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Regional Hegemony in South Asia

A study of Nepal-India Relation

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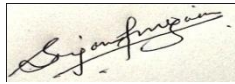
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Declaration

I, Sujan Amgain, declare that this thesis is a result of my research investigations and findings. Sources of information other than my own have been acknowledged and a reference list has been appended. This work has not been previously submitted to any other university for award of any type of academic degree.

Signature:

A rectangular box containing a handwritten signature in black ink. The signature is written in a cursive style and appears to read 'Sujan Amgain'.

Date: 15 December 2016

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Abstract

India, by virtue of its geographic location and size, population, economy and other power attributes, in South Asia, is widely perceived to have regional dominance and hegemonic aspirations. It is very well known fact that during the recent few decades India has drastically changed its status from a state with many socioeconomic problems to an emerging power in the world. Since the independence of India in 1947, the Indian leadership has almost consistently shown their interest to assume the leadership and socialize the region according to their interest for a stable and predictable regional environment. Modern Indian aspirations have widely been reflected in political decisions, foreign policy making and the scholarly articles and media coverage in India. Nepal India relation, in the same way, has faced the policy of India that takes South Asia as its sphere of influence or under its security umbrella. Study of Indian hegemonic aspirations in South Asia and especially in case of its relation with Nepal suggests that India is realizing hegemony only to a partial extent.

Struggling to make a common security and economic agenda for the region but troubled by autocratic regimes, economic backwardness and failure of the region to cooperate in all aspects of regional arrangements, India is not being able to have the political and economic environment fully compatible with its policies. In this context, analysis of Nepal India relation in terms of regional hegemony further demands the in-depth study of the regional contexts, structural problems, challenges and opportunities. But in overall, despite its aspirations, Indian hegemonic policies have been challenged by its own internal socio-economic problems, communal strifes, cold relationships with surrounding neighbours and its failure in assuming foreign policies to suit the needs of the small states in its immediate neighbourhood. Yet, India is the country that has the strongest leverage and reputation in international organizations and groupings from United Nations, BRICS, G20, BIMSTEC and it is the only country in its discrete region which has incomparable assets to balance between intraregional and global dynamics of international relations. So this paper argues that India has both the opportunities and challenges on its way of assuming hegemonic leadership in South Asia and in case of Nepal.

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Chapter 1: Introduction

""To live with a big neighbour (such as the US) is like sleeping with an elephant," cracked the Canadian prime minister, Pierre Trudeau. The words are echoed in Nepal, Pakistan, Sri Lanka and Bangladesh, not as a smart quip but in perplexity and fear. The Indian elephant cannot transform itself into a mouse. If South Asia is to get itself out of the crippling binds of conflicts and cleavages, the six will have to accept the bigness of the seventh. And the seventh, that is India, will have to prove to the six that big can indeed be beautiful.... Until the smaller nations can regard India's bigness as an asset for the entire region there can be no significant cooperation amongst the seven" (Gupta, 1984).

These thirty two year old statements of an Indian political scientist and foreign affairs expert have more relevance today as it is still a debatable issue whether Indian elephant has been beautiful or only a big beast. "...after all, India is viewed as a hegemonic power by all her neighbors – from Bangladesh in the east to Pakistan in the west, from Nepal and Bhutan in the north to Sri Lanka in the south" (Siddiqui, 2014). There are so many different perceptions about India's relation and foreign policy behavior with the desire to be a regional hegemon within its region. But, before we examine the case deeply, it is better to leave this common understanding about the relation of India with its neighbours aside and, first, better know the scenario of world politics which promoted the emergence of rising regional powers and their leverage in their areas.

After the end of bipolar world order shaped by the superpower relations, a wide avenue emerged for the debates on regions and regional powers theoretically and the comparatively 'overt managerial roles' for them in their respective regions practically (Ayoob, 1991; Prys, 2007). During this period, among many others, India has not only risen economically and militarily but also engaged actively in international politics and forums for wider recognition as an emerging power. Though there are many perceptions in favor of and against the claims of India being a successful great power, India's role with its small neighboring states in its own region is highly contested. From the very well known disputes with Pakistan to many other problems with other smaller states like Nepal, Sri Lanka and Bangladesh, there are many cases to question the ability

of India as a leader in the region to create a harmonious regional politics out of its material superiority (Destradi, 2012).

In contrast to other aspiring regional powers, India, the most powerful in her geographically discrete region – South Asia – is the center of regional security issues. Unlike and despite of Pakistan's unsustainable potential as the challenger, India possesses the geographic centrality and huge territory, most powerful and largest military, exceptionally large population, large industrial base and market and the largest democratic system in the region (Ayoob, 1999). By virtue, it claims the regional leadership while the neighbouring states frequently accuse India of being hegemon. With the undoubted rise of India as a regional power, sentiment of nationalism is also rising resulting into intolerable and narrow mindset towards outside criticism. Rooted in the colonial past and aimed by Jawaharalal Nehru, the first Indian Premier, to make either superpower or disappear, India now takes it for granted to dominate the large area and this becomes the issue of contention in the area (People's Daily Online, 2009). The Indian mediation and peace keeping in Sri-Lankan peace agreement in 1987, successful intervention in the Maldives to save her from coup in 1989, economic sanction to Nepal to limit Sino-Nepal relation and restore democracy in 1989, victory in Indo-Pakistan war - 1971, successful nuclear test in 1998 and the overall Indian capability to provide the collective goods in return for the acceptance of Indian managerial role in the region have all made India a potential hegemon in South Asia (Ayoob, 1999). Few significant example cases are repeatedly noted; India played active role in Pakistan's split in 1971; influenced Nepal politically by signing widely believed unequal treaty of peace and friendship and promoting and ousting many different regimes so as to make unstable; trained Tamil rebels and promoted ethnic conflict in Sri Lanka; and supported Maldives' Prime minister Gayoom while there was an attempt of military coup. In addition, India occupied Kashmir in 1947, Hyderabad in 1948 and Dadra, Nagar Haveli, Goa, Diu, Daman and Sikkim later (Siddiqui, 2014). Deploying its military might through violent means and clandestine strategies, the well known world's largest democracy has crushed the sovereignty of many nations around. In this context, many leading researchers and analysts have agreed that India is exercising hegemony in South Asia. This has made a perception among its neighbours that Indian short sighted foreign policies are counterproductive for the regional harmony and this will cause more discontent in the region with the potential great power (Siddiqui, 2014). Before

being overwhelmed, India should know to independently solve its internal socioeconomic tensions, terrorism and political problems and also consider the geopolitical constraints and the neighbours' sentiments (People Daily Online, 2009). On this backdrop, the widely accepted - yet debatable 'hegemonic relation of India with small neighbouring states' is the central question to be critically discussed and understood throughout this thesis.

During early 1990s, Gujaral doctrine (named after former Prime Minister of India I.K. Gujaral for his non-reciprocal foreign policy with small neighbours) replaced previous policies (Thapliyal, 1997). Though this step was mostly welcomed, the doubt here is how much has this arithmetic non-reciprocity come into action from Indian side and how Indian relationship with her small neighbours in the region has developed so far.

Among many other cases that can be taken into consideration to examine India as a regional power or hegemon, India-Nepal bilateral relation is very important to best understand about it. Given the long open border, cultural homogeneity, huge economic and demographic exchange and geopolitical issues, Indo Nepal relation is a very unique relation in which India has always an upper-hand and influenced Nepal's political and economic spheres. Indian influence and Nepal's dissatisfaction in many issues are making their bilateral relation complex and full of suspicions. Reflecting one of unique South Asian intraregional structural problems, this relation also demands the possible Chinese and American role and the consequential regional instability (Dash, 2008). Though Nepal was never a formal colony and there was a continuous friction between British India and Nepal, it has been widely agreed that Nepal was under the region of influence for British India. Also after the independence of India in 1947, it is believed that India continued the pre-colonial approach towards Nepal and tried to influence Nepal to a huge extent. What have been taken as the most problematic are the inconsistent foreign policy of India while making relationships with internal political and social forces of Nepal, resolving the challenging issues and concerns of free border, sharing the huge natural resources, supporting the economic growth of Nepal and building trust. On the one hand, India wants Nepal to be under its economic, political and security umbrella and has a huge contribution in Nepal's development. On the another hand it causes frustrations in Nepal through excessive political interference, unequal treaties, economic blockades (sometimes de facto), invasions and military activities in

border and control in natural resources. Because of this frustration, there is growing concern in India that India is losing its leverage in Nepal and inviting growing Chinese influence. While there are many groups in Nepal including anti-Indian ultranationalists that see India as an untamed bull, there is a strong perception among Indian leadership, mid-level bureaucrats, diplomats and intelligence officials that Nepal is a petulant little neighbor (Gautam, No date). In September 2015, Nepal's popularly elected constituent assembly passed a new constitution by an overwhelming 90 percent vote but some socio-political groups protested against some aspects of the new constitution in the southern region of the country. Referring on this scenario of internal strife and insecurity along border, immediately after, India imposed an undeclared economic blockade at India Nepal border for some months. Short after the devastating earthquake in the small mountainous country, the economic blockade from the world's largest democracy to forcefully compel the sovereign country to amend the new constitution has not been seen as an obvious and justifiable foreign policy strategy as it stopped all the supply chains of the country. India not only acted against the spirit of regional cooperation framed by SAARC and BIMSTEC, but also violated the rights of a land locked country, the UN Convention on the Law of the Sea and neglected the Indian obligation under Nepal India trade and transit treaty (Gautam, No date). The new generation of Nepal saw another tragic episode as their predecessors saw a previous episode in 1990 when India punished Nepal for buying weapons from China. Indian strategies of this kind are not new in this region. As Nepal's small economy has almost gone down to the worst extent, it has been a loud alarm for all the neighbours. Yet, India never openly accepted its responsibility towards the economic blockade and the consequential humanitarian crisis but attributed it to the internal reasons of Nepal. In this context, the regional political scenario and specially India Nepal relation has been more suspicious and vulnerable.

In this thesis, I would critically argue that, since its independence, India has not changed its concept of the Himalayan frontiers and the desire of controlling the region under its security, political and economic umbrella. Though, sometimes, there have been some shifts in Indian foreign policy regarding its relation with the neighbourhood states including Nepal, the above mentioned examples of Indian strategies can be scrutinized as having tendency towards hegemony.

1.1 Research questions

In the context highlighted in the introductory chapter and amidst the long debate regarding India's relation with its small neighbours, especially Nepal, this thesis will be focused on the critical discussions and analysis to answer the following questions.

Does India have the attributes that make it a regional hegemon in South Asia, especially in terms of Indo Nepal relation?

Is India exercising hegemonic relation with Nepal? And how?

Though there are several aspects of hegemony in global and regional level, this research attempts to focus on these two questions considering the necessity of understanding the nature and attributes of India as a budding regional hegemon and examining India Nepal relation as a hegemonic relation. Referring Joshua Goldstein (no date), Habib Siddiqui (2014) explains about hegemony as exercise of power, dictatorship or domination by a powerful state with virtue of the privilege it has got in international relations.

Despite relatively rich research, there are inconsistencies in concepts and theories regarding regional power and hegemony as there is no consensus whether regional systems should be discussed in isolation or the regions can be better analyzed through common political and strategic characteristics. Establishment of linkages among empirical cases of regions, regional powers and hegemony may enrich a common framework to understand their problems, limitations, foreign policies and influence in global system. But still, inconsistent use of terms like "regional power" and "regional hegemon" in case of bilateral or regional relations are raising conceptual complexities (Mitra, 2003). Testing any regional hegemon through the theories of hegemony at global level is certainly an incomplete exercise as regional hegemons play in different conditions; necessity of differentiating from, and, also accommodating within international environment (Prys, 2007). It is not true that hegemony is only applicable in global level and US hegemony accurately but it is applicable wherever certain big and small state(s) relation exists (Perlman, 1991). The concept indeed distinguishes the relation between each regionally powerful country - taken responsible for its backyard states and generally legitimized

for that behaviour by external actors - and its small neighbours in a qualitatively different power relation in hierarchical systems from the relations given in other concepts like regional power or leadership or emerging global powers or others (Prys, 2007, 2008).

Recent shifts in global political economy are so speedy and powerful that many scholars could not predict. One of them, G. John Ikenberry admits that the fast growing non-Western developing countries like China and India have now the potential of being the rival powers against US and Europe (Ikenberry, 2008 cited in Stephen, 2012) while he had not seen any such possibility due to uncontested global position of American power during 1990's (ibid.). Though it is not clearly evident that India has bid its rivalry with other great powers, it has been an instrumental player in global and regional politics.

First, in contrast to other aspiring regional powers, India, the most powerful and privileged by virtue of its material and moral superiority in her geographically discrete region – South Asia – is the center of regional security issues. Overwhelmed by its material power like geography, population, military and economy and the sources of intangible moral power like perceptions and acceptance, Indian foreign policy can certainly be questioned for having the hegemonic tendency in the region. The unequal power distribution in the region is another very important source of interest for this study. India has been a rule maker in the South Asian Association for Regional Cooperation rather than a follower. Despite having the voluntary responsibility of advancing the region in its leadership, fearing from the likely alliance among other states in the region, India has been accused of not allowing SAARC to be the multilateral forum for dialogue to mitigate any regional or bilateral problems or conflict and promote peace and stability in the region. As already described, it enjoys the privilege to better advance its special rights and hegemonic interests, assumes power to define the regional goals and strategies in global forums and takes advantage of this power to direct and regulate the behavior of its smaller neighbours.

