations, giving India an upper hand in international relations and diplomacy with Nepal.



After King Mahendra took power in 1955, Nepal transitioned from an India-dependent foreign policy to an independent one by diversifying its relationships with other countries. This led to the signing of a parallel Treaty of Peace and Friendship with China in 1960, aiming to neutralize India's influence. Nepal sought development aid from Western countries, leveraging differences between China and India. This led to a balancing approach to India's hegemonic traits and becoming a part of the containment policy of major powers. In return, China reciprocated Nepal's efforts and offered political support and economic assistance for the Nepal King's domestic policies ([Adhikari, 2018](#)). Nepal also remained silent during the India-China border Conflict 1962 to balance the North-South.

Nepal adopted a tactful policy of "balancing," or what some authors would refer to as "soft balancing," and baulking, which is to ignore or avoid the demands of the great powers when doing so is contrary to the country's national interest. This was during the period of peace in the Asian region, particularly between India and China ([Adhikari, 2018](#)). Examples of Nepal's successful agency in relations with its northern neighbour include its ability to resolve the Mt. Everest dispute with China primarily in Nepal's favour and its success in registering protest for border transgression by the People's Liberation Army and receiving an apology from the Chinese side in the 1960s ([Muni, 2016](#)). As an example of successful stalling in Nepal's relations with the subregion, consider the diversification of foreign relations after 1955 despite Nehru's public disapproval, the removal of Indian security agencies from Nepal's border with the Tibet region of the PRC at the end of the 1950s, and the opening of the Kodari highway that connected Kathmandu with the Tibet region of the PRC during 1963–1967 against the concerns and wishes of India as a baulking with the sub-regional hegemon.

Nepal's diplomatic balancing act between India and China was complex and unpredictable. It aimed to minimize restrictions on its freedom to pursue independent foreign policy and enhance national security. This diplomatic dance was not balanced in the traditional sense of power, but it had some consequences, particularly in its relations with India. As Dev Raj Dahal pointed out, Nepal's balancing act has always been precarious, akin to a game of national self-assertion versus regional accommodation ([Dahal, 2011](#)). One example of such precariousness was India's imposition in late 1989 and 2015 of a trade blockade on landlocked Nepal in reprisal for importing arms from China and for not addressing Indian approval while drafting the Constitution of Nepal 2015 ([Adhikari, 2018](#)). Similar balancing traits have been seen in the post-monarchy period and the new political development of Nepal as the Federal Democratic Republic of Nepal.

Nepal has been developing more balanced traits in its relations with China and India, moving away from India's hegemonic nature and focusing on achieving independence. Since transitioning from a multiparty democracy to a republican government, Nepal has been more cautious in interacting with its neighbours. Today, Nepal's foreign policy emphasizes equidistance, trilateralism, and the concept of a vibrant bridge, reflecting its aspiration to balance both neighbours. After establishing the FDR government in Nepal, India's bids were ignored for most mega projects. Chinese companies were allowed to invest in garment, hydropower, and other sectors. Nepal welcomed China to neutralize perceived Indian influence



in many arenas and departed from the tradition of the new Nepali Prime Minister visiting India first. To counterbalance India, Nepal intensified its engagement with China, taking decisive action against the Tibetan refugee movement and increasing border security to prevent the transit of Tibetan refugees across the border with China ([Nayak, 2021](#)).

Since 2008, Nepal has strategically addressed the growing favourable conditions with China's engagement in the sub-region, aiming to lessen India's influence in Nepal. The then PM of Nepal, Baburam Bhattarai, proposed reorienting Nepal's foreign policy to become a vibrant bridge between the two Asian economic giants, addressing the changing global and regional order. This move aims to counter India's hegemonic traits and China's influence in Nepal ([Nayak, 2021](#)). With the new priorities, Nepal declared a policy of equidistance, believing that Nepal is traditionally economically more dependent on India than China.

