

Trade and Transit Relations between Nepal and India: Political Implications

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Abstract

The goal of this study is to learn more about the Nepal-India trade and transit situation, as well as to investigate the impact of trade and transit links on political relations. The descriptive and analytical data interpretation approaches employed to achieve the defined aims. According to the study's findings, Nepal-India trade and transit relations are critical because India has used Nepal's landlocked status and trade and transit dependency for political lobbying and has influenced Nepal's political and administrative sectors as a micromanager, which is not natural for any sovereign country. The paper examined the trade and transit scenario, as well as the issues that result from being on the outer edges of Indian entrenched interests in Nepali politics and administration.

Keywords: Trade and Transit Relation, Bilateral, Trade Dificit, Trade and Transit Treaty, Poilitical Influence

1. Introduction

MoFA (n.d) has declared that Nepal has diplomatic relations with 181 countries and trade relations with more than 141 nations world wide. The country, however, has a trade deficit with 113 of these countries. Nepal's main trading partner is its neighbour India. However, commerce between the two countries is extremely beneficial to India. Some recent statistics will demonstrate this. Nepal exported goods worth Rs 57.84 billion to India in the first six months of the current fiscal year 2022-23 (mid-July 2022 to mid-January 2023), while importing goods worth Rs 486.33 billion from the southern neighbour, resulting in a trade deficit of Rs 428.33 billion for Nepal. In reality, a small country like Nepal should have sold more and imported less, resulting in a trade surplus. But this has so far only been wishful thinking. In truth, if one does not chew words, one can say that Nepal has long suffered from a trade deficit with India, which has had a substantial influence on the country's economy. Nepal's reliance on India as a significant trading partner is a major contributor to this gap. Nepal imports a wide range of goods from India, which accounts for more than two-thirds of overall commerce. In some ways, Nepal has served as a monopoly market for India!

The position is such that Indian goods have easy access to the Nepali market, but the situation is not reciprocal. Things may have been different if India had liberally opened its market to Nepali goods and services, as Nepal has done for Indian goods. However, India has shown a distinct lack of such charity. Almost all automobiles in Nepal, both two-wheelers and four-wheelers, are imported from India. Those vehicles require fuel, which is imported from India. The problem is that Nepal has granted easy market access to Nepali goods, but India has not reciprocated. It is just not possible for Nepal to generate

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everything it requires. In truth, no government in the world is capable of doing so. In truth, no government in the world is capable of doing so. However, Nepal can aim to be self-sufficient in agricultural products. It can concentrate on agricultural production to supply at least domestic need.

However, a tendency of relying on imports, primarily from India, has already begun, even for food goods. For example, we recently noticed that the country's sugar manufacturers imported sugarcane from India while neglecting the sugarcane produced by Nepali farmers. Similarly, we are growing increasingly reliant on Indian imports, even for fruits and vegetables. Indian agricultural goods enter the Nepali market freely and without difficulty, however there are occasional instances of India placing non-tariff barriers on Nepali agricultural items such as ginger, cardamom, and so on. Even if it becomes self-sufficient in agricultural products, Nepal can reduce its trade imbalance to some extent. Unfortunately, due to a lack of adequate rules and farmer subsidies, domestic products have not been price competitive. The trade gap with India is nothing new.

Indeed, Nepal has always had a trade deficit with India, with imports greatly outweighing exports. Nepal must take a multifaceted approach to resolve this imbalance, addressing both supply-side and demand-side concerns. On the supply side, Nepal must concentrate on improving its own manufacturing capabilities. This is possible by investing in infrastructure, technology, and human resources. Furthermore, the government should seek to reduce red tape and bureaucracy in order to create a more advantageous environment for agriculture. On the demand side, Nepal should try to diversify its export markets so that it is not entirely dependent on India for nearly everything. This can be accomplished by strengthening trade ties with other countries and promoting Nepal as a tourist and investment destination. Many countries around the world adore Nepal. Nothing should prevent us from exporting our comparative advantage items to those countries in today's world. The essential point is that Nepal should request continuous and easy market access for its products from India. The country should also make the same demand of China. After all, China is Nepal's second-largest trade partner, trailing only India. Things could change quickly if Nepal gains easy access to the massive markets of its bigger neighbours.