Second, a rising power like India, according to offensive realism, is obvious to attempt and use coercive measures to be a great power, or a regional hegemon, if not a global hegemon in the long run. Though China is undoubtedly a great power in international political and economic relations and has extended its leverage from Asia to Europe and Africa to Latin America, until

recent past, it has the least presence in most of the South Asian states. This can also be attributed towards the containment policy of India to restrict China and continue own domination in its region. Though the role of China and its aspirations are out of scope of this thesis, it is an issue to understand what attributes India has possessed so far so as to be successful to restrict huge external influence in its region of influence. Nepal is a burning example of this Indian strategy of containing external influence and engage other external powers through the Indian perspective.

Third, India is bidding as a great power in international forums and it possesses many characters in terms of power to aspire this status. But, in its own region, India has experienced contentious relationships with its small neighbours time and again. While there is always a volatile situation for large scale war with Pakistan in Kashmir and a prolonged border dispute with Bangladesh, it is widely believed it has failed in its inconsistently changing and dubious policy and role with Sri Lankan conflict and peace process. Long believed by the Indian leaders, bureaucrats and security and intelligence to be under their security umbrella, the Himalayan country Nepal bordering India on South and China on North has also many times been dissatisfied with Indian policy outraged if India wants a meaningful peace in the region, it has the power to lead the role.

Fourth, though Nepal is not so small in comparison with many small countries in the world, it's far smaller than India. Millions of Nepalese live in India working or doing their businesses there. India and Nepal has a binding agreement that Nepal allows India to recruit Nepalese youths in Indian military. Nepal and India has many religious sites for Hindu and Buddhist people which the majority of Indian and Nepalese people want to visit in one another's countries. Nepal is a landlocked country using Indian coastline for trade and transit purpose since long and its attempt to sign a treaty for the same purpose with China, though signed recently, has not been successfully implemented. Being a poor country having very small GDP and growth, Nepal is highly dependent on foreign aids for its development projects and India is one of the largest donors. This, many times, makes Nepal agree on unfair terms of reference of bilateral agreements.

Despite being the unavoidable neighbours and having such a long sustained and strong ties, it is seen that India Nepal relation is undergoing much more complexities and misunderstandings

from the both sides. So it is very worth exploring how we can better understand India Nepal relation.

1.2 Literature review

May it be in international politics, regionalism or any other social interaction, when there is the concept hegemony to be analyzed, Antonio Gramsci (1891-1937) is the name recalled almost in every literature. Though he is believed to coin the term, rather than between or among countries in international politics, his approach was to describe a distinct social relation within a country. Gramscian hegemony comprehends the dominance of a special social class over other classes in a society. Majority of the literatures focus on the positive correlation between power and the extent of hegemonic exercise by the powerful country and focus more on coercion. But, Warner (2006:3) defines hegemony as “the leadership by a single stronger partner of other less strong, but still autonomous partners, undertaken for the mutual benefit of all parties concerned” and adds it is a struggle for authority always having some relationship with power.

Hildebrandt (2009) has categorized the hegemonic actors into three categories. The first, realists think that the major power are interested to contribute and facilitate the international interaction and believe it is good for all the parties. The second, liberals oppose hegemony as they think that, in hegemony, there is possibility of excessive exercise of power for unfair advantage and hegemony obstructs the free will that can be expressed in the free market. And the last, radicals, always oppose hegemony regardless its form but they have not strong logical viewpoints why they oppose hegemony. Similarly, Boligun (2011) has presented three types of sovereignty; individual sovereignty, national sovereignty and institutional sovereignty and explains that the conflict among these sovereign actors raise the problems in international relations including the problem of hegemony. But, except the clash of will, it is not clear on what empirical findings this claim is based on. In addition, he has categorized countries into five categories from mature democracies, democratic-authoritarian, theocratic, authoritarian-military dictatorship to failed states and has given them some characters to become hegemonic. Those characters, however, don't include some very important contextual factors like culture, economy, resources, leadership, etc.

Catley and Mosler (2007) differentiate colony and hegemony by the way power is used; if power is used directly by the major power to a less powerful country, it is colony and if power is used indirectly, it is hegemony. Schake (2009) further clarifies direct power as intimidating physically and psychologically and indirect power to be exercised, for instance, through legislature, treaties, etc. It can be further elaborated that direct power relates to intimidation in physical and psychological levels, whereas indirect power is exercised through legislature and tends to be latent (Schake, 2009). The introduction of the new concept of smart power by Nye (2011) has facilitated to understand how hard power of ‘coercion and payment’ can be combined with soft power of ‘persuasion and attraction’ to produce smart power. This can be linked with hegemony with the use of smart power. Deviating from the material and smart power, Russett (2011) attributes the hegemonic tendency of a state is often because of the ambitious leaders or heads of states and this concept is linked to the Great Man Theory which assumes, some people born to be the leader. This view can also be supported by what Schake (2009) has described as the importance of contextual analysis of unique aspects of the states to understand the use of power.

Like other regions in the world, since a few decades, South Asia has evidently been a very prominent and important region in global affairs and thus has been a centre of attraction for many researchers and analysts in global and regional affairs. However, it is seen that there was a lack of interest and empirical literatures from the western academics, researchers and policy makers until recent past. But now, growing concern in regionalism and in this reason have increasingly giving plenty of valuable insights for the interested ones. As the central focus of this thesis is regional hegemony, literatures on hegemony at global and regional level carry more contextual relevance and importance. But, after going through some literatures which address hegemony at global level, it seems that the concepts and perspectives used to understand and explain in those literatures are not complete, suitable or relevant to match the regional cases. Thus, more research and findings on what further concepts and models are needed to explore more about the regional hegemons.

Among all, plenty of literatures have equivocally accepted that the asymmetric power accumulated by India in South Asia has been a source of sustaining regional discontent among the South Asian neighbours. On the one hand, as the most powerful country, it can be taken as

Indian responsibility to lead the managerial role in the region and promote regional integration in many ways instead of hegemony, it is not wise to forget India's own limitations and its neighbours' equal responsibility to clear the environment of mistrust, suspicion and the threat perception. There are also many books and research articles that focus on why India is being labeled as a hegemon in its region.

While Khan (2010) identifies Indian asymmetric size and power as the key factor to halt regional cooperation and suggests that India should use its economic and military power for political dominance and development in the region, Ummu Salma Bava (2010) explains India is taken as a dominating power and show their discontent as there is no other equal power in the region. She further adds India should possess the power of vision, promote democracy, engage on the basis of non-reciprocity. This perspective has been strengthened by Bajpai (1993) and Cheema (1999) focusing on how India realizes the importance of regional cooperation and how it comes out of the apprehension of regionalism. Moreover, in many cases, when smaller states try to deny or show reluctance to accept the leadership role of India, it reduces the role of benevolent hegemonic power in the region and consequentially challenges the prospects of regional security and integration (Dash, 2008). He also refers to the possibility of lack of coordination and leadership for making rules and policies for the region, unwillingness of smaller neighbours to accept the hegemonic role of India ultimately resulting raising a debate and need of scrutiny on India as a hegemonic power.

Another factor that fosters mistrust and suspicion among South Asian countries can be attributed to the reluctance of external powers like US and EU to contain India from being the regional bully (Wallace, 1994), unwillingness of India to engage them constructively with its neighbours external powers like US and EU. Some other literatures also suggest that SAARC's potential failure lies on the SAARC charter which prohibits discussions on bilateral contentious issues, requires unanimous decisions unlike in other regional organizations,

Since a few decades, regionalism and regional hegemony have gained tremendous attention in international relations research. Though regional hegemonic relation between a regional power and its subordinate states can be an analogy to the global superpower and the remaining states, it

needs different contextual understanding of the regional system. John J. Mearsheimer (2001) is one of the most prominent IR scholars to present a comprehensive explanation on regional hegemony in his book *The Tragedy of Great Power Politics*. His theoretical approach of offensive realism attributes the desire for survival in anarchic international system and uncertainty about other's intentions for the pursuit of regional hegemony. As he postulates that no state can achieve global hegemony because of 'stopping power of nature', a great power struggle to attain regional hegemony and maintain it through prevention of others to attain the same status elsewhere in the world.

Jonathan Joseph (2009) in his book *Hegemony: A realist analysis* has reviewed the concept of hegemony as used since long and presents a new perspective of identifying hegemony on the basis of hegemonic projects of political nature to get consensus over one's ideas or interests and structural hegemony with underlying conditions rooted from the social processes and interactions. Claiming that hegemony is the product of politically inclined projects and structural processes to exercise the leadership by powerful group over subordinate group through consent, he further presents some conditions for necessity, success and failure (structural crises) of hegemony.

Jeremy Black (2007), in his book *Great Powers and The Quest for Hegemony: The World Order Since 1500*, is also a great piece of interest in international relations to understand the power politics between the great powers which gives an account of interplay between power and international system with different cases in history. It's a book for the researchers and analysts in international relations, history and strategic studies.

In the book *Regional Hegemons: Threat Perception and Strategic Responses*, the contributors have given an extensive explanation on how regional powers have emerged and got the geopolitical influence in their respective regions after the decline of superpowers and their reduced influences in key regions in international system. In addition, regional hegemonic aspirations, threat perceptions of the aspired regional hegemons and their strategic responses are the central focus of this book.

In the article, “Hierarchical regional systems and the politics of system boundaries”, W. Zimmerman (1972) has discussed about the hierarchical regional system and characterized it as having a single great power and other small or weaker states in the region. Additionally, it has been discussed further how the most powerful and weaker states in the system operate trying to influence in the region in different conditions. According to this article, a regional system may be delimited by geography, marked by difference in language, trade, communication flow from the whole international system and identified by shared behaviours of group of states.

Myriam Prys’s (2012) book *Redefining Regional Power in International Relations: Indian and South African Perspectives*, is a very important book for a fresh perspective to understand the concept of regionalism, regional powers and regional hegemony with thorough case studies of the regional powers like India and South Africa. The importance of her analysis lies on the methods she has developed to evaluate the regional powers and understand how there exist a gap between their achievements and the regional expectations. In addition, she has interestingly presents the necessity of redefining regional powers in the context that how the regional powers has to manage the regional order and simultaneously strive individually to fit in the international system. Prys (2013) further discusses in her article *India and South Asia in the world: on the embeddedness of regions in the international system and its consequences for regional powers*, how the regions and regional powers interplay within themselves and with the international system. This article focuses that only regional powers and their material superiority cannot be the decisive factors in the region and in regional stability, but there are also external or global interests to influence the region. She gives the examples of India Sri Lanka relation and India Nepal relations to explain.

S. D. Muni and R. Jetly (2008), in the UNU-CRIS Working paper “The Changing Dimension”, have discussed about the emergence of The South Asian Association of Regional Cooperation (SAARC) and the developments made so far until 2008. This paper generally explains the growing regionalism, the importance of SAARC and its prospects in the context of globalization and economic growth, democratization and development, mitigating interstate tensions like India-Pak tension, building mutual confidence and trust and, importantly, India’s growing role in all these aspects of this region. They see India’s growing role as a positive signal for effective

and peaceful SAARC. K. C. Dash (2008), in his book *Regionalism in South Asia: Negotiating cooperation, institutional structures*, discusses about regionalism and its several dynamics of cooperation in South Asia, the factors behind slow institutional development and implementation of programs, security aspects after nuclear programs, war against terror in Afghanistan and other issues related to regional cooperation.

Supporting these points S. D. Muni and I. A. Lohani (2010), in *The Emerging Dimensions of SAARC*, discuss not only about the recent democratization and economic growth in South Asia but also the problems of terrorism in some of the member states. This book is a rich compilation of essays on how SAARC will get along with two nuclear states, a new member Afghanistan and observers like China, Iran and the US and how the tremendous change in regional political, economic and security dynamics will affect the regional cooperation.

David Malone (2010) has written one of the most famous books on Indian foreign policy *Does the Elephant Dance?: Contemporary Indian Foreign Policy*. As a Canadian diplomat, after he studied Indian foreign policy thoroughly, his conclusion is that despite huge military, economy and nuclear, India is not soon going to be a world power or a rival of China. Rather, it may achieve regional leadership by solving its own internal problems and convincing its distrustful neighbours that India is an opportunity but not a threat. He presents the post-Independence Indian foreign policy trajectory from Nehru's idealism, Indira Gandhi's hard realism and contemporary economic pragmatism.

Pointing on the uniquely intimate and extensive India Nepal relationship, Muni (1992) has given a detailed account of the changing relationships in the context of internal, regional and international politics, people's nationalist aspirations, eroded treaty arrangements and development cooperation.

Later, in the context that democratic peace thesis has been widely accepted and has an empirical validity in case western democracies but not all democracies, S. D. Muni (2009) in his book *India's Foreign Policy: The Democracy Dimension: with Special Reference to Neighbours*, has tried to see how the notion of democracy and its spread has affected Indian foreign policy,

especially with its regional neighbours. According to Muni, Indian foreign policy, during Nehru, towards Nepal, Sikkim, Pakistan and Burma tried to adjust both democratic politics and realpolitik resulting into ill treatment of people's democratic aspirations in those states. Post-Nehruvian Indian foreign policy was realist and democratic values were evaluated in terms of acceptance of Indian Interest. Contemporary Indian foreign policy embraces democracy as a strategic vehicle. Muni also gives cases where India has dual role of supporting democracy and crushing it according to its strategic interests.

