



NEPAL'S BALANCING STRATEGY BETWEEN INDIA AND CHINA: IMPLICATIONS FOR INDIA-NEPAL RELATIONS

Dr. Shivendra Shahi

Assistant Professor, Dept. of Defence and Strategic Studies, Shri Varshney College, Aligarh

ABSTRACT

Nepal's geopolitical location gives its foreign policy a structural delicacy rarely experienced by ordinary small states. Situated between India and China, and exposed to the strategic interaction of these two Asian powers, Nepal has consistently tried to protect its sovereignty, widen its external options and preserve domestic political autonomy. This chapter re-examines Nepal's balancing behaviour between New Delhi and Beijing and evaluates its implications for India-Nepal relations. The argument advanced here is that Nepal's engagement with China should not be read merely as an anti-India posture; it is better understood as a strategy of diversification, bargaining and autonomy-seeking. At the same time, Nepal's dependence on India for transit, trade, labour mobility, energy exchange, cultural interaction and social connectivity places clear limits on any attempt to distance itself structurally from New Delhi. China's expanding presence through infrastructure initiatives, the Belt and Road Initiative, political outreach, border management and symbolic diplomacy has widened Kathmandu's diplomatic room, yet it has also sharpened India's security anxieties. The chapter further takes into account Nepal's recent political transition, including the 2025 Gen Z uprising, the fall of K. P. Sharma Oli's government, the interim leadership of Sushila Karki and the rise of Balendra "Balen" Shah as Nepal's youngest prime minister in 2026. These developments have added a generational and accountability-driven dimension to Nepal's external policy. The chapter concludes that India-Nepal relations are likely to remain resilient, but they will also remain contested unless New Delhi combines security prudence with economic generosity, respect for Nepalese sovereignty and quicker implementation of connectivity, hydropower and development projects.

KEYWORDS: Nepal, India, China, balancing strategy, India-Nepal relations, Belt and Road Initiative, Himalayan geopolitics, strategic autonomy, South Asia, connectivity, Gen Z politics.

1. INTRODUCTION

Nepal's external conduct is shaped first by geography and only thereafter by ideology. Its position between India and China is not a passive cartographic fact; it is the central condition through which Kathmandu must imagine sovereignty, security and development. India surrounds Nepal on three sides and remains its principal economic interface, cultural partner and route to the sea. China, through Tibet, borders Nepal in the north and has acquired growing importance as an infrastructure, diplomatic and strategic actor. This geography produces a permanent dilemma for Nepalese statecraft: Kathmandu must maintain dense relations with India, yet it also seeks enough diplomatic space to avoid excessive dependence on any single neighbour.

Nepal's formal foreign-policy vocabulary stresses sovereignty, territorial integrity, independence, non-alignment, Panchsheel, peaceful dispute settlement and cooperation for mutual benefit.¹ These principles are not merely declaratory; they constitute the normative language through which Nepal justifies its balancing behaviour. Kathmandu's approach does not amount to formal alignment with either India or China. Rather, it attempts to preserve autonomy by engaging both neighbours selectively and by widening the range of available diplomatic and economic choices.

The India-Nepal relationship has an exceptional social depth. It is sustained by an open border, kinship networks, religious circuits, labour migration, education, commerce, security cooperation and development assistance. India's official articulation of the relationship emphasizes people-centric partnership, economic interaction and development cooperation.² Yet this very intimacy has often generated political unease within Nepal. Because India is deeply embedded in Nepal's economy and society, sections of the Nepalese political class have periodically perceived New Delhi as indispensable but also overbearing.

The rise of China has altered this diplomatic equation. Nepal signed a memorandum of understanding on the Belt and Road Initiative in 2017 and later concluded a framework for BRI cooperation in December 2024.³ These arrangements enabled Kathmandu to project China as a development partner and a possible alternative source of infrastructure financing. Nevertheless, BRI-related engagement has also raised issues of debt sustainability, transparency, strategic sensitivity and Indian security concerns.

Nepal's recent political transformation has made this balancing strategy even more complex. The youth-led anti-corruption movement of 2025, widely described as a Gen Z uprising, compelled Prime Minister K. P. Sharma Oli to resign and opened the way for an interim administration headed by former Chief Justice Sushila Karki.⁴ The March 2026 election subsequently produced a generational shift when Balendra "Balen" Shah, former mayor of Kathmandu and leader of the Rastriya Swatantra Party, became Nepal's youngest prime minister.⁵ These developments did not erase Nepal's structural dependence on India or its interest in China, but they changed the domestic political idiom through which foreign policy is discussed and contested.