Nepal has accepted the South Asian Association for Regional Cooperation (SAARC) Agreement on a South Asian Free Trade Area (SAFTA). Under SAFTA, the eight SAARC countries (Nepal, Bhutan, India, Bangladesh, Pakistan, Sri Lanka, Maldives, and Afghanistan) have promised to reduce tariff rates on a product-by-product basis, and over 5,000 commodities are eligible for preferential duty treatment in the participating countries. However, the extensive "negative list" of commodities prohibited from preferential duty treatment under SAFTA has reduced the agreement's impact on regional trade.

Moreover, International Trade Administration, ITA (2021 September, 18) has stated that Nepal became the 147th member of the World Trade Organisation (WTO) in April 2004. Nepal was given until December 2006 to comply with its WTO requirements, however it has only partially met these duties to date. Nepal joined the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) in February 2004. Bangladesh, Bhutan, India, Myanmar, Sri Lanka, and Thailand are also members. BIMSTEC aims to create a more complete free-trade zone by expanding service sector coverage and establishing an open and competitive investment regime. The regional organisation serves as a link between South and South East Asia, strengthening ties between these countries.

In addition, BIMSTEC has established a platform for intra-regional collaboration among SAARC and ASEAN countries. Nepal has signed bilateral trade treaties and agreements with seventeen nations, including the US, UK, Yugoslavia, India, Russia, Republic of Korea, North Korea, Egypt, Bangladesh, Sri Lanka, Bulgaria, China, Czech Republic, Pakistan, Romania, Mongolia, and Poland. In terms of trade volume, the treaty Nepal signed with India in 1996 and modified in 2009 is its most important. With the exception of a few commodities subject to quantitative constraints, the trade pact places Nepal in a unilateral duty-free trade regime with India, which accounted for more than 60% of Nepal's total trade in fiscal year 2019/20. (ITA, 2021 September, 18)

The South Asian Association for Regional Cooperation (SAARC) Agreement on a South Asian Free Trade Area (SAFTA) has been ratified by Nepal. The eight SAARC countries (Nepal, Bhutan, India, Bangladesh, Pakistan, Sri Lanka, Maldives, and Afghanistan) have promised to reduce tariff rates on a product-by-product basis under SAFTA, and over 5,000 commodities are eligible for preferential duty treatment in the participating countries. The extensive "negative list" of items banned from preferential duty treatment under SAFTA, on the other hand, has reduced the agreement's impact on regional trade International Trade Administration (2021-09-18). As a result, India has often used Nepal's trade dependency to advance its intrinsic political interests, which can be justified by obstacles brought about by India at critical times of trade and transit treaty renewal. As a result, the author has reflected the trade and transit constraints between India and Nepal in this study. The overarching objective of this research endeavour is to analyse India's commercial attitude towards Nepal, while the specific goals are as follows:

- To find out Nepal-India trade and transit condition.
- To analyze the impact of trade and transit relation's in political relation

2. Methods of study

The descriptive and analytical research methodologies were employed because this was a qualitative study. The study was carried out with the help of readily available resources such as books, periodicals, newspapers, broadcast and published scientific interviews, online materials, Internet articles, and so on. This suggests that descriptive research methods were used extensively in this study.

3. Discussions

Nepal and India have a long history of trade and transit going back to the beginning of time. Due to its remote location, Nepal has made an effort to develop a trading system based on commercial principles; yet, since 1951 and 1960, respectively, it has only maintained economic ties with India and China (Timilsina, 2000, pp. 105–133). In this regard, Shakya (2021) opined:

India has historically been one of Nepal's key trading partners. According to constructivist theory and IR dependency, IR has a significant influence in Nepal as a result of the country's close socio-cultural and linguistic ties (p. 246).

Shakya (2021, September 9) has claimed that based on the movement of commodities and services across the roughly 1800 km long Nepal-India border; there is economic cooperation between Nepal and India. Movement is unrestrained and unplanned. The mobility of individuals for economic, social, and cultural

reasons served to fuel this movement even more. The lack of a visa requirement and cultural linkages has improved the conditions for unfettered trade between the two nations (Dharmadasani, 2000, p. 106). In that context, Upadhyaya (1992) described:

One of the old manuscripts, "Mulasorvativada Vinagasangraha," expressly states that Gautam Buddha traveled to Kathmandu with a group of Indian businessmen. Similar to how Kautilya explains the appeal of Nepali blankets known as "Bhingise" and "Apesarak" in the Indian market (p. 27).