D. M. Malone, C. R. Mohan and S. Raghavan (2015), have edited the book *The Oxford Handbook of Indian Foreign Policy*. As India is now known as a rising power and its external behavior has undergone many changes and transformations, the scholars have acknowledged that the study of Indian foreign policy should move from the traditional way of understanding to different theories and contemporary approaches which can address the changes. Chapters on many internal dynamics to external policy making, the whole book is on how India has grown itself from a merely South Asian giant to an influential actor in central Asia, south-east Asia and Middle East. Similar with Malone's previous book, the conclusion in this book is - there is overenthusiasm but it's poor performance regarding multilateral issues in international forums, growing internal and external political challenges, problematic neighbourhoods, traditional military and bureaucratic apparatus are likely to halt India's speedy transformation.

Sandra Destradi (2011) is one of the emerging western researchers having very contemporary insight on Indian foreign policy and security relations in its neighbourhood. Moving far from the mainstream Indian foreign policy analysis based on global picture and Indo-Pak relation, her book *Indian Foreign and Security Policy in South Asia* has very thoroughly applied the notions of empire, hegemony and leadership and Indian foreign policy towards Sri Lankan civil war, Nepalese peace process and democratization and security issues with Bangladesh. Her conclusion is India, though aspiring regional hegemony and great power status, is unable to achieve its goal because of its inability to lead the region genuinely. As a case study, she characterized India Nepal relation as 'partially successful hegemonic strategy' under 'leadership without followers'.

The book *Himalayan frontiers of India: historical, geo-political and strategic perspectives*, edited by K Warikoo (2009) elaborates the geopolitical, economic, security and cultural aspects of the Himalayan region and the implications for India. As a distinct geopolitical and geostrategic area with different cultures, languages and ethnic identities, the Himalayan frontiers of India distinguish the region in spiritual and cultural aspects from other regions. As India shares the border or ocean with all the states in the region, it has specific security concerns related to religious extremism, terrorism, insurgency, ethnic conflicts and drugs and arms trafficking in the region.

Nayak (2014), in his book *Strategic Himalayas: Republican Nepal and External Powers*, analyzes how great power rivalry has increased in South Asia and especially in Nepal as a geopolitically very important state, though small. With the help of fresh strategic analysis, this book explains how and why Nepal is strategically very important country in contemporary great power rivalry and how the internal political instability in Nepal is alarming for India. Because of rising China and, consequentially, gradual shrinking of so called Indian sphere of influence in South Asia, Indian confidence of 'taken for granted relation' with smaller neighbours has shaken. There is a detailed account of regime change, abolishment of monarchy and mainstreaming Maoist insurgents, the possible Chinese influence, role of USA and so many related geopolitical scenarios.

Leo E. Rose (1971) is one of the most acclaimed western writers to write about Nepal and its geopolitical challenges in the region during the early 1970s. Analyzing Nepal's foreign policy for two centuries, at that time, he concluded that Nepal faces a tremendous challenge of preserving its national independence from the external threats from China, Britain, Russia and India. His conclusion is still very relevant. John Whelpton (2005) is another western political analyst who wrote a historic book *A History of Nepal* and pointed out that Nepal tried to have balanced relationship with India, China and western powers but India had usually the decisive role in Nepalese politics.

Among very few books written by Nepali experts with international recognition, S. Suvedi (2005), a leading international law expert, has presented an in-depth analysis of India Nepal

relations in terms of their bilateral treaties and principles of international law. In his book *Dynamics of foreign policy and law: A study of Indo-Nepal relations*, he highlights the main issue areas and related treaties, their weaknesses and relevance, the need of changed attitude on both sides. He has also focused on the Nepal's aspirations and rights as a land locked country with huge resources and the need to resolve the existing misunderstanding by revising the treaties.

Chapter 2: Research methods and data sources

2.1 Research methods

This research on Indo Nepal relation as a hegemonic relationship begins with the preliminary study of the theories on hegemony and regional hegemony. After having a theoretical concept of hegemony at global level, it will be scrutinized whether those grand theories are sufficient to analyze a specific case of regional hegemony thus looking further to a different model or framework (which comprises the attributes of a regional hegemon) that can analyze a regional hegemon.

In this thesis, I will attempt to answer the research questions through a descriptive single case study method with theory triangulation based on some theories that can describe Nepal India relations. This is a research that doesn't concentrate solely on strategically or militarily hegemonic policies but applies the historical and conceptual perspectives widely used in social science and also in International Relations research to explain political, economic, historical, cultural and social aspects of the relationship. It is very important to consider the relevant theories which will be extensively elaborated in the next chapter and a wide range of empirical data taken from academic literatures and many other primary and secondary sources mostly of qualitative nature. The main sources of data will be the historical documents, treaties, books, journal articles, newspaper articles, etc.

2.1.1 Single case study

According to Bennett and Elman (2007, 2010), to study relatively complex, unstructured and infrequent phenomena in international relations or similar subfields, qualitative research methods, especially case studies, have got tremendous popularity. Eckstein (1975), according to Bennett (2004), defines a case as “a phenomenon for which we report and interpret only a single measure on any pertinent variable.” But moving away from this limited meaning of a case with only one observation on the dependent variable, Bennet (2004) suggests each case can be an instance of events having more observations of variables and defines a case study as a “well-

defined aspect of a historical happening that the investigator selects for analysis, rather than a historical happening itself". Robert Yin (2009) further defines a case study research as "an empirical enquiry that investigates a contemporary phenomenon in depth and within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident". This definition demands a case study research to have detailed and thick description for thorough analysis. Very interesting and distinct point about a case study has been made by Robert Stake (2008) that a case study is more about the interest of the researcher towards a particular case but not about the method. However, this is not to be understood as we don't need method but it clearly suggests the extent or depth of inquiry that a case study demands.

We can take single case or more cases for comparisons. Some case studies are aimed to test theory, generate hypothesis, and some case studies are to explain a historical case or events with some relevance or reference with theories to be explained. On the one hand, how we select a case may always be associated with a problem of selection bias with serious weakness, sometimes wrong generalization or lack of representativeness, but here the concern is more on particularization than generalization. On the other hand, case study methods can identify variables and new hypothesis that might have been eliminated or neglected but have strong causal effect on the event, process or the phenomena.

Despite the criticism that single case studies, because of relative absence of clear methodology, might not have strong empirical basis to strongly support or refute a theory, there are many single case studies that have come up with excellent findings in political science. According to Eckstein (1975), if there is a crucial case or a case that is closest to some theory or a case that is least likely to adhere to a theory, a single case study is a good method. Though there is a misconception that a research process is a hierarchical application of different methods in different phases, case studies can embrace any social science research; exploratory, descriptive (mostly qualitative) and/or explanatory (mostly quantitative) in nature. While an exploratory case study is to build a foundation for further research, a descriptive case study describes and explains the observations to give broader understanding about the factors and issues related. Besides, an explanatory case study presents a case and effect interaction (Yin, 2009).

As my research questions demand to answer what are the attributes that India, if it is, possesses to be a regional hegemon and how has it made its relationship with Nepal hegemonic, I will describe in detail the factors, attributes and characteristics of Indian foreign policy in this region. Though Indian foreign policy is continuously changing and evolving since Indian independence and it is difficult to give an exact term to define the relationship, I will attempt relate the attributes of a regional hegemon with Indian foreign policy behavior with Nepal. So, it will be a descriptive case study method. But as we require multiple sources of data and we have to perform triangulation of theories and methods, we may better not totally disregard either of the research designs.

2.1.2 Theory triangulation

In contemporary social science research, triangulation has been more pragmatic approach to take advantage through the interaction of different approaches. According to Alexander Jacob (2001), researchers can overcome the problem of biasness and other problems of using single theory through the combination of multiple methods, theories and observers. As it is almost impossible to predict exactly any social phenomena, the convergence of multiple perspectives is most likely to confirm the findings that represent reality. In social science, we observe, experience and apply theories, ideas and models. As no method in social science can be perfect, use of multiple methods can be complementary to overcome deficiencies. Triangulation is, thus, a process of verification and increasing validity of research by combining multiple viewpoints, methods, theories, data sources and observations. Theory triangulation is one of the many approaches of triangulation where we use more than one theoretical position. Triangulation not only validates the result, deepens and widens the investigator's understanding and improves the consistency but also promotes interdisciplinary research.

According to Alexander L. George and Andrew Bennett (2005), using case studies and applying many theories can test and identify the scope of theories but it is necessary that those theories refute each other. They further elaborate that any theory shouldn't be forcefully applied beyond its scope. As the main IR theories are more concentrated on the global level of hegemony, they might not be suitable to explain regional hegemony. Thus, I will try to look beyond the global

context and contextualize hegemony in regional level. That will be based on the literatures on regional hegemony and the related case studies. To have further understanding, I will also based on the concepts of national interest and foreign policy. If we look beyond global level and attempt to deepen the understanding in regional dynamics, we have to look the internal dynamics of the states in a relationship such as history, economic and political relationships, security and other factors influencing foreign policy making.

2.2 Data sources and ethical considerations

2.2.1 Sources and data

The most reliable sources for this research on Nepal India relation are, by virtue, the official documents from the Government of Nepal and India, the treaty documents, press releases from the Ministry of Foreign Affairs and embassies of both countries and related academic literatures. There are many foreign policy think tanks in India and very few in Nepal that have published many books, journal articles and contributed for many newspaper articles which all are relied upon for my data. In addition, documents and press statements published by the diplomatic missions of Nepal and India, United Nations and other international organizations, the official websites of the government organizations, think tanks, INGOs are also of vital importance to uncover the required information. It is of utmost importance to consider the possible inclination or biasness of a source towards the state it is from. There are several media sources like newspapers, televisions and online media in the two countries that can give ample of information on internal and international politics. Besides, several of globally recognized newspapers and televisions from across Asia and Europe to North America have wide coverage, though not enough, of South Asian affairs and India Nepal relations.

2.2.2 Field visit during an economic blockade

I had written a short term paper on the same topic in my second semester of this program. When it was time to decide the topic for my thesis, I wanted to continue the research on the same topic and decided to go to Nepal for a field visit. During February and March 2016, it was a

coincidence that I was in Nepal to collect data on India Nepal relations and there was a huge impact especially on Nepalese economy and politics because of Indian economic blockade. It was a great opportunity to have very fresh and contextual information and data from different sources. During my field visit, I visited many individuals who have very good knowledge on political economy of South Asia and India Nepal relations. As these conversations were not formal interviews and most of the individuals were from Nepal, I am not referring those sources and data in this research but I will use them to expand my understanding and complement my data sources.

2.2.3 Ethical considerations

According to Mazzucelli and Fagnoli (no date), amidst myriads of global challenges like political violence, terrorism, aggression and interventions, human rights and genocide, ethical dimension in studying and inquiring international relations is gaining more focus. There are so many issues in history and international politics that demand ethical considerations with conscience which come from empirical sensitivity, habit of inquisitiveness and readiness to deal with questions (Maguire and Fagnoli, 1991). To raise moral consciousness in international relations research and possible consequences, question of ethics is very important. As the researchers face the mess of information from diverse sources, they have to be responsible in themselves for what they collect as information and learn. As India Nepal relation underwent a serious point after the promulgation of new constitution in 2015 and Nepal faced historically devastating economic embargo from India, analysis of India Nepal relation became highly polarized, it is my responsibility to restrain from the possibilities of biased information. So, I have tried to rely on many primary and secondary sources.

2.3 Validity and reliability and the methods

Quantification of human and social behavior using measurement instruments, a vital aspect of social science research, is an empirical-analytical approach or positivist research to reveal reality (Smallbone & Quinton, 2004). As most of the behavioural research in social science are conducted using this approach, validity and reliability of the measurements is crucial.

While reliability is about the consistency of measurement irrespective of time or stability of measurement irrespective of conditions and the extent to which the results are repeatable, validity is about whether the measurement is measuring exactly the same thing or behavior that is actually intended to be measured (Bollen, 1989).

Chapter 3: Theory

3.1 Hegemony in IR theories

Instead of understanding hegemony as a theory itself, it is much practical to understand it as a concept within diverse theoretical paradigms in International Relations research such as realism, liberalism and Marxism. This chapter is, at first, to elaborate the concept of hegemony according to these grand IR theories. As it is predominantly concerned with hegemony in global level and this thesis demands to apply the concept in regional level, it will be analyzed whether this concept is also relevant in regional level.

Hegemony in realism

As realism itself is divided into many branches, there is not an absolutely identical understanding of hegemony within this IR theory but there are some commonly accepted perspectives related to hegemony. Anarchy, as the main characteristic of international system, and power, as the main factor to influence international politics are also the main features in interstate relations including hegemony (Prys, 2012).

According to Neo-realism, there is always balance of power which makes unipolarity to exist only for short period and hegemony also survives for short because it needs unipolarity to exist (Layne, 1993). John Mearsheimer (2001) further suggests that global hegemony through predominance in military capabilities or control over resources is the ultimate goal of all great powers but it cannot be achieved because of ‘the stopping power of water’. Thus, regional hegemony and its maintenance is the primary goal of all great powers. Hegemonic Stability Theory (THS) assumes that a state with material preponderance, especially economically dominant with control over key resources, can exercise the leadership and ultimately lead to a desirable stability of relationship among the actors in the system because a hegemon behaves benignly with consensus (Kindleberger, 1986; Gilpin; 1986). Kindleberger (1981), according to Prys (2012), further elaborates that hegemony is also about ‘prestige and legitimacy’ of the hegemonic leader among the secondary states. There is an indication, but not very clear

description about stages, that a hegemon and hegemonic leader can be understood differently. The supposedly benign behaviour of a hegemon and its ability to supply the public goods in the region are what the regional powers attribute themselves and thus this concept is more popular in regional hegemony research (Prys, 2012). Similarly, Long Cycle Theory also assumes that peace and stability can be achieved through hegemonic leadership in international system, thus the world politics always seeks a capable and aspiring leader (Modelski, 1987).