India's economic and financial stake in Nepal has increased due to China's footprint, making it more competitive. Nepal faces pressure to maintain balance in partnerships with both nations. Following the BIPA agreement, Nepal was pressured to sign similar agreements with China. The Interim Constitution's directive on foreign policy was disregarded, leading to the allocation of the West Seti project to China to maintain balance in hydro projects. This trend increases as Nepal allocates more hydro and infrastructure projects to China to neutralize India's influence. The remarkable counterbalancing of Indian hegemonic traits by Nepal has been more prominent after the promulgation of Nepal's constitution in 2015. KP Sharma Oli, who became prime minister in October 2015 after the constitution was proclaimed, inked a historic Transit and Transportation Agreement and other investment projects with China in May 2016 ([The Himalayan Times, 2016](#)). The agreement between Nepal and India resulted from a prolonged border blockade by New Delhi in retaliation for Nepal's constitutional acceptance. The blockade forced Nepal to expand its trade and transit possibilities but also deterred India's hegemony towards Nepal. As a result, Nepal could use seven Chinese ports for trade with third parties, breaking its dependency on southern neighbours for third-country trade.

A growing nexus between India and China under Modi and Xi for trade and investment altered the sub-regional power dynamics, and Nepal became anxious about their joint policy. For example, India and China entered into an agreement in 2015 during PM Narendra Modi's visit to China to boost border trade at Qiang/Lipu-Lekh Pass, which is close to Nepal's territory. Nepal's Parliament raised serious objections over an agreement, claiming the agreement was against international norms and values. Further, at the Wuhan Summit in 2018, in the presence of Chinese President Xi Jinping and Indian Prime Minister Narendra Modi, China proposed a plus strategy for dealing with South Asian countries, which was later affirmed when, once again, the Chinese side proposed to Nepal's Prime Minister KP Oli a "two plus one" format for dialogue ([The Hindu, 2018](#)). Nepal has deployed trilateral cooperation in dialogue against any joint interference by India and China. One of the other striking incidents that took place in Nepal's balancing attitude was the publication of a new political map showing Kalapani, Limpiyadhura and Lipulekh as Nepali territories was in counterbalance to India unveiling its new political and administrative map placing Kalapani within its territory ([The Kathmandu Post, 2020](#)). These examples demonstrate Nepal's changing strategies in dealing with regional



hegemonic India. Nepal has been growing its balancing traits against India, welcoming China's presence in the economy, trade, and development. Nepal, realizing the changing subregional power dynamics, has pushed economic development to its core national concern, realizing Nepal's geographic position between two great powers as an opportunity for economic growth ([Nayak, 2021](#)). Nepal is pushing economic development to either side, willing to transform its buffer conception into a vibrant bridge transit economy. In recent years, Nepal has adopted more soft and delicate balancing attributes to deal with the existing hegemon India and key balancer China in fulfilling its vital interests.

Nonalignment

Nonaligned foreign policy emerged as a response to an ideological confrontation between two superpowers after World War II. It aimed to create a separate identity for Afro-Asian countries with a history of colonization by European countries. They feared colonization and wanted to communicate a cooperative framework to developed countries to protect them from exploitation and interventions by dominant global powers.

Nepal prioritized Non-Alignment movement (NAM) and its values, becoming one of its founding members at the Afro-Asian Conference in 1955. NAM helped Nepal assert its sovereignty, independence, and balance with its neighbours, addressing India's hegemonic behaviour and China's uncertain intentions. Despite being a colony, NAM was crucial in repositioning Nepal as a sovereign, independent, and neutral country. It addressed insecurity from India's and China's intentions for respecting territorial integrity and sovereignty, addressing issues like special friendship with India and China's expansionist policy. NAM policy helped maintain strategic autonomy between North and South, demilitarizing territory and resolving border issues with China through joint consultations ([Nayak, 2021](#)). Nepal joined the Non-Aligned Movement (NAM) to express concerns and signal its commitment to maintaining a balance between its neighbours. Despite criticism, Nepal has consistently argued for strengthening NAM, recognizing its strategic location and the impact of India and China's aggression. NAM helps maintain a balance between the two nations, asserting Nepal's sovereignty and independence. Despite historical rivals, NAM remains an effective tool of strategic autonomy, ensuring Nepal remains independent from any potential conflicts.