Since at least 500 A.D., Nepal and India have had commercial ties. In the first half of the seventh century A.D., Nepal served as a hub for trade in transit between Tibet and India (Singh, 1997, pp. 1–2). In the fifth century, the Sarthavaha Ratna Sangha was a significant trading group in Nepal. Nepal's trade with the rest of the world as a significant exporter of goods such wool, copper, pepper, skins, wolfberries, sugar, and budja leaves since those items were still among the most crucial ones. These products were traded with Babylonia, Greece, Rome, Egypt, and other nations via India by Nepal (Singh, 1997, p. 2). To make the trade situation of Nepal clearer Upadhyaya (1992) referred:

The illustrious Chinese pilgrim Hiuen Tsang learned that Nepal's economy was flourishing while he was in Bihar in 637 AD. He disclosed that Nepal sent copper, thread, fruit, maize, and other goods to Tibet and India (p. 27).

The middle ages saw a continuation of the development of trade between India and Nepal as well. However, the aggressive practices of the Gurkhas and the BEICG, which uses Nepal as a commercial route, both had a role in the downfall of Nepal's trade.

King Rana Bahadur Shah, John Duncan, and his G.H. Barlow on behalf of Nepal and BEICG, respectively, witnessed the signing of a trade pact between the two nations on March 1, 1792 (Upreti, 2009, pp. 39–40). The agreement was progressive since it placed a 2.5% tariff on imports from both nations. The restriction of double duty, extra protection against potential theft or robbery of products, control over items, and the security of merchants' operations were additional high-level restrictions.

A commercial agreement was also made with the Rajah of Nepal in 1801 A.D. by the BEICG and Nepal. As stated in Article 6 of the Convention: This demonstrates how trade agreements have traditionally served as a way for Beijing to exert political influence in Nepal. According to Article 4, "in the case of any dispute, conflict, or split between any of the adjacent countries the representatives of the two countries shall view the enemy as the enemy and the friend as the friend and shall tell each other." By using Nepal against it, it sent a message to China (pp.42-43). Furthermore, Singh, (1997) describes:

Hodgson calculated the total value of Nepal's exports to India at Kuldaras Rs. 1064833 and imports at Kuldaras Rs. 1611000 before the country's unification in 1830–1831, leaving a favorable surplus to British India (p.9).

The rise of Nepal –Indiatrade is actually influenced by external economic reasons rather than only external political ones, and Nepal has adopted a policy of collaboration with the UK (Singh, 1997, p. 11). In addition to establishing two political parties, Jung Bahadur embraced an absolutist stance. Like Prithvi Narayan Shah, he was fiercely opposed to the trade between Nepal and British India and wished to have a monopoly on it. At this time, Nepal was a sophisticated nation and its trade was centered on forest goods. As an illustration, the following export and import figures:

Table 1: Showing Condition Trade between 1895-1900

Year	Export Rs.	Import Rs.
1895-96	18336959	13623888
1896-97	18930554	15367519
1897-98	20565292	18288102
1898-99	21409805	16063496
1899-1900	20934621	13744745

Source: Singh, 1997, p.11

Table 1 above demonstrates Nepal's strength in trading with British India. Nepal had a trade surplus of Rs. 27,13,071 from 1859 to 1896, and it persisted in the years after. During the 1890s, the following items were Nepal's main exports and imports from India:

Table 2: Expressing Imports and Exports Items between Nepal and Outside Trade

Export items of Nepal	Imports items of Nepal
Rice, husked and unhusked, food grains, mustard, rope, oil seeds, ponies, cattle, sheep and goats, hides and skins, ghee or clarified butter, timber, cardamom, red pepper, turmeric, and others spices, opium, musk, borax, muddier, turpentine, lycium, catechu, and chisetia etc.	Cotton piece goods, cotton, yarn, wollen cloth, fiannel, silk, salt, spices, shells, copper and other metals, tobacco, petroleum, indigo and dyes of the aggregate value of the trade etc.

Source: Singh, 1997, pp.7-14

The aforementioned Table 2 demonstrates that there was no significant change in imports and exports; however, goods like grain and pulses, fruit, vegetables, nuts, metal and metal manufactures, provisions, living animals, raw-wool, raw silk, oil seeds, tea, and other goods were imported into India from land-frontier countries with significant trade with Nepal. Prior to 1920–1921, Nepal's export and import did not significantly alter.