Hegemony in Marxism

Marxism is critical towards the analytical framework that reduces the international politics to the nature, behavior and characteristics of individual actors. Rather, it focuses on the social historical structures and relations. In international politics, the production relationship in currently prevalent capitalist system has strong influence on the positions and the behaviours of the states in the system as core, semi-periphery and periphery (Wallerstein, 1983). The core has the potential to be the hegemon (Prys, 2012). Hegemony in World System Theory is a condition where a state is superior in military, economic, political and cultural power accumulated through efficient domestic functioning and it sets the economic rules in capitalist world and maintains it through mobilization of own forces and cooperating peripheral elites (Wallerstein, 1983; Rupert, 1993). Though the semi-peripheral states can be conceived as the potential regional hegemon, it is difficult to have a common framework to accommodate all the semi peripheries as hegemon. According to neo-Gramscianism, the hegemon is a social group with economic power that can make its interests universally accepted through ideological and institutional means (Cox, 1993; Gill and Law, 1989).

Hegemony in liberalism

According to liberalism, hegemony is based on the acceptance and followership of the secondary states upon the hegemon and it is achieved and maintained either by coercive means like economic sanctions or non-coercive consensual means (Ikenberry and Kupchan, 1990). Hegemony, as a foreign policy decision or the way of exercising power in interstate relationship (Prys, 2012), heavily depends on the domestic political characteristics of the hegemonic state,

and therefore, a hegemon tries to reflect its regime type on the international order (Ruggie, 1992). So, hegemony cannot be presumed as malign or advantageous.

Though these theories accept material power superiority as the main basis of hegemony, they differ perceiving different kinds of power and how hegemonic relationship actually plays in the setting. For example; whereas in realist understanding, key resources and military preponderance are the most important sources of power, in liberal view, material superiority should be coupled with 'soft power' (Nye, 1990) and political system. Besides, Marxists focus on socialization and institutions to control knowledge, preferences and desires of the secondary states or followers (Cox, 1996).

3.2 Regional hegemony

When a great power achieves power so as to be successfully dominate other in the system, it strives to be status quo power. But here, we have to distinguish to what level we are applying the concept to the entire global political system or only to a region. Global hegemony is almost impossible except in case of absolute superiority in nuclear power because of difficult projection potential across oceans (Mearsheimer, 2001). Thus, at first, the best alternative for any great power is to aspire regional hegemony and contain other potential great powers to be the rival. But if there is any rival great power in another region, a distant regional hegemon wants a second great power in that region to engage in competition themselves in their own region. In that situation of competition, the status quo power doesn't remain defensive, rather it takes steps to weaken its competitor distant regional hegemon and a aggressive security competition will be the outcome. To sustain this security competition, military power with a strongest land and naval forces is a must and it needs economic power (ibid.).

After considering these concepts of hegemony and regional hegemony from IR theories that don't explicitly explain how a hegemon or regional hegemon behaves with other subordinate states in its own backyard, this research demands a more contextual and different perspective to analyze the bilateral relations in a geographical region. In addition to some common features of hegemony like relative material superiority, consensual acceptance of a political order, Prys

(2008) has proposed three attributes of regional hegemony – perception, projection and provision, which are described below.

Perceptions

Perception in regional hegemony mostly emphasizes the need of political will of the regional power in itself to be a regional hegemon. In the context that there are vacuums created by absence of superpower rivalry, there are possibilities that external actors also can persuade regional powers to exercise hegemonic role but this doesn't reflect the self perception and active role of the regional power itself (Myers 1991). More importantly, it is not necessary that the political readiness to lead should go absolutely in systematic coherence with strategic planning or ambitions of regional leadership (Prys, 2008). But, there are some contextual and historic experiences and responsibilities that makes a regional power stand apart as exceptional state from neighbours (Lipset, 1997). While the political system, foreign policy and defense and other related institutions can work as the sources of hegemony, followership on the side of subordinate members is equally important (Cooper et al., 1991). This followership or acceptance comes either from similar interests or necessity or because of weaknesses (Prys, 2008). But, according to Ayoob (1999), it may not be possible that every state shows the acceptance or the potential hegemon is free from suspicion towards the subordinate states. In such conditions, the overall acceptance of special hegemonic role and the external expectations are other features which can be considered to understand the regional hegemon. Some examples of these features can be acceptance of financial assistance, priority for the hegemon over other extra-regional actors, expectations of more financial and administrative responsibility from regional power, acceptance of cultural and educational products of the hegemon, etc. (Prys, 2008).

Projection

In regional hegemony, it is necessary that the secondary states undergo a process of socialization to accept the values, rules and interests of the hegemon and this process of socialization in hierarchical region is promoted by the projection of hegemon. But, socialization takes very long time to happen because it may not always come from deliberate plans, rather can be

unintentional (Checkel, 2005). To understand projection and socialization, instead of studying the current events, it is necessary to focus on hegemon's activities from the history to promote its visions and values through institutions and agendas, political mediation or influence and financial assistance. An interaction based on this hegemonic projection is reflected on the interests of the hegemon and the policies to fulfill those interests (Prys, 2008).

Provision

Though conventional hegemony theories also assume the provision of public goods, it is different and contextual in regional hegemony. A regional hegemon may have the political willingness in itself to produce public goods for the region or it can be compelled to do so by regional or extra-regional actors. Provision of public goods that can be provided by a regional hegemon can include regional identity, regional solidarity, regional plans for future actions, regional infrastructure and development, regional security and stability and economic development (Ferroni 1999).

Chapter 4: India as a regional power

4.1 India in the contemporary world

Known as the world's largest democracy with the second largest population and nuclear power, India has a strong military, very fast growing economy and huge cultural influence in many parts of the world, especially in south Asia. Directed to be a socialist state after its independence but currently an open market economy, India now has been one of the focus points for global economy and politics (BBC, 2014, October 28). With very speedy and huge growth of services and manufacturing, higher savings rate, spending on infrastructures and huge foreign direct investment during the 1990s and 2000s, India has now been one of the largest economies in Asia and the world as well and almost equal with European economy (Hogg, 2007). Since the beginning of this century, Goldman Sachs has consistently predicted that, because of favourable demography and vibrant private sector, India has the potential to be world's third largest economy and bigger than US economy by 2050. And this prediction has been supported further by a world renowned consultancy firm PricewaterhouseCoopers' report (Sikri, 2009). From WTO to O-5, SCO, EAS and BRICs, India's relevance as an emerging power has heavily increased and widely acknowledged and that has resulted in an overwhelmed 'incredible India' among Indian political establishment, corporate sector and intelligence. The arrogant claim of India having jumped into first world and having national interest of that kind has been fueled by its geographical size and location, most probably the largest young population, science and technology, economic growth, democratic and secular political setting with rule of law (ibid.).

India is seeking new level of respect and thus writing off the debts which it had provided to poor countries in course of demonstrating Indian aspiration of leadership role. Despite this, India is said to have two sides of the nation; one is the rich, powerful and globalized and another with the challenges of poverty among about 300 million people, traditional agriculture, epidemics, poor connectivity and exclusion. What is very interesting here is the very different perspective of India in terms of its relationship with its neighbourhood. India doesn't seem to accept the commonalities of problems and challenges and seek solutions but wants to show itself as a big brother or leader that is developed, powerful and prosperous (Hogg, 2007.). Though self

proclaimed as a leader, its leadership and the dream of so called Asian century is possible only if it can manage the social unrest and uneven development within itself and within the region. For this infrastructure development and employment of huge young population is very important. India not only claims to be one of the founders of Asian civilization and the world's largest democracy with secular freedom but also shows the confidence to make strategies so as to use its cultural and social capital to lead the region and beyond. Though quite contradictory, it has also started to favor hard power including nuclear test and huge military, and through that, proclaims strategic significance in the global platform (Hogg, 2007).

According to Ayoob (2013), Indian foreign policy during the first four decades after independence are based on a) world view shaped during movement of independence by the nationalist leaders, b) Indian independence and emergence of bipolar world, c) partition of British Indian empire and its consequences in India's security and the disrupted strategic unity, d) emergence of a powerful China in Asia as a communist country and annexation of Tibet bordering with India, and e) need of economic interaction with the world for development goals. Following this, India neither literally accepted the legitimacy of preexisting hegemonic world order determined by military, industrial and technological supremacy nor believed in the power vacuum in Asia as introduced by the west after decolonization. The result is that India started to realize its national interests on its own independently (Ayoob, 2013). Non alignment, a policy of not being ally of favoring any superpower, was to show the potential of independent foreign policy. India even tried to keep South Asia untouched by cold war but could not succeed and the situation made its non alignment policy blurred when its security was threatened by Pakistan with the help of the USA. The buffer zone of Tibet was also took over by China after 1949 and China aligned with Soviet Union which made India's bargaining power with the west greater and thus India could show its stronger position in the global platforms. But there were more negative implications of that for India which were Chinese support to Pakistan, attraction to China among south Asian neighbours, Chinese support to communist movements around, complications in Indo-Soviet relations and escalation of defense expenditure to contain Chinese and Pakistani threat (Ayoob, 2013.). Indian policy of South-South cooperation also could not give it fruit without the optimum interaction with the west. After India realized the necessity of the political and economic interaction with the west, it has done much better and has again risen as one of the

powerful economies and political players in international politics. This has given India an ambition of leading the region in terms of trade, security and all other regional dimensions.

Yet, there are several socioeconomic problems, poverty and corruption in itself and a longstanding war prone relation with another nuclear power Pakistan. With a vast cultural, religious and lingual diversity, in some way, India reflects an accommodative and power sharing sociopolitical environment but the frequent communal and religious tensions and violence threaten the democratic and secular sociopolitical environment of the state. Indian eminence in world stage has frequently been imperfect by large impoverished rural population, religious tensions, caste system, internal conflicts and many other inner problems (BBC, 2014, October 28). Sikri (2009) is in support of this view and further elaborates that the reality is, despite having many great power attributes, a large Indian population except small elite group strive for a 'ration card', a proof of identity for subsidized foods for people in India. Therefore, he adds, along with this example, factors like energy scarcity, lack of fresh water, food shortage, environmental problems, poverty, uneven development, lack of harmonious state people relation, corruption, poor infrastructure, ineffective bureaucracy, illiteracy and non meritocratic system all have to be considered by the policy makers including in foreign policy making to demand a better position for India in world stage.

In the context of rapid economic growth in India after 1991, there is a huge debate among scholars and analysts whether it is an emerging economy or emerging power (Buzan 2002). This debate demands a deeper study about India as an emerging or a great power and its capacity to influence in world politics (Mistry 2004). But, as this thesis is concerned, the debate on whether India is a regional power and a regional hegemon has been overlooked. Directed by the foreign policy and strategic thoughts formulated by Jawaharlal Nehru, which are often taken as the blend of realism and idealism, India opted for non alignment independent of any Cold War rivals and five principles of coexistence (Panchsheel) - mutual respect for territorial integration and sovereignty, mutual non-aggression, mutual non-interference in internal affairs, equality and mutual benefit, and peaceful co-existence. Amidst the regional conflicts, Gujaral Doctrine, concerned not much with external threats but with internal stability, formally showed a path to lead the region on the basis of non-intervention, peaceful settlement of bilateral disputes and

non-reciprocity and this path changed the overall beliefs of Indian politicians and elites (Mohan, 2003). While South Asia has one of the smallest proportion of regional trade, the political tensions and other dimensions are not so smooth as well. Wary of Indian supremacy and its capability, the foreign policies of India's neighbours have been Indo-centric (Malone, 2011). On the one hand, India was skeptical of western colonial powers; on the other hand, it took South Asia as its region of influence (ibid.), and has been resisting extra regional powers in South Asian affairs (Hilali, 2001).

4.2 India and South Asia

South Asia is a discrete geographical region in which India possesses multidimensional capabilities to show its dominance in the region and thus India is the center of the regional security issues, though Pakistan also seems to be a likely rival of Indian strategies (Thornton, 1991). But Pakistan, taken as the spoiler of Indian aspiration, is neither in a condition to challenge Indian predominance in the region without outside support nor internally stable and loyal to attract this outside support (Thakur, 1997 cited in Ayoob, 1999). In the region, India has incomparably large geography in the centre, strong military, large market and industrial strength, population and civilian technology all supporting its aspiration of regional security management. Several political and security issues in the region after Indian independence taught India that it should have military and economic strength to intervene, if necessary, for regional security and this has been almost recognized as the external forces (Ayoob, 1999). However, during 1980s India declared its policy of non intervention in domestic affairs of other states and intolerance of outside intervention without the exhaustion of internal support within the region (Rao, 1988). This contained any external force with any interest of active role in south Asia. Gujaral doctrine, named after then Prime Minister I. K. Gujaral, which advocated for non reciprocity in relation with small neighbours paved the way for greater understanding and cooperation with the neighbours in many aspects like trade, development, energy, security, etc. It was reflected during the Ninth SAARC summit - 1997 in Maldives by making Pakistan unsuccessful in restricting bilateral cooperations. The summit also succeeded in declaring sub-regional cooperation for specific development projects and trade agreements which were more in favor of the smaller neighbours than for India (Guha, 1998). Though there are ups and downs, India seems to be

successful to legitimize its leadership role in South Asia while Pakistan is quite alienated. India is using the resources, technology, transit routes and market to erode its neighbours' suspicion towards its possible hegemonic aspirations. India's nuclear test, endorsed either officially or silently by all smaller members except Pakistan, showed both the power of and the trust upon India in the region (Suryanarayana, 1998). India also has the capacity of providing the collective goods in the region to pay back for the acceptance of its leadership role in the region and supporting development of the small neighbours (Ayoob, 1999).