This chapter argues that Nepal's balancing strategy is driven by three interrelated objectives: the defence of sovereignty, the diversification of economic dependence and the enhancement of bargaining capacity. Yet this strategy is not cost-free. It can generate mistrust in India, create Chinese expectations, intensify domestic politicization and complicate questions of infrastructure, borders and external influence. The future of India-Nepal relations will therefore depend on whether India can move from a paternalistic mode of engagement toward a partnership-based approach, and whether Nepal can pursue external diversification without disregarding India's legitimate security concerns.

2. CONCEPTUAL FRAMEWORK: BALANCING, HEDGING AND SMALL-STATE AUTONOMY

Small states located near larger powers often survive by combining accommodation, balancing, hedging and selective neutrality. Nepal's behaviour is best understood as a blend of soft balancing and hedging. It does not seek to militarily balance India with China, nor does it align itself fully with Beijing against New Delhi. Instead, it uses China's presence to enlarge diplomatic space, attract infrastructure commitments and strengthen bargaining leverage in its dealings with India.

Balancing in Nepal's case is therefore not principally military. It is diplomatic, economic and symbolic. When Kathmandu expands engagement with Beijing, it communicates to New Delhi that Nepal is not without alternatives. When it signs agreements with India on hydropower, trade, transit or connectivity, it simultaneously reminds Beijing that China cannot easily displace India's structural centrality. Such calibrated signalling is characteristic of small-state diplomacy: dependence on a single power is avoided by cultivating multiple channels of external engagement.

Hedging is visible in Nepal's repeated emphasis on a balanced and independent foreign policy. Nepal wants Chinese investment and northern connectivity, but it does not wish to be viewed as a Chinese strategic outpost. It wants Indian markets, transit access and development partnership, but it resists any perception that its sovereignty is subordinate to Indian preferences. The result is a flexible but often unstable foreign policy, affected by domestic coalitions, leadership styles and changing currents of public opinion.

Domestic politics is indispensable to understanding this pattern. Different parties and leaders in Nepal have used India and China in different ways to build legitimacy at home. Some communist actors have presented China as a counterweight to India, while the Nepali Congress and several other groups have generally been more cautious toward Beijing and more comfortable with New Delhi. Yet no major force in Nepal can ignore either neighbour. Beneath rhetorical shifts, therefore, a broad continuity remains.

3. HISTORICAL BACKGROUND OF INDIA-NEPAL RELATIONS

India-Nepal relations are rooted in civilizational intimacy rather than merely diplomatic proximity. Hindu and Buddhist traditions, pilgrimage routes, linguistic affinities, intermarriage, trade, education and labour migration have produced a relationship far more socially embedded than conventional interstate engagement. The open border allows Nepalese and Indians to work, travel and maintain familial and social ties across the frontier in a manner unusual in South Asian international relations.

The 1950 Treaty of Peace and Friendship became the institutional foundation of postcolonial India-Nepal relations. It formalized close security and economic ties, but over time many Nepalese political actors began to interpret it as unequal. The continuing debate over treaty revision has therefore become a symbol of Nepal's desire for a more sovereign and equitable relationship with India.

India's role in Nepal is interpreted through two different lenses. From the Indian side, Nepal is a close neighbour whose stability is directly connected with India's security because of the open border and the Himalayan frontier. From the Nepalese side, India is both a necessary partner and a power whose influence can sometimes appear intrusive. This dual perception has generated repeated cycles of cooperation, misunderstanding and resentment.

The constitutional crisis of 2015 and the associated border disruptions left a deep imprint on Nepalese public opinion. Many Nepalese interpreted India's position during that period as coercive, while China used the moment to strengthen its image as an alternative partner. Although bilateral ties later improved through high-level visits, development cooperation and hydropower agreements, the memory of 2015 continues to shape Nepal's search for greater diversification.