But because Nepali trade was intertwined with Indian trade, World War I (1914–1919 AD) had an impact on trade between India and Nepal. India's imports from Nepal fell dramatically. The government of independent India adopted a political stance toward commercial relations with Nepal following the overthrow of the BEICG because of China's invasion of Tibet. The previous 1923 treaty was made irrelevant under this new scenario. As a result, the Indian government has resolved to examine its economic connections with Nepal and build a strong foundation for Nepal's integration into the Indian economic system. On July 31, 1950, a trade pact was concluded with Nepal for this reason. Moreover, GoI, (1950, July 31) has written:

The governments of Nepal and India wished to foster more trade and commerce across their respective borders. After Chandreshwar Prasad Narayan Singh and Mohan Shumsher were appointed

plenipotentiaries, the pact served as the framework for addressing trade conflicts. However, due to the over-all loyalty of the trembling Ranas, the Nepali side was unable to do any lobbying during the treaty-making process.

The symbolism of the two countries' incredibly close connection is largely reflected in bilateral treaties. The 1950 Trade Transit Treaty and its updates and revisions regulate bilateral trade and commercial activity between Nepal and India. India and Tibet were Nepal's two main trading partners before the 1950s. The 1950 Trade Treaty, however, was signed without reciprocity. The pact, which acted as a fair tool, kept tensions high between the two nations for more than 50 years.

Lama (1985) has described that the Trade and Transit Treaty took the place of the 1950 Treaty in 1960. As a result of Nepal's dissatisfaction with this arrangement, India decided to provide unrestricted transportation services for commodities carried from one section of Nepal to another via India in 1964. Further, the author (1985) has put his readings that in 1966, India provided a distinct and self-contained area at Calcutta Port for Nepali commodities, exempting them from Indian law while they were crossing the country. Negotiations in 1970 lasted nearly a year because Nepal demanded unrestricted transit rights under a UN treaty (Lama, 1985). But India refused Nepal's request for two separate trade and transit agreements. The pact was eventually updated in 1971 (Banskota, 1981). Here, Upreti (2009) mentioned:

But until 1978, two different treaties were signed. The Indian Janta Dal-led government then attempted to enhance relations with its neighbors and engaged in negotiations with Prime Minister Indira Gandhi to pave the way for the new treaty's adoption, but not independently (p. 118).

Shakya (2021) argued that these agreements were extended in 1983 and ran their course until March 1988. The Transit Treaty of 1978 was unilaterally terminated by India in 1989 (p. 246). Unauthorized imports of commodities from Nepal into India, especially those from regions where Indian expatriates live in Marwari and are well-protected by a strong government, were brought up during contract extension talks by Nepali business houses. It was noticed that the surge was caused by the panchayat system's self-interested trade exploitation.

The Nepali side promised India that excessive taxes on some Indian items would be decreased as they were drafting the new pact. This did not actually occur, and in order to offend India, tariffs on products from other nations, including China, were reduced. Rajiv Gandhi's administration opted to return to the practice of signing broad trade and transit treaties rather than individual agreements as a result of India's robust response (Bhattarai, 2015, October 5).

Impact of trade and transit relations in politics of Nepal

After the previous trade and transit treaties expired (1988), Nepal demanded a new agreement, but India declined. As a result, the two nations' stalemate over Nepal's decision to purchase Chinese weapons reached a boiling point (Shakya, 2021, p. 246). Even with her six-month extension, India frequently closed all but her two transit points in March 1989 because blockades were intractable at that time. The common people of Nepal have suffered significantly as a result. There was a shortage of necessities like salt, oil, petroleum products, baby food, and medications. Furthermore, Rawat (2018) claimed:

Other matters that are especially important to India are the introduction of work permits for all foreigners, including Indians working in Nepal, the imposition of tariffs on goods imported from India, the

importation of Chinese anti-aircraft artillery, and the imposition of tariffs on goods imported from other countries.