While India has been widely recognized as a regional power or emerging global power, it has widespread problems with its small neighbours. Despite having a distinctive culture, civilization and history in this discrete region, the members of this region have failed to recognize their collective commonalities and identity. Northern mountains, southern ocean, eastern forests and western deserts made this region isolated from outside world for long time but gave a unique internal geographical, cultural and economic independence throughout the South Asian heartland or Indian subcontinent. This regional independence and distinctiveness protected the members in the region from external cultural influence and helped develop their own cultures autonomously (Sikri, 2009).

Accounting more than 75 percent of the region's population, GDP and military expenditure and 65 percent of area, an outbalanced military strength in comparison to the total of other members in the region (Bajpai, 2003 cited in Hanif, 2009), India has not been able to translate the supposed unipolar distribution of capability into political reality for its hegemonic aspiration (Hanif, 2009). More clearly, India's power variables can be examined on the basis of the national power variables, its regional policies and how its South Asian neighbours perceive it as a regional power (Bhasin, 2008). In almost every SAARC summit, the heads of the states infer that the structural power attributes of India also mean more responsibility of India and expectation of other states to create confidence for vibrant beginning (Bhasin, 2008). Because of continuous India-Pak conflict despite Indian material preponderance, South Asian regional order and hegemonic system can be explained neither through material based offensive realism nor through public goods based hegemonic stability and thus being a puzzle. This puzzle is more complex while it comprises both the India-Pak relation and the relations between India and its small

neighbours simultaneously. Amidst this puzzle, India-Pakistan-Afghanistan relation reflect a political, ethnic and sectarian conflict and territorial dispute while the relation of India and other small neighbours in the east reflect more inclined to hegemonic stability. India's hegemonic aspiration depends on the overall resources and its resolve (Hanif, 2009).

India is an established democracy but its neighbours are still striving for stable political system and this has resulted in India's complicated relation with the neighborhood. In recent years, while the South Asian autocratic regimes are falling down as in Pakistan, Nepal and Bangladesh, India wants to promote this democratic political development to enhance the coherence of interests and harmony in multireligious, multiethnic and multicultural environment. From Pakistan's break up because of multi nationalism, Shia-sunni violence in Pakistan, Hindu-Buddhist ethnic violence in Sri Lanka to ethno cultural violence in Southern Nepal, India is concerned if democratic issues are the roots of all these conflicts. But India's neighbours take this as an ideological stick and suspicious of the possible, somewhere ongoing, political interference. But, how Indian policies and regional perceptions are leading to different scenario is another question. The military involvement of India during Bangladeshi liberation in 1971 has deeply rooted an environment of regional apprehension. India is also criticized for showing interventionist policies in Sri Lanka using Indo-Sri Lanka Accord of 1987 and for the deteriorating Sri Lankan security situation out of Indian military involvement. There are other many episodes of contentions between India and its immediate neighbours for the settlement of which India wants bilateral but not multilateral regional approach rising fear of coercive diplomacy and incomparable bargaining power. Indira Doctrine further justified the hegemonic aspirations, though Gujaral Doctrine, quite later attempted to moderate the situation without much success (Bhasin, 2008).

Characterized and identified, as the South Asian region, by culture, even different religions like Hinduism, Buddhism, Islam and Christianity have been socialized into sharing many common elements rooted in South Asian society like caste system or hierarchical society. While there is no single religion, race or language, there are a common lifestyles, way of thinking, music, arts and culture which win over the differences. Widespread political legitimacy for hereditary or kinship groups, weird political culture of strikes and violence to show the grievances are some

common political traits in the region. Outsiders see the whole South Asian subcontinent through a different group of civilization as mentioned above and this civilization was so popular since the medieval period throughout the world that the western explorers gave names associated with Indians to almost every new group they find. This is very important to consider this aspect to understand the prominence of Indian subcontinent and civilization in the history. This prominence continued until now either through the shared English culture among the elites, or the institutional or statutory imitation (Sikri, 2009.).

The exchange of cultures in this region is so intertwined that Pakistani culture came from Delhi and Uttar Pradesh, Buddhism practiced in Bhutan, Sri Lanka and Northern Nepal came from Southern Nepal and Sikhism in today's India came from Pakistan. This connection on the other hand has been cut in many instances like Pakistan's denial of cultural affinity with India, Bangladesh's denial of Pakistani culture of Islamic character, recent regime change in Nepal from monarchy to a republic, Bhutan's deliberate isolation, Sri Lankan ethnic divide and Maldives' Islamic fundamentalism (Sikri, 2009). This loss of connection can be linked with the emergence of sovereign and independent nations with strong aspiration of distinct identities. Having this long acclaimed civilization and affluence in resources, South Asian countries are not able to materialize their progressive aspirations mainly because of politics of artificial and overemphasized national, religious, ethnic and caste identity created since colonial rule. Reconciliation of common roots of civilization and culture with different modern identities is challenging but, given the centuries-long culture of communal harmony and coexistence, the solution to this state of affairs is not impossible if India plays the leading role instead of being coercively dominating and India's neighbours willingly cooperate with genuine concerns of India. Projecting India as a threat and simultaneously expecting the regional security umbrella from India is a common paradox except in case of Pakistan. The story of the current economic growth of India can continue only if it can go hand in hand in its region to support the economic development of the neighbours. Political sovereignty and economic partnership with huge intraregional investment for infrastructure and industrial development and much liberal bilateral trade arrangements can be some keys to stimulate the positive sides of the relationship between India and its neighbours. Economic development, job creation and peaceful political environment in neighbouring countries certainly will reduce the migration effect in Indian job

market and also contribute for security. A large Indian population has the religious affinity with Arab region and the holy places there, if India can take lead for harmonious South Asia, it is easier to go beyond the region to Persian Gulf, Central Asia and Southeast Asia. For this purpose, India has to be able to assure its immediate neighbourhood that they won't be left behind (Sikri, 2009).

With greater economic interests, India's security interest within the region is the great deal as it shares land and sea with eight neighbours, namely, Nepal, Bangladesh, Pakistan, Bhutan, China, the Maldives, Sri Lanka and Myanmar. India and these all countries have various commonalities in terms of history, economy, religion and ethnic and linguistic groups. To become a global power, India has to manage bilateral and multilateral relationships within region and the overall regional order (Malone, 2011). Acknowledging the necessity of peaceful relation with the neighbours, Indian officials express the views with diplomatic ways but the neighbours don't seem to realize this peaceful objective of the aspiring leader in their region. After the cold war era, India had to be more benign towards the neighbours and also the external world to tackle the globalized economic interaction. While India's acceptance of UN to monitor Nepal's peace process, and support of participation of China, Japan and USA as SAARC observers show its loyal policy towards external forces, it has also been trying to cooperate in development of poor neighbours as the first step to be a trustworthy and benign power. Cultural, civilizational and economic efforts to make the neighbours prosperous are being prioritized during later period (ibid.)

4.3. India and SAARC

With the perceived necessity of all these spheres of regional cooperation and arrangement of institutional mechanisms to materialize the regional aspirations, South Asian Association for Regional Cooperation (SAARC) was established in 1985 with seven members India, Nepal, Bhutan, Sri Lanka, Maldives, Bangladesh and Pakistan. Afghanistan is now a new member in this regional organization. According to Sikri (2009), there are many flaws that have halted SAARC and its progress. Mutual suspicion among members, political conflicts and hesitations towards regional cooperation, dead-locked bilateral disputes and irregular summits with no

concrete policies have made SAARC inefficient, unimpressive meeting point for exaggeration of some impractical rhetoric without real projects. Unlike in any other regions, the SAARC countries have very small proportion of foreign trade and economic activities within their region and this has heavily tarnished the huge potential of regional trade, investment, job creation and overall economic growth. Unless India frees itself from the thought towards SAARC as a gang up of other members and it resolves its conflict with Pakistan and Bangladesh, as these three are largest in the region and other five are geographically and economically much smaller ones, these three countries holds more responsibility in SAARC's failure. While India has been successful to put bilateral issues out of SAARC, this has resulted continuation or escalation of those issues between countries and promoted competition in place of cooperation.

During the later period of cold war, India was seeking its identity and regional strength out of the situation in which US was supporting its rival Pakistan and China was rising as a stronger rival on the North. But it had a fear that a regional organization might encourage its neighbours to join hands in spite of bilateral solutions regarding disputed issues with India. Pakistan feared that India would have more dominance upon it with the help of other South Asian members. Amidst this fear and reluctance to form that cooperation in 1980 when proposed by Bangladesh, South Asian Association for Regional Cooperation (SAARC) was formed in 1985 with the realization of India that it is very important for long term South Asian and Indian objectives and that of Pakistan that it should not alienate from South Asia despite its more attraction towards the Muslim countries in the Middle east (Nadkarni, 2014). Seven countries signed the SAARC Charter with the aim of cooperation in science and technology, economic, social, cultural and educational issues and people to people interchanges. Though it was also an act of following the trend of regional cooperation in different regions, it could not succeed in its aims as others did and still the pace in which it is operating doesn't seem to be satisfactory.

Because of very less resources, reluctance of the most powerful member to run the organization effectively and Pakistan's delaying tactics, SAARC could not move forward during the initial years. However, after the end of cold war, because of the rise of China, necessity of economic cooperation and joint efforts against terrorism, India could make its relation better with the west. This, coupled with economic prosperity, led India to be generous towards neighbours (Nadkarni,

2014). India started to reconcile with the neighbours in many aspects and left reciprocal aspirations behind. Withdrawal of peacekeeping force from Sri Lanka, beginning of dialogue with Pakistan, water sharing treaty with Bangladesh, offering revision of perceived unequal 1950 India Nepal Treaty with Nepal were the landmarks in showing the changed Indian perception about its neighbours during 1990s (Nadkarni, 2014). But those efforts are shadowed by the Indian aspirations of dominance in the region and the bilateral relations with the neighbours are still conflicting. Security deficit because of Kashmir issue, communal and tribal grievances, various communist movements in India and around, lack of multilateral means in SAARC to solve bilateral disputes and issues and lack of strong commitment for intraregional trade have very negative effect in market integration and regional cooperation. When integration is halted, it is obvious that suspicion among members which are by far unequal in power is likely to go up. And, doubt among the neighbours whether India wants to be a hegemon or a powerful but benign friend in the region is the result of that suspicion.

Lack of common perspective regarding regional political and security strategies and trust and goodwill among the members has also a direct effect on economic cooperation. In recent SAARC summits, have shown some positive signals by including Afghanistan, a central Asian country, as a member and inviting some great powers and regional powers like China, Japan, South Korea, Iran, Myanmar, Mauritius, Australia, the USA and EU as observers. From this naturally, strategically and economically very important region, India is either an economic partner or a rival of those observers. Participation from all over the world has not only made India more comfortable in South Asia but also has to face global scrutiny. In this context, from its experience in East Asia Summit (EAS), the Shanghai Cooperation Organization (SCO), Asia Europe Meeting (ASEM), BRICS, WTO, etc., change in India's traditional mindset towards SAARC and its realization that the failure of its neighbourhood policies in the globalized world seem to encourage India to be more open and generous in the region. South Asian Free Trade Agreement (SAFTA), is at risk of failure because of its very low tariff cuts and the long time for it to take place, too large number of products excluded from tariff cuts, low investment and services, lower trade liberalization than WTO policies, and denial of Most-Favoured-Nation treatments. India can play a vital role by granting unilateral economic concessions to its neighbours in return of political acceptance from its neighbours without harming itself.

Connectivity, both land and air, is another priority area for SAARC's development, people to people interaction, large cross border trade, tourism, and overall meaning regional cooperation. Environmental hazards, communication diseases, drug smuggling, women and children trafficking should be controlled for further progress. Because of huge water scarcity and need of bilateral and multilateral water sharing treaties and energy generation projects, SAARC countries need a deeper cooperation in this area. Chinese river diversion projects demand South Asian countries to collectively deal with China for not hampering their ecology and water sources.

Amidst the sluggish development and growth among South Asian countries except India, while far distant economies have keen interest in economic partnerships with India, India's neighbouring countries have a huge potential if they take full advantage of the proximity with India and exploit the competitive advantages. But still, there is a question, do India's neighbours want to ride on Indian success, integrate economically with India or they want autonomous prosperity? The debate prevails among scholars, academicians and policymakers.

Chapter 5: India Nepal relation: proximate, yet contentious

Nepal is located between two emerging powers India and China, both far larger in economy, geography and military than Nepal, with a conventional identity of a yam between two rocks. As the popular saying says we can change friends but not the neighbours, Nepal's overall relation with these giants is not immune to and thus depends on the complex geopolitical location, India's relation with China and Pakistan, Indian foreign policy trend since British Raj and the unavoidable interdependence. From geographical proximity, people to people relation, free border and national treatments for nationals of both countries, free Indian currency convertibility in Nepal, recruitment of Gurkha (Nepalese soldiers) in Indian army, migration and intercultural exchange among millions of people to historical, economic, political and religious ties and sociocultural similarities, all are not only promoting the harmony but also rising bilateral tensions between Nepal and India (Kaushik, 2003; Sikri, 2009). Nepal maintained geostrategic isolation and balanced relationship during British rule in India. After Indian independence and end of autocratic Rana rule in Nepal in 1950, Nepal began to expose in international forums with neutrality and nonalignment. Though late King Birendra of Nepal proposed Nepal as a "zone of peace" during 1973 summit of nonaligned movement, his proposal failed ultimately in 1991 mainly because of refusal from India and Soviet Union (Savada, 1991). For Nepal, non alignment and proposal to be a zone of peace became the first foreign policy priority during the Cold War period.