Neutrality

Small states often adopt neutrality strategies to ensure their survival and independence. They rely on their insignificance and powerlessness to protect themselves from potential threats. By appearing detached and disinterested, they hope the storm will pass them by ([Choi, 1995](#)). During the interwar period, the Netherlands' security policy continued its successful unarmed neutrality policy, emphasizing international law and abstentionism from the security alliance, as it remained untouched during WWI ([Stein, 1990](#)). Like the Dutch, small European states hesitated to join the League of Nations due to the potential for sanctions against aggressor states. Despite this, most European states maintained neutrality as a strategy due to Europe's growing hostile environment and insecurity. However, neutrality is not universally acceptable by small states, as it is conditioned by the acceptance of great powers, as seen in the treaties of Belgium and London ([Sens, 1993](#)).



Nepal has maintained neutrality during border disputes and wars between India and China. In 1962, it maintained its neutrality despite Indian pressure. In 2017, during the Doklam standoff, Nepal refrained from commenting on the issue, demonstrating its ability to maintain neutrality despite pressure from both countries ([Adhikari, 2018](#)). Nepal successfully implemented a neutrality strategy, balancing tension between neighbouring countries. In the 1970s, Nepal sought international recognition for its neutrality, proposing a 'Zone of Peace', as suggested by King Birendra during his crowning ceremony ([Kafle, 2022](#)). The ZOP is a strategic move to assert Nepal's independence from Indian hegemonic behaviour, aiming to protect its sovereignty and integrity from threats in South Asia. It symbolizes that Nepal is no longer under Indian defence and ensures no foreign power uses Nepal as a military base (Scholz, 1976). China, the US, and the Soviet Union supported the proposal for a peace zone in Nepal. However, India opposed it due to concerns about circumventing special relations between the two countries. The Khampa incident on the northern border also contributed to the proposal. The king emphasized the potential of a peace zone to address regional, bilateral, and multilateral alliance issues. Despite opposition from India, Nepal has consistently embraced neutrality in response to the Indo-China rivalry. However, this neutrality has been passively rooted in its strategic behaviour in resolving conflicts in its surrounding areas ([Adhikari, 2018](#)).

Multilateralism and Diversification of Relations

Small states often participate in regional and international organizations to secure their autonomy, survival, and national interests. They prioritize applying international law and usually adopt international organizations as their preferred foreign policy tool. India, particularly Nepal, has been accused of being an interventionist state by its neighbours due to historical problems, regime incompatibilities, and asymmetries. These neighbours demand multilateralism over bilateralism to voice against suppression and inequality. Multilateral diplomacy and organizations, such as SAARC, have attempted to band together against India, but regional organizations have failed to address these concerns due to India's reluctance. Nepal has been involved in the international community since 1955.

Nepal aimed to deviate from India's dependency on foreign policy and developed an independent foreign policy by diversifying its relationships with other countries. In 1960, Nepal signed a parallel Treaty of Peace and Friendship with China, extending its diplomatic relations to over 45 countries. Nepal also sought to establish Panchansee, Nonalignment, and World peace norms to enhance its international prestige. In 1955, Nepal acceded to the United Nations (UN) and has been steadfast in its adherence to the UN charter. Despite its small size, Nepal actively participates in the nonalignment movement, helped establish SAARC in 1985, and participates in various UN-specialized organizations to safeguard national interest ([Baral, 2022](#)).

Nepal, a key player in the international community, has been actively involved in UN initiatives such as peacekeeping, climate change combat, and defending the rights of developing nations with landlocked regions. Since 1955, Nepal has actively participated in over 43 UN missions, with over 1,32,524 Nepal Army men participating. The country has been recognized as an International Contributor to Global Peace and is now the second-largest contributor to UN



peacekeeping operations. Nepal has also been involved in other international institutions like the World Bank, IMF, and ADB and plans to join the SCO and AIIB. The country has established diplomatic relations with 171 countries, 30 embassies, three permanent missions, and six consular offices ([Nayak, 2021](#)). Nepal's involvement in international institutions aims to maintain its independence, defend its sovereignty, and fulfil its vital interests. This engagement reduces Nepal's dependence on its neighbours and supports various economic and social development programs. Nepal has been advocating for multilateralism to raise its voice and defend its vital interest, demonstrating its commitment to maintaining its sovereignty and promoting global cooperation.