The 1950 accord was broken in the most recent action. India's blockade of Nepal exacerbated anti-Indian sentiment there, and its "twist of the arm" approach toward its small neighbor amounted to nothing more than the imperialism of a powerful country. There was a lot of propaganda that claimed there were no political changes between 1989 and 1990 in India and Nepal, which helped to improve the mood. After the non-partisan government was overthrown, an interim administration was established, and it has taken the initiative to reset relations and bring bilateral economic ties back to where they were on March 23, 1989. Bhattarai, (2015, October 5) puts readings as:

The current state of circumstances would not have been feasible if the pro-democracy movement had begun half a year earlier, but the leader should not jeopardize the nation's sovereignty and internal disputes should be resolved internally. India will have the opportunity to play the game again if people are not satisfied. (Section 7-8)

Moreover, Rawat (2018) viewed that the Indo-Nepal dispute was mostly resolved as a result of these political reforms. The newly elected prime minister Girija Prasad Koirala traveled to India on business on December 5, 1991. The prime ministers of India and Nepal promptly started talking to each other after his arrival. The two prime ministers were aware of one other's political inclinations and agreed on a method of partnership on economic matters pertaining to the repression of cross-border terrorist operations. They signed two trade and transit pacts that are a part of numerous additional pacts and memoranda pertaining to the Kingdom's projects, industrial growth, and water resources. The prior trade deal, which was concluded in June 1990, was fully incorporated (pp. 211-223).

Likewise, Rawat (2018) has added that India was happy with the political changes that had emerged in Nepal as a result of the extremely forward-thinking transit and trade accords. Pro-performance clearance dates for Nepali exports are time-limited for four months, and the validity period for such releases is extended from two years to five years. Tariff reductions on Nepali items entering India and entrance from 65% to 55% of the quota are also in effect (p.225). The transit treaty's longer duration, which are seven years, and its inclusion of simplified customs and other processes for the benefit of Nepali importers and exporters? A five-year agreement was also created to regulate unlicensed trading. Both parties agreed to collaborate closely in order to combat this spreading epidemic, which has had a detrimental effect on the Indian economy (p.225). In this scenario Muni (1992) opined:

Nepal and India signed two trade and transit treaties on December 6, 1991. The Kingdom's water resources, agriculture, industrial development, and diverse projects are covered by a number of additional agreements and memoranda of understanding. It included every component of the earlier trade pact agreed in June 1990 (pp. 211-223).

It was believed that these distinct trade and transit agreements would end Nepal's 20-year trade imbalance after the political change in 1990. The trade deficit for Nepal from 1975–1976 to 1991–1992 is shown in this table.

Table 3: Showing Condition of Trade from 1975/76-91/92.

Fiscal year	Amount in (Million) exports	Imports	Trade deficit
1975/76	1185.8	1981.7	-795.9
1976/77	1164.7	2008.0	-843.3
1977/78	1046.2	2469.6	-1423.4
1978/79	1296.8	2884.7	-1887.9
1979/80	1150.5	3480.1	-2329.6
1980/81	1608.6	4428.2	-2819.6
1981/82	1491.5	4930.3	-3438.8
1982/83	1132.0	6314.0	-3182.0
1983/84	1703.9	6514.3	-4810.4
1984/85	2740.6	7742.1	-5001.5
1985/86	3078.0	9341.2	-6263.2
1986/87	2991.4	10905.2	-7913.8
1987/88	4114.6	13869.6	-9755.0
1988/89	4195.3	16263.7	-12068.4
1989/90	5235.5	18401.5	-13166.0
1990/91	7387.5	23226.7	-15839.0
1991/92	13939.4	32951.3	-19011.9

Source: <https://www.nrborg.np>vol.pdf>, accessed on 14 February, 2016

Because Nepal's trade imbalance with India is expanding quickly, table no.3 above raises concerns. Since the 1990s, Nepal has done several things to improve the situation, including abolishing the import-export licensing system, making the Nepalese rupee completely convertible in the current account, lowering tariffs, and enacting par tariffs to promote international trade. Shakya (2021) has professed that:

"The Nepal-India Treaty of 1996 allowed duty-free access to Nepali exports, and Nepal gained from the new arrangement as it benefited from the low duties it imposed on raw material imports compared to prevailing tariffs on many products in India"(p.247).

Nepal joined the South Asian Preferential Trade Agreement (SAPTA) and the South Asia Free Trade Area (SAFTA), respectively, in 1995 and 2004. Similar to this, in 2004 Nepal joined BIMSTEC and the WTO. With the trade deficit growing at an unprecedented rate, Nepal's foreign trade has, nevertheless, painted a gloomy picture throughout the past decade and beyond. Since the 2006 upheaval, even India's and Nepal's trade deficits have not decreased. The challenging trade scenario that Nepal has with India is shown in the table below.