Generally assumed to be guided by the Peace and Friendship Treaty of 1950 which is taken as an unequal treaty only serving Indian interests and aspirations, Indian foreign policy towards Nepal is also understood as projecting an influencing position in politics, economy, security, culture, education, religion, media and technology in Nepal (Garver, 2001). Indian policy, in many instances, has crossed the cooperative behavior and become excessive interference resulting in deep resentment in Nepal (Sikri, 2009). Despite of being perceived as unequal or in favor of India, Treaty of Sugauli 1947 and Nepal India Treaty of Friendship - 1950 are functioning till now. Treaty of Friendship deals mainly with security, defense and treatment of each other's nationals considering a special relationship which India suppose to restrict Nepal from getting more engaged with China (Subedi, 1994).

Located at a very complex geopolitical and geostrategic location, compromising for supply of Gurkha recruits to British India and later to independent India, Nepal struggled first with British Indian Raj and then modern India to be recognized as a sovereign nation. India had sought to make different policies and conclude many treaties with its small immediate neighbours including the Nepal India Treaty of Friendship-1950 fearing spillover effects of independence movements, issues of sovereignty and rise of communist movements. This treaty has given much privilege to India and thus it doesn't want to lose and terminate while Nepal can't terminate it unilaterally fearing unpredicted negative consequences. In the context of huge popular movements against the nationalist and autocratic monarchy, in 1989, India blocked most of the trading referring to the expiration of trade and transit treaties but it was clearly perceived as Indian response to Nepal's arms import from China against the provision in Treaty of Peace and Friendship -1950- "Any arms, ammunition or warlike material and equipment necessary for the security of Nepal that the Government of Nepal may import through the territory of India shall be so imported with the assistance and agreement of the Government of India" (Subedi, 1994). Though an another agreement in 1962 had a provision that Nepal was "free to import from or through the territory of India arms, ammunition or warlike material and equipment necessary for the security of Nepal" with the governments' consensus, Nepal is still insisting that it needs India's consent only to import weapons from or through India. While India fought wars with China and Pakistan without any information to Nepal, Indian claim to share military information for better understanding and common defense is seen one sided. Ambiguous and unclear provisions for military cooperation during any foreign aggression or security threat are insufficient to obligate Nepal as a military pack or alliance (ibid.).

The uniquely intimate relationship since the ancient times but changed into love hate relationship in many instances with the image of India as bullying big brother and Nepal as highly dependent little neighbor, India Nepal tension is further stimulated by their unequal size and power, ultra-nationalist and anti Indian feelings and Indian ignorance. In the modern history of Nepal India relation, the worst scenario took place in 2015 when India imposed an economic blockade citing the movements against new constitution in the southern border area of Nepal (Gautam, no date).

The bilateral tension has transformed practically into the reluctance from both sides to cooperate in energy and irrigation projects which can uplift Nepal through huge revenue generation. With growing ultra-leftist movements in Nepal and anti Indian leftist propagandas, India played a vital role in bringing the insurgent group (Nepal Communist Party - Maoists) to settle down the issues through peaceful political dialogues. In addition, India also seems to suspicious to the supposedly used China card, problems related to the insurgent movements against democratic political system, perceived links between Nepal's leftists and China, anti Indian feelings and criticism against excessive Indian influence and outright domination in Nepal and the overall deviations of Nepal's political forces from the Indian expectations (Malone, 2011). India's growing suspicions and unwanted involvement in Nepal's politics, security and development has now also forced China, not very interested and active in Nepal's internal politics and India-Nepal relations until recent past, to show deeper concerns on investments, trade, political relations and high level visits but has not yet involved in substantial political influence. Having centuries-long and intimate relationship, India has better leverage of being well familiar of Nepal's political, economic and cultural contexts and opportunity to cooperate proactively and benignly in its political stability and economic development instead of being critically reactive, interfering and dominating (ibid.).

Chapter 6: Economic superiority and dependence

6.1 Nepal India economic relation

Nepal is one of the least developed countries in the world with per capita income fairly below USD 700 in 2015, annual economic growth rate below 5% since a decade with possibly the worst case scenario in 2015, about a quarter of total population under poverty line and huge capital flight due to unfavorable investment climate while India on its south and China on the north are showing economic miracle (Jha, 2012). Along with other factors of close ties, commercial and economic relationships between India and Nepal are the cornerstones for the peace and stability in both countries. Since Indian independence, India has helped Nepal for hundreds of projects in many sectors from trade, infrastructure, education and health.

Nepal is a very small economy with overwhelming economic dependence on India. Because of the geographic proximity, trade routes through vast southern plain land, open border, already in-place transport infrastructure and border crossing points, India is incomparably ahead in trade with Nepal in comparison with China which share Nepal's northern border with difficult terrain, high mountains and hostile weather. Because of those comparative advantages, India-Nepal close trade relationship is unavoidable in near future (Ramachandran, 2016, March 24) Nepal is one of the least developed countries in the world with per capita income fairly below USD 700 in 2015, annual economic growth rate below 5% since a decade with possibly the worst case scenario in 2015, about a quarter of total population under poverty line and huge capital flight due to unfavorable investment climate while India on its south and China on the north are showing economic miracle (Jha, 2012). Despite hostile and, sometimes, anti Indian feeling among Nepalese people due to Indian blockades and growing inclination towards the transit possibilities with China, Nepal's economic dependency with India has not decreased yet. Due to India's economic superiority and long sustained economic dependence of Nepal with India refusing to grant trade and transit routes via Bangladesh until recent past, it is widely believed that Nepal is more India locked than landlocked. This refusal of transit to other countries has long curved Nepal's economic potential of international trade diversification and economic independence.

Along with other factors of close ties, commercial and economic relationships between India and Nepal are the cornerstones for the peace and stability in both countries. Since Indian independence, India has helped Nepal for hundreds of projects in many sectors from trade, infrastructure, education and health. As India and Nepal share many aspects of their socio-political and economic history, their economic institutions and policies, though differ in size, also resemble in many ways. Not only because of economic reasons but also the significant similarities in socio-cultural norms and values, Nepal India trade relationship is significantly unique and it has given both countries specific advantages over trade with other countries. Free and spontaneous movements of goods and services through 1800 km long free border, free movement of people for economic, social and cultural purposes have accelerated Nepal-India trade and economic relationship. However, since long, Nepal has a huge balance of trade deficit and thus having a negative impact on Nepal's macro-economic performance (Shrestha, 2003), for example, during 2000 and 2010, according to the central bank's (Nepal Rastra Bank) report, Nepal's foreign trade deficit with India increased so high that Nepal's import swelled three times while export decreased fourfold. Since the Indian independence and especially Nepal India Friendship Treaty of 1950, India has provided large economic and technical support to Nepal being one of the largest donors. From development of infrastructure like airports, drinking water and irrigation projects, roads and bridges, hydropower, hospitals, schools and colleges, industrial areas and communication to welfare for ex-servicemen from Indian security forces and supply of subsidized commodities, India has extended huge financial assistance in Nepal (Sharma, 1995 in Shrestha, 2003). Though economic liberalization in Nepal resulted in decrease of aided projects, economic cooperation in many areas is increasing.

Jawaharalal Nehru was the prominent Indian leader who revised the economic and security treaties with Nepal after India's independence in 1947 with some provisions like recruitment of Nepalese youths in Indian security forces and integration of Nepalese economy in international level (Kumar and Sharma, 2015). India started to support Nepal economically immediately after its independence with a commitment of USD 21 million in multi-year grants (Chanana, 2009) in the form of technical assistance. Since then, Nepal has received a large amount of financial assistance from India. More than financial assistance, India has trained Nepalese political leaders, bureaucrats, technocrats and academicians and that has a huge result in Nepal's political

and economic development along with some political influence for autonomy of southern Madhesi group (Malone and Mukherjee, 2011). And also the Indian aid and investment in infrastructure development are believed to serve Indian military and strategic interests and internal security envisioned by Nepalese ruling class through easy movement of strategic and security logistics.

About 60 percent of Nepal's foreign trade is with India, about 40 percent of FDI in Nepal comes from India and there are about 5 million Nepalese workers who send remittance to Nepal from India (Kumar and Sharma, 2015). Along with huge development assistance from the side of the Indian government and technological and management skills for large number of Nepalese experts, India has also provided aid to Nepal's largest public university, Tribhuvan University, and provides scholarships for hundreds of Nepalese students yearly to study in India. This dependence is not only reflected in economy but also in cultural aspects through migration, sociocultural exchange, films and music, newspapers, etc.

On the one hand, India seems to be supportive in Nepalese economic growth, infrastructure development and trade and on the other hand, Indian policies towards Nepal are taken as the hindrances for independent economic progress of Nepal and even the insecure investment climate for the Indian investors themselves. Besides, frequent political and industrial strikes, labour disputes and weak rule of law are also responsible for low FDI, lack of employment generation and economic progress (Jha, 2012). There are many instances that Indian investors withdraw their investments in Nepal due to tariff and non tariff barriers, nationalist feelings and discrimination against outsiders, non professional obligations and a mixing of political issues with economic sectors like infrastructure and hydropower development. In the context of huge foreign direct investment from India at global level, Nepal is facing a huge balance of trade deficit and is not able to take advantage of Indian economy (ibid.).

Having well integrated with the global economy, consistently maintained economic growth and merit based modern society, India is an economic model for many countries in the world but the most immediate small neighbor have not been able to take advantage of economic growth and the big market of more than 1.2 billion population. "In the absence of a clear strategic approach

to promote the economic development of its neighbouring countries, India has left the space open for other countries like China, the US, the United Kingdom as well as a host of smaller donors belonging to the West, whose economic influence in these countries easily gets translated into political influence” (Sikri, 2009).

India has claimed to have given duty free access to Nepalese agricultural and industrial products to lower its trade deficit, but despite Nepal’s claim that these two countries have similar agro-climate, Nepal is facing very difficult quarantine issues for its products to export to India. Giving aids for development projects but not supporting Nepal’s export potential has been taken as Indian strategy to isolate Nepal from international market and increase dependency on India (Hogg, 2007). Official statements proclaiming harmonious economic, trade and political relations are seemingly on the expense of Nepal’s independent economic progress. Nepal has signed so many treaties regarding security, economy and hydropower and most of them are widely believed to be fulfilling only the Indian interests. India has projected its superiority in many instances to trouble Nepal. For instance, India has imposed economic blockades in 1989-90 and in 2015, the first as the response to Nepal’s arms import from China and the second as the response to Indian dissatisfaction with Nepal’s new constitution drafted by popularly elected constituent assembly in 2015. Whenever India has felt some incoherence between Nepal’s political steps and major Indian interests, India has used its economic upper hand as economic blockade to Nepal (Bhattarai, 2012). In those instances, Nepal is supposed to practically balance the relation with India and China to end the decades-long inferiority complex and dependency with India and gain economic and political autonomy. If this is done, many infrastructure projects including fast track highways and mega hydro power projects halted because of Indian strategic interests and Nepal’s nationalist suspicions can achieve alternative ways to make them successful (ibid.).

6.2 Trade and transit with India

Nepal is a landlocked country which has bordered India on south, east and west long dependent on transit access through India. Well facilitated access to transit through India is very important for Nepal’s international trade. Nepal-India trade and transit have been arranged and regulated

through India-Nepal Treaty of Trade and Transit, first signed in 1960 and last renewed in 2013 after many periodical reviews, Transit and India-Nepal Rail Services agreement and a trilateral transit understanding between Bangladesh, India and Nepal.

After being a WTO member in 2004, Nepal is conducting international trade complying WTO principles. Nepal's international trade is rising yearly with increase in imports (around USD 7 billion yearly during 2013 and after) but not remarkable change in export (around USD 1 billion). Regarding international trade of Nepal, most of the transit trade takes place through India.

Trade and transit facilities related issues are one of the most contested issues between India and Nepal. Nepal is a landlocked country which depends heavily on access to and from sea through India. Nepal is officially enjoying this facility through India since 1923 and more specifically since India and Nepal signed Trade and Commerce Treaty in 1950, which was later replaced by Trade and Transit Treaty in 1960. In 1964, in response to Nepal's dissatisfaction with Trade and Transit Treaty of 1960, India agreed to provide unrestricted transit for Nepalese goods from one point of Nepal to another through Indian land. India is providing separate space for Nepalese goods at Calcutta port with exemption from Indian law. All the previous treaties were revised and replaced by two treaties in 1978 which were renewed in 1983 but expired in 1988 and from that time, the debate on Trade and Transit has been stimulated. During the negotiation for the renewal of these treaties in 1988, imports of unauthorized goods through India and unreasonable duties on Indian goods became the issues. The unsuccessful dealings resulted in six months deadlock and ultimately denial of transit facilities to Nepal in 1989-90. Heavily dependent on imports through India, Nepal faced severe scarcity of basic commodities from foods to medicine and fuels. In 1990, the situation improved with the political change in Nepal from autocratic monarchy to constitutional parliamentary democracy and Nepal and India signed two separate treaties for trade and transit with provisions of three more transit points, restriction for arms import from China, lower duties on Indian goods and flexible work permits for Indian workers in Nepal. They further signed an agreement on use of water resources and their development. During the monarchial system in Nepal, there was a feeling in Nepal that India is imposing

political influence to Nepal taking advantage of Nepal's landlocked geography and poor economy.