4. RECENT POLITICAL CHANGES IN NEPAL AND THEIR FOREIGN-POLICY IMPLICATIONS

Nepal's recent political transition has introduced a new variable into the India-China balance. The 2025 Gen Z uprising began as a protest against corruption, elite privilege and restrictions on digital freedom, but it soon became a wider challenge to the established political order. Reuters reported that former Chief Justice Sushila Karki was selected as interim leader after protests forced K. P. Sharma Oli to resign.⁴ The movement revealed that Nepal's younger citizens were increasingly unwilling to tolerate the older pattern of unstable coalitions, allegations of corruption and elite bargaining.

The interim phase under Sushila Karki mattered for two reasons. It indicated that political legitimacy in Nepal was shifting from party hierarchy toward public accountability. It also temporarily placed governance reform above traditional foreign-policy symbolism. During this period, both India and China had to engage a Nepal whose domestic politics had become less predictable and whose public opinion was increasingly sensitive to sovereignty, corruption and digital freedoms.



The March 2026 general election deepened this political reset. Associated Press reported that Balendra “Balen” Shah, a 35-year-old former mayor of Kathmandu and leader of the Rastriya Swatantra Party, became Nepal’s youngest prime minister after his party’s electoral victory.⁵ His rise was not simply a change of leadership; it marked a generational rearrangement of Nepalese politics. Chatham House observed that the new governments emerging from Gen Z movements in South Asia carried strong popular mandates but also faced difficult governance realities.⁶

This shift has important consequences for Nepal’s external relations. The new political leadership is likely to emphasize governance, anti-corruption, public delivery and youth employment more strongly than ideological alignment. This may reduce the older practice of using India or China primarily as symbols in domestic political competition. Younger voters are more likely to judge foreign partnerships by visible outcomes: jobs, infrastructure, education, digital access, migration safety and economic opportunity. India and China must therefore engage Nepal beyond established party networks and elite diplomacy.

The rise of Balen Shah and the RSP also complicates China’s traditional party-to-party approach in Nepal. Beijing has historically cultivated Nepal’s communist parties and state institutions, but a youth-driven leadership may not fit neatly into older ideological channels. ORF analysis of Nepal’s 2026 political reset noted that the new government has not fundamentally altered Nepal’s structural foreign-policy realities, but it has changed the domestic actors through whom external influence operates.⁷

For India, this political reset offers both opportunity and risk. The opportunity lies in engaging a new generation of Nepalese leaders through technology, education, development delivery, digital payments, hydropower and employment. The risk lies in the possibility that any perception of Indian interference could provoke strong nationalist reactions among digitally active young voters. India’s Nepal policy must therefore become less paternalistic, more transparent and more youth-oriented.

The Gen Z uprising also demonstrated the growing relevance of digital politics. Nepal’s political change was partly driven by social media, civic mobilization and public anger over corruption. Foreign policy is therefore no longer shaped only by parties, bureaucracies and security elites. Online nationalism, public opinion and youth activism can now affect Nepal’s external relations with remarkable speed. India and China must navigate not merely government-to-government diplomacy but an increasingly vocal democratic society.

5. CHINA’S EXPANDING ROLE IN NEPAL

China’s role in Nepal has widened through infrastructure diplomacy, political engagement, trade, border management, party contacts, cultural initiatives and security concerns relating to Tibet. Beijing views Nepal as significant because of its proximity to Tibet and its position in the Himalayan belt. Stability in Nepal is closely linked to China’s concerns regarding Tibetan activism and border security.

Nepal’s support for the “One China” policy remains a central pillar of Nepal–China relations. For Beijing, this commitment is not merely symbolic; it is tied to Tibet, territorial integrity and internal security. Nepalese governments have generally been careful to reassure China on Tibet-related sensitivities while also attempting to avoid the appearance of complete subordination to Chinese pressure.

The Belt and Road Initiative gave China a broader development vocabulary in Nepal. Nepal signed a BRI MoU in 2017, but implementation remained slow for several years. The December 2024 framework for BRI cooperation revived the agenda by identifying areas such as infrastructure, connectivity, trade facilitation, customs cooperation, agricultural exchange and related forms of cooperation.