Table 4: Nepal's Trade Deficit with India of Last 10 Years

Fy2006/07	Rs.74.14 billion
Fy2007/08	Rs.100.82 billion
Fy2008/09	Rs.121.54 billion
Fy2009/10	Rs.174.35 billion
Fy2010/11	Rs.216.29 billion
FY2011/12	Rs.270.41 billion
Fy2012/13	Rs.346.16 billion
FY2013/14	Rs.422.89 billion
Fy2014/15	Rs.444.19 billion
Fy2015/16	Rs4479.7 billion
Fy2016/17	Rs4910 billion
	*first 10 month's record

Source: <https://www.google.com/search>, accessed on 12 March, 2018

The table no.4 has reflected that Nepal's dependence on trade with its southern neighbors increased between 2007 and 2017, and its foreign trade is strongly skewed in favor of India. In a study released by the Nepal Rastra Bank (NRB), India's part in Nepal's exports has increased fourfold since the 1990s, while India's share of imports has increased threefold.

Table 5: India-Nepal Bilateral Trade in Goods over the Last 5 Fiscal Years.

Title/Year	In US\$ million				
	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022
India's Exports to Nepal	6,612.96	7,766.20	7,160.35	6,765.93	9,634.06
%Growth	21.26	17.44	-7.80	-5.51	40.88
Nepal's Exports to India	438.38	508.14	711.61	670.33	1,371.04
%Growth	-1.52	15.91	40.04	-5.80	103.67
Total Trade	7,051.34	8,274.34	7,871.95	7,436.26	11,005.10
%Growth	19.54	17.34	-4.86	-5.53	46.51

Source: DGFT, Govt. of India

In line with table no.5, trade between India and Nepal increased by 41% over the previous fiscal year during the last Indian fiscal year, which concluded in March 2022. Further, Nepal's exports to India increased more than 100% over the previous financial year, and constituted three quarters of Nepal's total exports. By comparison, Nepal's 2nd largest export destination was the United States with 10% share, followed by Germany (2.3%), the UK (1.1%), Turkey (0.9%), France (0.8%) and Australia (0.7%). Nepal is also India's 11th largest export destination, up from 28th position in 2014. Main exports from India are

POL, iron & steel, automobiles, machinery, cereals, etc. Nepal's exports mainly constitute edible oil, coffee, tea, spices and jute.

According to central bank records, India bought 28.00% of Nepal's exports in the 1980s, according to Timilsina (2000). Shipments fell to 16.15% in the 1990s and increased to 59.04% in the 2000s' first decade. Similarly, 22.39% of Nepal's imports came from India in the 1990s, up from 24.01% in the 1980s. In the 2000s, the nation's reliance on imports from India increased to 58.06%.

A significant portion of Nepal's trade can be attributed to India. According to India, which benefits politically from Nepal's trade deficit, "Nepal's exports to this country have started to expand since India started offering preferential treatment under certificates of origin in 1996." Due to Nepal's reliance on India for trade and transit, India's political influence is expanding both surreptitiously and publicly (The Kathmandu Post, 2014, February 4).

Nepal is once more incensed by the amended Nepal-India Trade relations treaty of 2002, which imposes quantitative limitations on all goods produced in Nepal. Vegetable ghee, acrylic yarn, copper goods, zinc oxide, etc. all have quota systems in place. A distinctive VAT was imposed by this agreement on exports from Nepal. However, it has given Nepal flexible transit options for commerce with third-party nations. The contents of the 2009 and 2016 revisions of the Trade and transit were basically the same, although the 2016 revision's expiration date was raised to 2023.

In general, India advances political lobbying into Nepal by leveraging Nepal's reliance on trade and transit. Unanimous trade and transit agreements, as well as India's devotion to her IR dependency theory in an effort to influence Nepal's leaders, are to blame for the blockades of Nepal in 1969, 1989 and 2015.

4. Conclusion

According to the study's findings, Nepal suffers heavy trade losses as a result of India's rigid and unstable trade and transit practices. Nepal-India trade and transit relations are critical because India has used Nepal's landlocked status and trade and transit dependence for political lobbying and has influenced Nepal's political and administrative sectors as a micromanager, which is not natural for any sovereign country. India, on the other hand, maintains a rigorous trade and transit policy with Nepal. For a long time, constraints have exacerbated Nepal's trade imbalance, as seen by the renewal of trade and transit agreements. Nepal, on the other hand, should do everything in its power to persuade India to allow seamless and practical exports of Nepali commodities, including cautious negotiations with Indian political leaders and bureaucrats while avoiding superfluous political bargaining by India under the IR dependency theory.

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