Nepal India Treaty of Trade and Transit has defined the rights, duties and obligations of both the countries for the movement of good and its modules. This treaty has arranged 15 entry-exit points, trade routes from Kolkata to Nepal, necessary warehouses and open spaces and guidelines for administrative purposes. Due to the lack of operational modalities, a further agreement on the use of Jawaharlal Nehru Port, Vishakhapatnam and Kandla Port for third country trade has not been implemented yet. The Rail Services Agreement signed in 2004 on the use of rail services for Nepal's transit trade has allowed movement of goods from third country and from India through the Indian railway containers, defined the provisions for transit trade from Kolkata and Haldia ports to Birgunj in Nepal and specified the necessary stations in India and Nepal. Besides, there is a trilateral understanding between Bangladesh, India and Nepal for Nepal's trade with Bangladesh through Indian land. This treaty governs two points, although one is non-operational due to India-Bangladesh incompatibility. In 2010, India and Bangladesh agreed further to provide railway transit for Nepal through a third point, but it has not been in operation as well due to lack of letter of exchange. Besides, there are many problems regarding the issues of documentations, transshipment, goods, bank guarantees and infrastructure. There is need of revision in existing treaties to meet the international standard and WTO Trade Facilitation Agreement (Taneja et, al. 2016).

Beside the technical issues, more important is the need of competing access to sea for Nepal other than India. In 2015, Nepal promulgated new constitution through its popularly elected constituent assembly. It has been believed that India has specific expectations with new constitution of Nepal and when Nepal couldn't accommodate all Indian concerns, India imposed another undeclared economic blockade for months. This was another violation of the treaties related to trade and transit between Nepal and India, international laws and the rights of a land locked country. Immediately after the disastrous earthquake in April 2015, Indian blockade blew heavily on Nepal's poor economy. In that context, in continuation of Nepal's attempts to have a treaty with China for alternative trade and transit routes, Nepal and China signed turning point Agreement on Transit and Transport.

To overcome the limited access of Nepal to the transit in India and the troubled transit agreement with Bangladesh which ultimately depends on transit through India, the Transit Transport Agreement with China is a breakthrough in Nepal's transit access for international trade. But, as the possible Transit points in China are much farther than recently used points India, the terrain and climate on the way is very difficult, the customs control procedure and mechanisms are not clear yet, Transit Transport Agreement with China is likely to face difficulties in implementation (Ojha, 2016) As there is no equal movement of people to China as with India, that will face the lack of information required for transit. Yet, it is an assurance giving confidence to Nepal for economic relation with China and heal the wounds given by blockades by India, for new possibilities of investment and tourism flow from China and connection with petroleum producers in Central Asia (ibid.). However, this agreement should not be taken as potential to absolutely replace treaties with India.

6.3 Recurring economic blockades

Following the natural devastation of earthquake in April 2015, Nepal was trying to overcome the situation and recover to a satisfactory extent with the help of international financial and logistics support committed through an international conference in Kathmandu. Deeply concerned with the challenges of reconstruction and overall economic recovery, Nepal's largest political parties, fighting long for the new constitution through constituent assembly, came to a consensus and promulgated the new constitution in September 20, 2015. Unfortunately, there began a political unrest in India-bordered southern region of Nepal and an unofficial economic blockade on India-Nepal border in response to the constitution and that further deteriorated Nepal's economy severely with an estimate of larger economic harm than from the blockade of 1990 and a decade long civil war (Paudyal and Rai, 2016, March 01). India had imposed an economic blockade in 1970 in response to the construction of Araniko Highway which connected Nepal with China and again in 1989 in response to purchasing arms from China, but portrayed as a result of dispute over the renegotiation on expired treaties. Because of Nepal's excessive dependence on India and lack of learning from the past experiences which had shrunk Nepalese GDP heavily, Nepal again faced severe embargo in 2015 (Kathmandu Post, 2015, November 22). Writing on 1989 blockade in New York Times, Crossette (1989, March 11) noted, "It is almost universally

believed in Katmandu that the trade dispute was only a pretext for New Delhi to vent its displeasure with Nepal for an accumulation of grievances. Growing Nepalese-Chinese cooperation, culminating in Katmandu's purchase in August 1988 of Chinese anti-aircraft guns, is a major factor.... Personal relations between King Birendra and Prime Minister Rajiv Gandhi are reported to be frosty. The 43-year-old King, who inherited the throne from King Mahendra in 1972, saw India annex the neighboring kingdom of Sikkim in 1974, and later, in Nepal's view, reduce the King of Bhutan to an Indian vassal.”

Nepal's new constitution thoroughly abides by all the international laws of which it is a party and it has adopted several progressive principles like republicanism, federalism, secularism and inclusive representation. It was thoroughly discussed, debated, voted and passed by a majority of the members. Yet, some Madhesh-based parties having very few representatives in constituent assembly led a protest movement demanding identity-based federal structures. Proving the unofficial rumors of Indian interests, Indian Foreign Secretary Mr. S. Jaishankar visited Nepal two days before the promulgation of the constitution and advised Nepal's senior political leaders to delay the process and address protesting parties' concerns. As the constitution and the date for the promulgation was already set ready by more than two third majorities, the process didn't stop but India again proposed through its ambassador for a 7-point amendment in constitution (INSEC and Democratic Freedom and Human Rights Institute, no. date). Immediately after, India took Nepal's constitution promulgation as the rejection of its proposals and started blocking supply on the border. Citing the protests and violence on southern plain near the border of Nepal, India blocked all the entry points using its administration and security forces. But Indian government or any authority did not officially declare an embargo but said the situation was the result of agitation on Nepal's border. Nepal's Ministry of Foreign Affairs, after three days of blockade, said the unrest was since one month and was improving but the blockade was after constitution promulgation and thus it was not due to the internal unrest (ibid.). Despite the requests and bilateral communication, the blockade continued for a long period.

During and after the embargo, Agriculture, which has larger than one third share in GDP, was hit hard due to deficient monsoon, lack of seeds, chemicals, fertilizers and other machineries. Tourism, healthcare services and educational activities were totally disrupted due to the lack of

supply of basic needs and fuel crisis resulting in obstructed infrastructure development and high loss of employment, scarcity of essential medicines in hospitals and millions of students deprived of regular educational activities. Investments were pushed back, existing businesses closed, banking crisis prevailed due to non-payments and negative balance sheets. During this crisis situation, informal economy swelled and country went on the way to be the poorest country in the region. With very high consumer price inflation, the GDP growth in 2015 shrank to unusually low 0.77% instead of the target growth rate of 6% (Paudyal and Rai, 2016, March 01). The most severe effect, till now, is in reconstruction efforts in earthquake affected areas.

Nepal Oil Corporation, the only company having monopoly and sole responsibility of importing petroleum in Nepal, because of lack of storage capacity even for few weeks, could not provide fuel to the public and private sectors transportation. The black marketers illegally brought fuels from border points and sold in the capital city for upto three to four times the market price. Though the government signed an agreement with China which could have fulfilled one third of Nepal's petroleum demand and also China donated 1.3 million liters of petroleum to ease the crisis, it could not soothe the crisis. Bureaucratic hassles, geographical difficulty and earthquake affected border points with China made enough petroleum import impossible at that time. While Nepal government even tried to airlift fuels and other essential supplies, Indian government disrupted supplies for long citing the Madhesi demands. Media reports about Madhesi agitators entering into Indian side and attacking Nepalese security forces stimulated the anti Indian feeling in Nepal as the protests were taken as supported by Indian establishment. Nepalese scholars and public asked the government to internationalize the humanitarian crisis caused by blockade, violation of Nepal-India friendship treaty and several international laws. Indian foreign minister and the spokesperson continuously argued they had sent the supplies to Nepali border and it was Nepal's responsibility to ensure security within its land to continue regular supplies. Ultimately, Nepal was pressured more when the protesting parties announced that the blockade was not from India but the Madhesi people were blocking the border. The blockade continued for more than 135 days despite many national and international criticisms and diplomatic measures and pushed naturally and politically devastated poor country Nepal into a humanitarian crisis.

The main reason after this insecurity from the southern neighbor is attributed mainly to economic dependency and slow economic progress of Nepal. After the adoption of liberal economy with democratic political system since 1990, Nepal couldn't make it independent but increased its dependency on foreign products, especially on India. Increase of vehicles from 74,000 in 1990 to more than two millions now has increased fuel import from less than Rs 1 billion to Rs. 111 billion. Use of traditional energy sources decreased from 95 percent to 77 percent and import of cooking gas increased. Hydropower energy is very less than the demand resulting in upto 18 hours of power cut during the dry season. In overall, there is no progress in energy and food security and thus India could easily take advantage of this weakness in national security for its interests. Now, there is growing voice among policymakers, political parties and others that Nepal has to sign treaties with China regarding trade, transit and transport, bilateral investment protection and promotion, project development and power trade to promote export and independent economy (Kathmandu Post, 2015, November 22).

6.4 Water and hydropower cooperation

Located on the south of the Himalaya and having signed many controversial treaties regarding water resources, particularly the largest rivers of Nepal Koshi, Gandak and Mahakali, water resources and hydropower cooperation is one of the most contentious issues between India and Nepal. Nepal has a large potential of hydropower generation and export to India, Bangladesh and possibly China in future. As India reserved overall management power in previous treaties and Nepal could do nothing (Gyawali, 2011 in Nayak, 2012), wide belief and nationalist sentiments has prevailed in Nepal that Nepal's political elites have sold its water resources to India and the treaties are the result of India's cheating with Nepal (Nayak, 2012). While Indian investors in the field of hydropower development in Nepal perceive insecurity, Nepalese side perceives Indian proposals regarding Nepal's water resources as deceitful strategies. Among many, energy and water is both opportunity and threat for India Nepal relation if it is not resolved through strong commitment, confidence and political will of cooperative approach. Nepal has largely unused hydropower potential and India's energy requirement is very high as well due to which Indian interest in Nepal can be defined more concretely. Nepal's largest rivers feed Ganga in India and also can help control downstream flood and irrigate in dry season if managed properly. Nepal

India water negotiations started during early twentieth century which concluded Sarada Treaty to give British India to harness Mahakali river. In 1954 and 1959, Nepal and India concluded respectively Koshi and Gandak treaties. Along with these, there are many other agreements which all are taken as a “sell out” of Nepal’s water resources to India consequently fueling internal political tensions in Nepal and India Nepal relations as well (Chaturvedy & Malone, 2011).

It is believed in Nepal that in every treaty or agreement India has the upper hand and enjoys the benefits unequally like in the cases of Sarada, Kosi and Gandak treaties where India not only protects its land from flood but also irrigates its land in expense of inundation in Nepal. The old experiences have made Nepal skeptic to Indian strategy regarding the harnessing of Nepal’s water resources and thus neither Nepal could agree on any Hydropower projects proposed by India for its economic development nor India could benefit from the large hydro power potential of Nepal in context of energy shortage. Main reasons of anti-Indian feelings in this regard are the Koshi and Gandak treaties with the construction of large dams on Nepal’s southern land that have caused large floods during the Monsoon, huge land inundation, loss of agricultural lands and harm in natural ecosystem. For a sovereign country Nepal, it is another matter of dissatisfaction that sole management power over those dams in own land has been given to India. Initially recognized, accepted and ratified by two third majority in parliament as one of the best treaties, Mahakali treaty is now most contentious as India put forward a reservation on the provision of equal share of water and electricity mentioned in the treaty. Since long, this project has not any concrete preparation and progress. Nepal is facing a severe power shortage since a decade with enormous harm on economy but due to prolonged political instability and different interests of the political parties, they have not been able to renegotiate with India and come to a fresh conclusion about the related issues. While local people and some political parties demand investment opportunity and electricity price fixed by Nepal Electricity Authority and downstream benefits, India doesn’t want to properly assess and be flexible in management control, so the opposition groups along with the left political wings politicize the issues (ibid.). But the irony in these suspicions is that when they are in power or they have some harmony with India, they shut their mouth and when they are in opposition, they start their loud voice against Indian investment in any water related projects. This ambivalence in Nepalese parties has again

been helpful for India even if India really wants control the water resources for long run. Because of lack of technical knowledge and expertise among the local people, civil society and political parties, it is very difficult for any foreign company to convince them on the technical aspects and win over the propaganda that are spread by the interest groups. This possibility of deadlock demands government level cooperation focused on the success of the projects to overcome any obstacle and the possible loss of socio-political and economic harmony in case of failure of the planned projects (Upadhyay, 1996). Along with the Koshi, Gandak and Mahakali treaties, recently, few other examples of contention are Upper Karnali, West Seti, Upper Marsyangdi, Arun III and other 14 hydropower projects where the ultra left political parties and the local people opposed strongly and threatened serious obstructions blaming those projects as export oriented and against national interests (Kathmandu Post, 2010, September 24).

With all these lack of mutual trust and confidence between the governments, investors and local people, it is widely believed that Nepal has a huge hydropower potential almost impossible to be generated by domestic investment within near future and thus India is the most potential investor and market (Nayak, 2012). Replacement of the traditional sources of revenues in Nepal, fulfillment of energy requirements in both countries, irrigation of vast lands and controlling floods in southern Nepal and Northern India all need the bilateral cooperation between these neighbours. Though China has the competitive power to invest in Nepal's hydropower projects, it is not as much interested as India because it is not as potential market as India in near future because of lack of transmission infrastructures. But China has its own strategic, diplomatic and economic interests for which it is currently investing for small businesses and may enhance the investments for mega projects in future (ibid.).