Strategies of Bhutan

Isolationism

Karma Galay's article in International Politics of Bhutan asserts that Bhutan's isolation policy was self-imposed in the early 1960s despite India's independence in South Asia ([Galay, 2001](#)). Nihar R. Nayak's "Political Changes in Nepal and Bhutan-Emerging Trends in foreign policy in the post-2008 Period" argues that Bhutan adopted a policy of limited engagement (PLE) until 1959, which was successful in preserving its territorial integrity. However, this policy became irrelevant with the application of modern communication technology and globalization. Bhutan's isolationist strategy, or retreat from international politics, was adopted to maintain its independence and distinct identity. The policy's security and preservation of traditional religio-cultural identity were key benefits of this isolationist strategy. Bhutan's location shielded it from international politics, allowing it to implement this program during the colonial period successfully.

Alliance and Bandwagoning

[Bailes, Thayer, and Thorhallsson \(2016\)](#) propose the 'alliance shelter' theory, which focuses on small states' complex motivations and conduct, such as Armenia, Cuba, and Singapore. They argue that small states require political, economic, and societal shelter and security protection to thrive. Small states have a small domestic market and concentrated manufacturing, making them more vulnerable to external and internal shocks. To mitigate these vulnerabilities, they seek refuge in the international system by associating with larger entities. This external shelter connects small societies to the outside world, allowing them to reach their full potential and resolve internal order challenges ([Bailes, Thayer, & Thorhallsson, 2016](#)). Referring to theory, we can link Bhutan's strategy to thrive in the South Asian subsystem by adopting a shelter alliance strategy with India for its political-economic and social security. In the 1950s, strategic developments in the Himalayan region pushed Bhutan from self-imposed isolation to an ally. India provides military assistance to Bhutan and basic training to its armed forces personnel. Despite not having the capacity or intention to develop nuclear weapons, Bhutan has supported India's nuclear policies. Bhutan's isolation strategy was reevaluated after China's takeover of Tibet in 1950 and the 1959 Tibetan revolt. To maintain independence and receive external assistance, Bhutan moved closer to India on security issues, began modernization, and gradually expanded its relations with the outside world ([Ahsan & Chakma, 1993](#)). In 1974, Indian Prime Minister Nehru declared that any attacks or hostility towards Nepal and Bhutan



would be considered an attack on India. Despite Nepal's public reservations, Bhutan accepted this, demonstrating the Indian government's control over Bhutan and their reciprocity to be proclaimed protectorates ([Rose, 1974](#)). The 1949 Treaty of Friendship further shows the relationship between India and Bhutan as patron-client states, with India being a legitimate partner for Bhutan's diplomacy and national defence and Bhutan as an ally for strategic interests. Under King Jigme Dorji Wangchuck, Bhutan began modernizing under the Economic Front. India provided aid to Bhutan, which was often willing to help before the latter requested it. 1958, Prime Minister Nehru urged the king to accept India's help.