Yet China’s infrastructure role has clear limits. Nepal has been cautious about large loans, repayment capacity and project feasibility. Domestic debate has often preferred grants or concessional financing over commercial borrowing. Analysts have noted that Nepalese parties have differed over whether BRI projects should be loan-based or grant-based.⁸

China therefore expands Nepal’s options, but it does not remove Nepal’s structural dependence on India. Trans-Himalayan connectivity remains geographically difficult and economically less immediate than Nepal’s southern access through India. China is important, but it is not a full substitute for India.

Recent political changes may also compel China to adjust its Nepal strategy. If Nepal’s new political generation emphasizes transparency, anti-corruption and public accountability, Chinese infrastructure projects may face closer scrutiny. Beijing’s traditional reliance on elite understandings may be less effective in a political environment shaped by youth activism and online public debate.

6. INDIA’S STRATEGIC CONCERNS

India’s concerns about Nepal’s China policy arise from geography, history and security. Nepal lies along India’s sensitive Himalayan frontier, and developments inside Nepal can affect India’s northern security environment. The open border is an exceptional arrangement of trust and social mobility, but it also creates concerns related to illegal movement, smuggling, criminal networks and possible third-country intelligence activity.

Chinese infrastructure projects in Nepal are often viewed by India through a strategic lens. Roads, railways, airports, digital networks, border facilities and telecommunications systems may have civilian purposes, yet they can also create long-term strategic



influence. India is particularly alert to projects near sensitive borders, dual-use infrastructure and Chinese involvement in sectors that could affect Indian security.

The Lipulekh-Kalapani dispute illustrates the convergence of geography, sovereignty and India-China-Nepal dynamics. Nepal claims the Kalapani-Lipulekh-Limpiyadhura area on the basis of its interpretation of the Sugauli Treaty and the origin of the Kali River. India rejects Nepal's claim and maintains that such matters should be settled through diplomatic dialogue. In 2025, India stated that it remained open to constructive engagement with Nepal on agreed outstanding boundary issues.⁹ Nepal's 2026 diplomatic notes to India and China over the Lipulekh route again demonstrated how Nepal's sovereignty concerns can become linked to India-China arrangements.¹⁰

India's central concern is that Nepal's balancing should not become an entry point for Chinese strategic penetration into the Himalayan region. Nepal's central concern is that India should not treat every Nepal-China engagement as illegitimate. The tension between these two perceptions lies at the core of contemporary India-Nepal relations.

The recent political reset has made India's challenge more complicated. New Delhi can no longer rely only on older political networks and traditional party relationships. It must engage Nepal's new political generation, civil society, digital publics and local institutions. If India appears to support old elites or interfere in Nepalese politics, it may lose goodwill among younger citizens. If it prioritizes delivery, respect and opportunity, it can remain Nepal's most trusted external partner.

7. ECONOMIC INTERDEPENDENCE AND NEPAL'S LIMITED STRATEGIC SPACE

Despite China's growing profile, Nepal's economy remains deeply connected to India. India is Nepal's major trade partner, principal transit route and source of essential supplies. Nepal's access to seaports depends heavily on Indian territory. Nepalese citizens work in India without visas, while remittances, informal exchange and cross-border livelihoods tie the two societies together in everyday ways.

Hydropower has emerged as one of the most promising areas of India-Nepal cooperation. During the 2023 visit of Nepal's Prime Minister to India, the two sides discussed power-sector cooperation and India's target of importing 10,000 MW of electricity from Nepal over the next decade.¹¹ This is strategically significant because it can transform Nepal from a landlocked economy into an energy-exporting economy linked to India's market.

The first trilateral power transaction from Nepal to Bangladesh through the Indian grid in 2024 added a regional dimension to Nepal's energy diplomacy.¹² It demonstrated that India can help Nepal access not only the Indian market but a wider South Asian electricity market. This gives India a constructive and development-oriented instrument in Nepal's economic transformation.

Yet Nepal's dependence on India also produces political sensitivity. When trade or transit disruptions occur, Nepalese nationalism often intensifies. India must therefore ensure that interdependence is experienced in Nepal as opportunity rather than vulnerability. Hydropower, digital payments, rail connectivity, petroleum pipelines, integrated check posts and cross-border transmission lines can strengthen trust if they are implemented efficiently and respectfully.

The unrest of 2025 also revealed the vulnerability of Nepal's trade dependence. ORF reported that India's exports to Nepal declined in September 2025 as political turmoil disrupted road transport and affected petroleum products, steel, pharmaceuticals and machinery.¹³ The episode underlined that domestic instability in Nepal has direct effects on bilateral economic flows. India-Nepal interdependence is not a diplomatic abstraction; it is a daily economic reality.

8. NEPAL'S BALANCING STRATEGY: INSTRUMENTS AND PATTERNS

Nepal's balancing behaviour operates through several instruments. Connectivity diplomacy is the first of these. Kathmandu engages India for roads, railways, pipelines, electricity trade and access to ports, while also engaging China for trans-Himalayan connectivity and BRI-related infrastructure. This dual connectivity strategy is designed to reduce reliance on any single route.

Symbolic diplomacy is another important instrument. Nepalese leaders often balance visits, statements and agreements to avoid appearing too close to one neighbour. High-level visits to India and China are domestically scrutinized because they are read as signs of external orientation.

Development diversification is a third instrument. Nepal seeks assistance not only from India and China, but also from the United States, Japan, the European Union and multilateral institutions. The ratification of the Millennium Challenge Corporation compact in 2022 added another layer to Nepal's diversification strategy. Nepal's balancing is therefore not only between India and China; it is part of a wider effort to broaden development partnerships.

A fourth instrument lies in constitutional and diplomatic language. Nepal repeatedly invokes sovereignty, non-alignment, mutual respect and non-interference.¹⁴ This vocabulary enables Kathmandu to justify engagement with multiple powers while resisting pressure from any one of them.

Domestic political mobilization is a fifth instrument. Nepalese parties sometimes use India or China as symbols in internal political debate. Anti-India rhetoric may be deployed to claim nationalist legitimacy, while pro-China language may be used to



demonstrate autonomy. Conversely, closer ties with India may be framed as practical necessity. This domestic politicization makes Nepal's balancing volatile.

The recent political transformation has added a sixth instrument: youth-driven accountability politics. Younger voters are likely to evaluate India, China and other partners according to transparency, employment, corruption risks and delivery. This may reduce space for opaque geopolitical bargaining and increase public scrutiny of infrastructure agreements.

9. IMPLICATIONS FOR INDIA-NEPAL RELATIONS

Nepal's balancing strategy has mixed implications for India-Nepal relations. Positively, it can push India to become more responsive, less complacent and more delivery-oriented. If Nepal has alternative partners, India must compete by offering better infrastructure, faster project implementation and more respectful diplomacy. Negatively, balancing can produce mistrust. India may interpret Nepal's China engagement as part of a wider encirclement strategy, while Nepal may view India's concerns as attempts to restrict its sovereignty. This perception gap can damage trust even when practical cooperation continues.

The most important implication is that India-Nepal relations can no longer rest only on historical closeness. Shared culture and geography remain important, but they are no longer sufficient. Younger Nepalese citizens may place greater value on connectivity, employment, education, technology, dignity and economic opportunity than on civilizational rhetoric. India must therefore modernize its Nepal policy. Boundary issues require especially careful management. Kalapani, Lipulekh and Susta are sensitive because they combine territory, nationalism and historical interpretation. If handled publicly and confrontationally, they can easily become symbols of mistrust. Lipulekh is particularly delicate because it involves India, Nepal and China together.¹⁵ Economic cooperation can help stabilize political tensions. Hydropower trade, cross-border transmission, regional electricity markets, rail links, digital payment connectivity and petroleum infrastructure can generate shared benefits.¹⁶ The 10,000 MW electricity target and the trilateral Nepal-Bangladesh power transaction illustrate this possibility.¹⁷

India must also respect Nepal's agency. Nepal will continue to engage China. India's objective should not be to prevent Nepal-China relations altogether, but to ensure that Nepal's China engagement does not undermine India's core security interests. This requires dialogue, transparency and confidence-building. A further implication arises from Nepal's new political generation. The emergence of Balen Shah and the RSP means that India must engage beyond traditional party elites. Youth, municipalities, digital entrepreneurs, students, migrant workers and civil society will matter increasingly in shaping India's image. India-Nepal relations must become more public-facing, development-oriented and digitally connected.

10. CHALLENGES IN NEPAL'S BALANCING STRATEGY

Nepal's balancing strategy faces several constraints. The first is geographic asymmetry. China may offer attractive infrastructure promises, but the Himalayas make northern connectivity difficult. India remains Nepal's most practical route for trade, transit, migration and daily economic life.