Bhutan's first and second governments were funded entirely by New Delhi. India financed the construction of roads, schools, hospitals, and agricultural centres. Today, Indian assistance mainly focuses on the hydropower industry. Bhutan relies heavily on India for sea access and is its most important commercial partner. In 1999, India dominated Bhutan's imports and exports, accounting for 75% of imports and 94.5% of exports ([Galay, 2001](#)). Bhutan's most significant donor is India, but the economic relationship between the two is not one-way. India is economically dependent on Bhutan, as its investments strengthen the economies of neighbouring Indian states. Most West Bengal businesses rely on electricity imported from Bhutan, and Bhutan employs many Indians. Bhutan's threat perception is excessively tilted towards China, with historical implications of Tibet invasion and annexation. In the early 1950s, China announced the unification of Tibet with China, establishing control over the region (Pokharna, 2009). In 1954, the Chinese government claimed Bhutan in a map published in "A Brief History of China." 1958 China claimed vast Bhutanese land and occupied nearly 300 square miles. Bhutan became more sceptical when China declared that Bhutanese, Sikkimese, and Ladakhis form a unified family in Tibet and have always been subordinate to Tibet and China's motherland ([Jha, 2013](#)). Bhutan was concerned about the potential threat to its sovereignty and the possibility of suffering the same fate as Tibet. Due to their shared religious and cultural heritage, Bhutan could not support China's annexation of Tibet due to its deep reverence for Buddhist tradition and intimate affinity with the country ([Andelman, 2010](#)). Bhutanese engagement with China in Tibet was met with disapproval, as it threatened their sovereignty and religious and cultural values. Bhutan saw Chinese power as a threat to their identity and independence. Despite being larger and more resourceful than Bhutan, Bhutan did not experience intense intimidation from India. Despite India's willingness to recognize Bhutan as an independent country, Bhutan maintained straightforward demands for assurance of an independent state during negotiations for a new treaty between India and Bhutan. Bhutan's decision to join India was based on its strategic interest and the recognition of Bhutan as an independent country ([Rose, 1974](#)).

The Treaty of Friendship led Bhutan to ally with India for its survival and independence. Bhutan managed to repudiate the perception of Chinese threat through alliances with India. However, the fate of Sikkim, a neighbouring state, and Tibet may have made Bhutan perceive India as a powerful adversary. Bhutan was already threatened by China's ferocious strength and was unequipped to deal with it. Therefore, Bhutanese authorities chose to side with India as their only alternative for survival. This behaviour can be classified as "bandwagoning."



According to Waltz's theory, Bhutan sought power through alliances, likely bandwagoning with one regional power to balance another. Also, Waltz argues that the weaker the state, the more likely it is to bandwagon. Balancing may seem unwise because one's allies may be unable to assist quickly enough...States close to a country with extensive offensive capabilities...may be forced to bandwagon because balancing alliances are not viable (Diven, 2016). Bhutan, a small country, cannot defend itself against China, as seen in the annexation of Tibet and claims over its territory. As a result, Bhutan turned to India, which appeared reliable to balance against China. However, Bhutan's isolation and limited engagement policy limited its ability to have other trustworthy friends or institutions. This led to Bhutan relying solely on India as its immediate protector, as it could intervene in case of Chinese attacks. Bandwagon states argue that states attempt to increase their benefits or reduce losses by taking sides with stronger parties (Ghimire, 2021). Bhutan tried to establish itself as a sovereign nation by taking sides with India, as India accepted Bhutan as an independent nation without any conditions. Though this was a strategic decision against China, Bhutan took advantage by bandwagoning with one of the regional players, India.

Norm Entrepreneurship

Bhutan, a resource-constrained nation, has significant normative power by promoting Gross National Happiness (GNH) as a development metric. The concept was introduced by Bhutan's fourth King, Jigme Singye Wangchuck, in the early 1970s, who emphasized GNH's importance over Gross National Product. Bhutan has advised a holistic development approach, promoting GNH as a more critical metric than GNP (Ura, Alkire, & Zangmo, 2012). GNH, inspired by the Buddhist concept of "The Middle Path," aims to balance sustainable economic development, environmental conservation, culture preservation, and good governance. Examples of GNH in practice include a ban on plastic bags, car-free pedestrian days in the capital, and Bhutan's Constitution mandate for at least 60% forest cover preservation. These policies provide an international positive externality in a fragile high-altitude Himalayan ecosystem (Brooks, 2013). Bhutan, a rare carbon-negative country and a functioning Asian welfare state, aims to transition from a least developed country (LDC) to a lower middle-income country by 2023. This success is attributed to its 100% organic agriculture policy and high-value, low-impact tourism approach (Kuensel, 2018). Bhutan's Buddhism-based beliefs have influenced its foreign policy, incorporating non-violence and non-aggression as key tools. This religious identity maintains Bhutan's unique identity, values, and traditions and fosters a sense of unity within the country. It has established a strong relationship with other Buddhist countries, such as Japan, China, and Southeast Asia, demonstrating the importance of religious identity in Bhutan's external policy manipulations. This small and weak state's spiritual identity is a valuable asset in its foreign policy (Kharat, 2005). Thus, Bhutan has established its image as a norm creator in the international sphere, which includes a different approach to development, interpreting GNH as a new developmental metric than GDP. Moreover, Bhutan advocates Buddhist values of non-violence, peaceful, multilateral, and conflict-avoidant approach to diplomacy. This strategy of norm creator acts as a soft shield to Bhutan's survival



in the international sphere, as International Relations in the 21st century are norm-values driven.