Financial risk is another challenge. Large infrastructure loans from China may raise concerns over debt sustainability, project feasibility and long-term repayment capacity. Nepal's internal debate over BRI financing shows that Kathmandu is aware of this danger.¹⁸

Domestic instability also weakens foreign-policy consistency. Frequent government changes can delay, revise or politicize agreements. The 2025-26 transition has created democratic renewal, but it has also generated uncertainty about policy continuity.

Security sensitivity remains unavoidable. Any Chinese involvement in Nepal's infrastructure, telecommunications, border management or strategically located projects can generate Indian concern. Nepal must therefore manage transparency carefully and avoid the impression that economic diversification is turning into strategic alignment.¹⁹

Nationalist politics is an additional constraint. Public sentiment in Nepal can turn sharply against India when border or transit issues arise. Similarly, pro-China narratives may be used domestically to criticize India. This reduces diplomatic flexibility and encourages symbolic confrontation.

The expectations of Nepal's younger generation add another layer of difficulty. The new political mood demands clean governance, jobs and rapid delivery.²⁰ If the new government fails to deliver, foreign policy may once again become a field of domestic blame. India and China may both become subjects of public criticism if their projects are associated with corruption, delay or unequal terms.

11. INDIA'S POLICY OPTIONS

India should respond to Nepal's balancing with strategic confidence rather than anxiety. A coercive approach would only deepen Nepal's desire for diversification. A partnership-oriented approach, by contrast, can strengthen India's natural advantages. Project delivery must become the core of Indian credibility. Delayed implementation has often weakened India's image in Nepal. Roads, railways, integrated check posts, pipelines, transmission lines and hydropower projects should be completed within predictable timelines.²¹



Energy interdependence should be deepened as a major pillar of future relations. Hydropower can transform India-Nepal ties. If Nepal earns stable revenue through electricity exports to India and Bangladesh, India will be seen not as a constraint but as a development enabler. Boundary issues require sustained, respectful and institutionalized dialogue. Public confrontation should be avoided. Technical, historical and diplomatic engagement is essential for managing unresolved territorial questions.²²

People-centric diplomacy needs greater emphasis. Scholarships, healthcare access, digital cooperation, skill development, cultural exchange and youth engagement can rebuild goodwill among younger Nepalese citizens. India should accept Nepal's diversified foreign policy while clearly communicating its concerns on security-sensitive projects.²³ Nepal's relationship with China is a reality. India's task is to manage its implications, not deny its existence.

Engaging Nepal's new political generation is now indispensable. Youth politics requires India to communicate through education, entrepreneurship, digital platforms, local governance cooperation and transparent development partnerships. India's greatest advantage in Nepal is not coercive power; it is social closeness, economic interdependence and everyday human connectivity.

12. CONCLUSION

Nepal's balancing strategy between India and China is a rational response to geography, dependence and sovereignty concerns. Kathmandu seeks to protect autonomy by engaging both neighbours, attracting infrastructure investment and avoiding excessive dependence on India. China's rise has widened Nepal's choices, especially through BRI-related connectivity and diplomatic outreach. Yet China cannot easily replace India's structural importance in Nepal's economy, society and geography.

Recent political developments have added a new layer to this balancing strategy. The 2025 Gen Z uprising, the resignation of K. P. Sharma Oli, the interim leadership of Sushila Karki and the rise of Balendra Shah as prime minister in 2026 indicate that Nepal's foreign policy will increasingly be shaped by public accountability, youth aspirations and demands for transparent governance. These developments do not remove Nepal's geopolitical constraints, but they alter how those constraints are politically interpreted and managed.

For India, Nepal's balancing is both a challenge and an opportunity. It is a challenge because Chinese influence in Nepal may affect India's security environment. It is an opportunity because it compels India to modernize its Nepal policy, improve delivery and treat Nepal as a sovereign partner rather than a dependent neighbour. The future of India-Nepal relations will depend on whether both sides can move beyond suspicion. Nepal must acknowledge India's legitimate security concerns, particularly regarding Chinese strategic presence in the Himalayan region. India must acknowledge Nepal's legitimate desire for autonomy, dignity and diversified development partnerships. A stable India-Nepal relationship requires trust, transparency, economic interdependence and mutual respect.

In the final analysis, Nepal will continue to balance between India and China. The quality of India-Nepal relations will depend largely on how India responds to that balancing. If India combines sensitivity with generosity and strategic patience, Nepal's diversification need not become anti-India. Instead, India can remain Nepal's most important partner within a more competitive but mutually beneficial regional order.

ENDNOTES

1. Ministry of Foreign Affairs, Government of Nepal, "Foreign Policy of Nepal," <https://mofoa.gov.np/pages/foreign-policy-of-nepal-1/>. Accessed 11 July 2026.
2. Ministry of External Affairs, Government of India, "India-Nepal Relations," 20 June 2024, <https://www.mea.gov.in/>. Accessed 11 July 2026.
3. Ministry of Foreign Affairs, Government of Nepal, "Framework for Belt and Road Cooperation between the Government of Nepal and the Government of the People's Republic of China," 27 December 2024.
4. Reuters, "Nepal's Former Chief Justice Sushila Karki Chosen Interim Leader," 12 September 2025, <https://www.reuters.com/world/asia-pacific/nepals-former-chief-justice-sushila-karki-chosen-interim-leader-presidents-2025-09-12/>. Accessed 11 July 2026.
5. Associated Press, "Nepal's Youngest Prime Minister Takes the Oath of Office," 27 March 2026, <https://apnews.com/article/19047838815c73ad4ac21d46c04fc24b>. Accessed 11 July 2026.
6. Chatham House, "South Asia's Gen Z Revolutions Now Face Difficult Realities," 11 June 2026, <https://www.chathamhouse.org/2026/06/south-asias-gen-z-revolutions-now-face-difficult-realities>. Accessed 11 July 2026.
7. Observer Research Foundation, "Nepal's Political Reset and the Limits of Change in Nepal-China Ties," 10 April 2026, <https://www.orfonline.org/expert-speak/nepal-s-political-reset-and-the-limits-of-change-in-nepal-china-ties>. Accessed 11 July 2026.
8. Centre for Social Innovation and Foreign Policy, "December 2024 Analysis," 31 December 2024.
9. Ministry of External Affairs, Government of India, "Official Spokesperson's Response to Media Queries Regarding Comments Made by Nepal on Border Issue," 20 August 2025, <https://www.mea.gov.in/>. Accessed 11 July 2026.
10. The Kathmandu Post, "Nepal Sends Diplomatic Notes to India, China over Lipulekh Route," 3 May 2026.
11. Ministry of External Affairs, Government of India, "Transcript of Special Briefing by Foreign Secretary on the Visit of Prime Minister of Nepal to India," 1 June 2023, <https://www.mea.gov.in/>. Accessed 11 July 2026.



12. Ministry of External Affairs, Government of India, "Inauguration of First Trilateral Power Transaction from Nepal to Bangladesh through the Indian Grid," 15 November 2024, <https://www.mea.gov.in/>. Accessed 11 July 2026.
13. Observer Research Foundation, "Nepal's Gen Z Uprising: A New Test for India-China Dynamics," 18 December 2025, <https://www.orfonline.org/expert-speak/nepal-s-gen-z-uprising-a-new-test-for-india-china-dynamics>. Accessed 11 July 2026.
14. Leo E. Rose, *Nepal: Strategy for Survival*.
15. S. D. Muni, *India and Nepal: A Changing Relationship*.
16. S. D. Muni and Rahul Baral, "India-Nepal Relations: A New Phase," *Strategic Analysis*.
17. Constantino Xavier, "Interdependence, Connectivity and India's Neighbourhood Policy," *Brookings India*.
18. B. C. Upreti, *India and Nepal: Treaties, Agreements and Understanding*.
19. Alok Kumar Gupta, "India, Nepal and the Kalapani Issue," *Indian Journal of Asian Affairs*.
20. Observer Research Foundation, "BRI in Nepal: An Appraisal," 10 June 2024.
21. *The Diplomat*, "Nepal and China Identify 10 Projects for Execution under BRI," 6 December 2024.
22. *South Asian Voices*, "Nepal's Dilemma: Balancing Sovereignty with Ties to India and China," 21 October 2025.
23. 9DashLine, "Nepal's New Political Generation and the India-China Contest for Influence," 20 March 2026.