Multilateralism

Bhutan's close relationship with India does not guarantee trust, as seen in India's annexation of Sikkim. To counter insecurity, Bhutan diversifies its international relations by applying for membership in various organizations and eventually gaining membership in the United Nations. In 1971, Bhutan was admitted to the UN and opened a UN Development Program office in Thimphu in 1979. Bhutan deviated from its customary policy by attending the Nonaligned Movement (NAM) meeting in Havana ([Ahsan & Chakma, 1993](#)). Bhutan, a South Asian nation-state, made significant differences in its diplomatic initiatives in the 1980s, opening diplomatic relations with countries like Switzerland, Scandinavia, Kuwait, Japan, Singapore, and neighbouring South Asian countries. It became a member of several UN agencies in 1981 and later joined the SAARC in 1985. Bhutan's membership in the SAARC was the most significant step in establishing its international identity as a nation-state, as it voted against the presence of Soviet troops in Afghanistan. Bhutan's diplomatic initiatives aimed to diversify its relations with neighbouring countries ([Ahsan & Chakma, 1993](#)). Membership in these organizations reaffirmed Bhutan's national personality and remarked on a new strategy of multilateralism to address the hostile geopolitical environment. Bhutan is now a member of more than 150 international organizations. As its contacts with the outside world increased, Bhutan equipped itself in global politics with multilateral forums as a shield against any offence.

Comparative Analysis

Following India's independence, South Asia has emerged as a unique region within the global system, establishing itself as one of the most influential countries in both material and immaterial dimensions. India's unilateral political dominance in South Asia has resulted in imbalanced treaties with neighbouring countries, military interventions, and involvement in domestic matters, facing minimal resistance from major powers. This legacy has been contested by China's growing engagement in South Asia, especially during the 2010s. China's novel approach to foreign policy has resulted in heightened economic connections between India and China, consequently intensifying political and military tensions. China has implemented an aggressive strategy in South Asia by engaging in Belt and Road Initiative projects, focusing on infrastructure and connectivity investments. Numerous South Asian nations have interacted with China for trade and development, surpassing India's overall trade volume.

China has commenced its role as an external balancer against India within the South Asian sub-system, fostering amicable relations with South Asian nations to mitigate their reliance on India. This has resulted in a decline of India's unassailable dominance in the region, and the entire system is currently grappling with India's hegemonic characteristics and China's balancing role. South Asia constitutes a distinct sub-system within the international framework, with India and China as the principal actors. Minor states assume diverse roles within the South Asian sub-system, with their influence contingent upon their strategic positioning and



comparative bargaining power. The research centres on a comparative analysis of Nepal and Bhutan, two geopolitically analogous nations situated between India and China. Nepal and Bhutan employ distinct strategies in their interactions with the North (China) and the South (British India) within the South Asian sub-system. Nepal implemented a policy of equitable diplomacy while maintaining assertiveness for survival, which ultimately failed following its defeat in the Nepal-Anglo War. It employed a bandwagoning strategy that persisted for a century in safeguarding its sovereignty and independence from British India. In the post-colonial era, the geopolitical and security landscape transformed with the ascendance of independent India as the preeminent power in the region. Both states gravitated towards India, which was perceived as a nascent democracy on the global stage and the preeminent power regionally. Bhutan's strategy transitioned from isolationism to an alliance with India to safeguard against the perceived threat of Chinese aggression in the North.

Nepal opted to diminish India's influence by severing its alliance and diversifying its foreign relations. Nepal opted to equilibrate its relationship with India by shifting from an India-centric foreign policy to an autonomous foreign policy, thereby forging diplomatic ties with Western nations. In 1960, Nepal entered into a concurrent treaty of Peace and Friendship with China, diminishing India's influence. Nepal adopted a nuanced balancing strategy, capitalising on the disparities between India and China. It secured assistance and developmental support from the north while implementing a strategic policy of equilibrium to circumvent the demands of major powers. Nepal's effective diplomatic engagement with China encompasses the resolution of the Mt. Everest dispute, objections to border incursions by the PRC, and the acquisition of an apology from China in the 1960s. Nepal has successfully navigated its relations with India and China, achieving a more balanced approach than Bhutan. Nepal has progressively distanced itself from hegemonic dominance and established an independent foreign policy, leveraging the intensifying competition between India and China in the region.

In 2015, Nepal formalised a significant transit and transportation agreement with China, permitting Nepal to utilise Chinese maritime and terrestrial ports for trade with third parties. Nepal is also managing the relationship between India and China by enhancing border trade at the Qiangla/Lipu-Lekh Pass. Nepal and Bhutan adopt distinct strategic methodologies towards India and China. Nepal has been enhancing its balancing capabilities by embracing China's involvement in economic, trade, and developmental spheres, whereas Bhutan continues to align with India and endorses its hegemonic characteristics. Both nations implement neutrality strategies to address the geo-strategic landscape, highlighting the significance of international law and non-alignment in security alliances. Nepal has enacted a neutrality statute in reaction to the competition between India and China, which poses a risk of escalating conflict. Nonetheless, this neutrality has been implicitly ingrained in Nepal's strategic conduct. Conversely, Bhutan exhibits distinctive norm entrepreneurship, allowing small states to assert normative power within the international arena. It has engaged in cultivating its global reputation as a norm creator, promoting Buddhist principles of non-violence, peacefulness, multilateralism, and a conflict-averse approach to international relations. This strategy has effectively mitigated threats owing to its global reputation and position within an international



system governed by norms and values in the 21st century. Nepal and Bhutan engage in multilateralism and diversification of relations, executed in three phases. From 1947 to 1950, both parties upheld diplomatic relations primarily focused on India, subsequently diminishing India's influence during the second phase from 1955 to 1985. During the third phase (1985 onwards), both nations augmented their bilateral relations and diplomatic endeavours to secure international recognition and economic advantages.

Nepal and Bhutan are members of the Non-Aligned Movement (NAM) and the United Nations Organisation (UNO), significantly contributing to the mitigation of insecurities concerning India and China. They are also participants in numerous regional organisations and have been advocating for international peace through peacekeeping operations. Both nations emphasise multilateralism to enhance their global influence, secure parity in cooperative agreements, and amplify their stance against inequality.

Conclusion

South Asia constitutes a unique subsystem, with India serving as the hegemon and China acting as an external balancer. Bhutan and Nepal, two diminutive nations situated between India and China, exhibit shared characteristics including landlocked geography, fragile economies, and mountainous landscapes. Nonetheless, their strategic conduct differs. Bhutan's pre-colonial approach was characterised by isolationism, whereas Nepal's defensive balancing evolved into bandwagoning with British India. During the post-colonial era, the two Himalayan nations formed alliances with India in reaction to China's northern aggression. Bhutan experienced greater repercussions from the Chinese annexation of Tibet than Nepal, owing to its profound religious, cultural, and economic ties with Tibet.

Nepal, conversely, severed India's dominance over its foreign, defence, and economic policies, thereby adopting an independent foreign policy. Its strategic conduct evolved to counter India's hegemonic tendencies, diversifying its foreign policy through the establishment of diplomatic relations with China and Western nations. Bhutan's strategy emphasised fortifying its alliance with India, disregarding China's increasing balancing influence in the region. The strategic distinctions between these two states are characterised by Nepal's neutrality and Bhutan's norm entrepreneurship. Nepal engaged in multilateralism and diversified its relations earlier, whereas Bhutan embraced this approach subsequently. Nepal's strategic decisions have become dynamic and adaptive to the geopolitical landscape, whereas Bhutan has maintained a static position, endorsing hegemonic characteristics and disregarding China's balancing role in the region.



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