Nepal has easily recognized the need of water resource and Nepal's cooperation for the development in northern states of India, Bihar and Uttar Pradesh, but in return, Nepal's expectation that India also understand Nepal's needs in other aspects. Lacking economic development, frequently devastated by earthquake, floods, landslides, and environmental hazards, Nepal can renegotiate and reevaluate the treaties related with water and hydropower for mutual benefits. It is very difficult for Nepal to contain the Indian pressure in these issues and Indian interest behind to manage and control Nepal's water resources itself. Nepal is in favor of

independent assessment of the benefits of the agreements and the downstream water flows while India refuses it. That is another reason why further developments with trustworthy and long-term cooperation are lacking. In every project so far made, Nepal is the one which faced environmental and demographic challenges in return of little economic benefits. Six decades of very active water negotiation and experiences also seem to be not giving any crystal clear, trustworthy and sustainable idea for mutual benefit for these two countries. This lack makes the alternative projects micro and small hydro and irrigation projects more desirable in Nepal. But in the context of many hours of power outages daily and the consequential economic loss, Nepal can't wait long for feasible large projects. The optimistic environment created by Indian Prime Minister Narendra Modi during his first to Nepal in 2014 has now been tarnished by the ruthless economic blockade and the political engagement regarding the new constitution.

Chapter 7: Politics and security

7.1 Politics

Because of very strong ties in every aspect of social and national life with India, Nepal's political processes are also not immune to India's influence. World's famous Hindu temple in Nepal, Pashupatinath, has been religiously led by South Indian priests and Nepal's Heads of States get special privilege and respect in Indian religious sites. Hinduism and Buddhism have the historic roots in both Nepal and India. Nepali and Hindi languages originated from the same language, Sanskrit, and have same script. Because of British influence during colonial period, both India and Nepal have established many institutions with similar characteristics. Nepal and India have common sociopolitical, cultural and economic problems. Amidst this commonalities, Nepal is a strategically important neighbor for India in terms of security and defense as Nepal lies between India and China (Subba and Datta, 1991). This importance has, in many instances, invited political misunderstandings and thus their political relationship face frequent ups and downs.

Before the unification of modern Nepal in 1760s, Nepal was scattered as several tiny kingdoms and those kingdoms were neither taken as sovereign entities nor did they have the diplomatic and political relationships with neighbours. Until the end of 104 years of autocratic Rana regime in 1950, Nepal was politically isolated. Though Nepal and India signed a treaty in 1923 with British Indian recognition of Nepal as a sovereign state, Nepal could not be fully independent in foreign affairs and defense matters. Treaty of Friendship in 1950 continued to provide India with the special privilege and political space in Nepal India relation.

Autocratic Rana rule was sustained until 1950 on British India's protection, but when India became independent Indian establishment actively supported the King for supreme power. For about a decade, India was cooperative to Nepal on the basis of special relationship. Indian pride for having special relationship was broken through King Mahendra's steps to focus on equal relationships and open Nepal politically, diplomatically and economically with larger number of countries in late 1950s and 1960s. While India was having good relationship with the first democratically elected government of Nepal, King Mahendra's projections in foreign affairs,

dismissal of democratic government, neutrality in Sino-Indian war of 1962 troubled India Nepal relation very visibly (Muni, 1992).

Following the Treaty of Friendship – 1950, Nepal and India signed another treaty in 1965 with provisions that Kathmandu should purchase all military equipments from India or with the consent of and through Indian military channel. These kinds of treaties, signed almost every time with some fear and suspicion, fed anti Indian sentiments in Nepal. India took it as a fear of dismissal of autocratic Monarchy in Nepal. Demands of revision of those treaties and withdrawal of Indian military activities in Nepal went on. While India perceived Nepal's dissatisfaction as a bargaining tool for unconditional support for autocratic monarchy in Nepal, Nepal perceived India's interest to destabilize Nepal (Baral, 1992).

Indian involvement in Bangladesh war in 1971, merge of Sikkim in India in 1975 and nuclear explosions in 1974 made Nepal more suspicious about its sovereignty and security and thus King Birendra proposed to declare Nepal a zone of peace (Banerjee, 1992). When this proposal began to be believed as Nepal's strategic step to get out of 1950 Treaty of Peace and Friendship and redefine the relationship in different way, India rejected the proposal on the ground that South Asia but not only Nepal should be the peace zone, and as Nepal has already been secured by treaty of 1950, it's not necessary to be a peace zone for Nepal. Indian ignorance in this proposal fueled anti Indian feeling rooted from the 1950s both as the result of Indian political involvement in Nepal and Nepal's King's attempt to gain popular support against India and democratic movement in Nepal. This has not been less during the restored democracy during 1990s, during the civil war 1996-2006 or the current republic Nepal. The more Nepal is facing Indian hegemonic domination, the more China is becoming of more assurance for Nepal (Nayak, 2012)

Recently, Nepal has undergone various changes regarding its political, economic and social systems. With years of national debate on republicanism, federalism, secularism, proportional and inclusive democracy and many other progressive issues, it has recently promulgated a new constitution. While even internal dynamics of the change and possible future has been in doubt and India has not been responding in harmony, the future of Nepal India relation is also still in question. If republic Nepal is more democratic in real, the relationship will be deeper and

friendlier but as Nepal is likely to take long for nation building, other trends in this relationship like perceived political interference, mistrust and fear of resource exploitation, free border and insecure feeling on the both sides are also likely to continue (Dahiya and Behuriya, 2012). But India can be a trusted development partner through consistent support irrespective of its interests with the regions, factions or parties in Nepal (ibid.). It depends, to an extent, on Nepal's internal stability. India has fears of growing instability in Tibet and the spillover effects in India through Nepal and the growing tensions on Nepal's constitutional issues and thus India is always alert about the border areas and Nepali speaking communities in India (Dahiya and Behuriya, 2012).

The overall concerns pertaining to this relationship revolve around the threat perception in Nepal that India still supports the traditional powers like King and feudal institutions, Indian perception that Nepal's monarchy and the leftists are anti Indians, the issue of Treaty of Peace and Friendship -1950, Water Treaties, border encroachments, exploitation of Nepali workers in India. In some cases, India accuses some Nepalese intellectuals directed and used by external agencies (Nayak, 2012). With the rise of communists in power frequently, India seems to be more suspicious but some traditional elite forces in Nepal accuse India for demolition of monarchy and communist rise. Popular beliefs and narratives prevail in Nepal that Indian bureaucratic and intelligence agencies work actively for instabilities in Nepal (Nayak, 2012) and they call it micromanagement. There are many analysts and politicians that believe India promoted ultra left wings and supported insurgency but when it didn't get the results as their interests, India started another power game.

Indian influence, direct or indirect, on Nepalese politics have been evident throughout the history like in the instances of helping the monarchs regain their power and throwing autocratic Rana regime in 1950, support to democratic political parties during autocratic Panchayat regime during 1960-1990, brokering of 12-point understanding between Maoist insurgents and the government in 2005, the significant ones (Pande, n.d.). While India seems to be confused whether the Maoist rise in Nepal fuels Indian Maoist movements and also fears growing Nepal China relation, Nepalese side fears of all physical, economic and cultural absorption by India which increased after Indian support for formation of Bangladesh in 1971 and annexation of Sikkim in 1974 (ibid.). Indian politicians and envoys have often behaved with the small

neighbours as big brother but not elder brothers which is shown in their interference in domestic politics. To avoid the threat, Nepal wants to balance its relation with both the powers on the north and south equally. The solution to the tension seems to lie in the positive perception, understanding of the contextual situations of the neighbours and respect of each others' sentiments to have their interests fulfilled mutually.

Amidst very complex bilateral relation, while India wants Nepal's sensitivity in Indian security interests, Nepal expects India to act as a liberal and elder brother. Nepal further wants the issues resolved under SAARC framework conforming to UN charter but India always prefers bilateral means and has upper hands. It is a need of time and international environment that these two countries come together to recognize the changes after the treaty and the need to update it (Subedi, 1994).

While this issue is the main source of friction, there are other many issues which should be taken into consideration about Indo-Nepal relations. According to Padmaja Murthy (1999), the main security concerns of India with Nepal are; a) Nepal and India share a vast length (1751 km) of free border through which any threatening force, emphasis on those from Tibet/China, can easily enter into India, b) political and economic instability in Nepal poses the vulnerability towards external pressures which are against the benefit of not only in Nepal but also in India, c) Nepal's policies, sometimes detrimental to Indian security interests as it locates at a strongly perceived geo-strategically important location. These concerns intensified when China came under the control of Communists and Tibet was taken over by China. Beside the conventional perception of security issues, in later period, India is more suspicious on possible use of Nepalese land by Pakistani intelligence to launch anti Indian activities including sponsoring insurgency in north-east India, transfer of small arms and contraband. So, India stresses on the necessity of presence of Indian intelligence in Nepal (Murthy, 1999). Another concern of India was the rise of Maoists in Nepal, though sometimes suspected to have been functioned from India, which can affect Nepalese policies to India and also can have links with Indian Communist movements but this threat is no more there as Maoists came into peace agreement (Murthy, 1999). Now, inability of Nepal to promulgate new constitution and the debate on proposed federal structure is the newest and most important issue for India as it will redefine the relationship.

In recent years, Indian and Chinese competition in Nepal is increasing in terms of high level visits, donations and aids, political consultations, military cooperation, investments and construction projects. Though China is not perceived as influential as India in Nepalese internal politics, its main concern is the ability of Nepalese governments' capacity in containing Tibetan activities from Nepal and Nepal's one China policy. China has gained much more trust these days in comparison to the irritation of Nepalese people regarding Indian interference. Beside the conflict between India and China in issues like disputed border and asylum to Dalai Lama, now, China and India are said to be competing in their influence in small neighbours, especially Nepal, to counter each other (Jaiswal, 2010). And in this race, India has the benefit of historical, economic, linguistic, social and cultural similarities with Nepal. In the context of abolishment of monarchy which China had taken as the most stable and credible institution in Nepal against the pro-Indian democratic forces, now China has no alternative to extending hands with the political forces. It is also important for China to curb the perceived international forces which are supposed to be operating against China using Tibetan refugees in Nepal (Jaiswal, 2010). While Nepal is not being able to promulgate constitution through its constituent assembly and the one Madhes (southern plain of Nepal) demand for federal restructuring is being hot debate, China is alarmed by the possible intervention of India into southern part of Nepal and the threat posed by the proposed federal states, which are many, in the North. However, any political party has not been able to totally reject Indian influence because of the long established linkages and the fear of being thrown out of power. Now, there is a growing debate whether the Tibetan railway can be extended to Nepalese border and even into Nepal as part of the Chinese silk road project and it has made India more worried. So, India has also announced huge financial assistance for extension of Indian railway into Nepal along the border.

In 2014, when he became Indian Prime Minister, Narendra Modi visited India's small neighbours Bhutan, at first, and Nepal after a gap of 17 years of Prime Ministerial visit. He showed that he is more interested than the previous premiers to cooperate and maintain harmony with neighbours as a regional power and also tried to convince that he is interested to see Nepal's political stability and economic development as an elder brother rather than as the big one interfering in its autonomy. Along with US\$ 1 billion soft loan and other assurances for Nepal's development, he announced his respect for Nepalese people's wishes in Nepal's ongoing

political developments and possibility of review of Treaty of Peace and Friendship of 1950 to address current realities (Tewari, 2014). Successfully cashing the sentiments of political forces and peoples of Nepal, Modi became a highly applauded Indian Premier in Nepal shortly. Modi, against the prediction of Nepal's political parties and the stance of his own party - Bharatiya Janata Party - during the abolition of monarchy in Nepal, did not show any interest in reviving the monarchy and Hindu kingdom (Adhikari, 2014). This convinced many forces in Nepal that India now understands Nepal and Nepalese people. After Modi's visit, Nepal and India have signed two major hydropower projects – Arun III and Upper Karnali - with Indian investment of USD 2.4 billion and Power Trade Agreement and there are possibilities of other projects to be signed soon. It has been believed, if these projects are implemented smoothly and timely, these steps have not only warmed the bilateral relationships but also opened door of Nepal's economic development. While China only wants to invest and build projects, India can be both investor and the importer of hydroelectric energy produced in Nepal. But this optimism have could not sustain even for few years as India showed its hegemonic policies after earthquake and specially it imposed economic blockade after a devastating earthquake only for not following its simple, if not has hidden interests, suggestions.

7.2 Disputed open border and security

Disputed borders have many adverse effects from deteriorating people to people relationships to leading countries to wars. Though Nepal was not recognized as a distinctly sovereign entity in the Indian peninsula before its unification, it was neither under any other country. Bordered with India on south, east and west, at some time in the history during 1800s, Nepal's border was extended to Tista in the east and to Kangada in the west. In 1809, Nepal lost the war with the British rulers in India and thus signed Sugaulai treaty in 1816 losing vast land on the east, west and south. However, the king and the Prime Minister of Nepal didn't sign it themselves but sent a representative to sign it (Shrestha, 2000). After sometime, being happy from Nepal's autocratic rulers for supporting British rule in India, Nepal got back some lands in southeast Nepal, then later in southwest Nepal in 1960. Having a borderline called Dashgaja (10 yards border with pillars), the present border, not so much different from that time, is indeed very disputed as there are many cases of border encroachment due to weak position of Nepal, open and unregulated

border, unjustifiable borderline agreements, power asymmetry and cold relation (Paudyal, 2014). After Sugauli Treaty, and especially after Indian Independence in 1947, border disputes originated regarding origin of Mechi river, Antu hill, Ramnagar, Chure Mountain, southern forest region and many other encroached areas. With population increase in the border areas of India, deforestation in Nepal's southern forests increased and India encroached more land in areas like Susta, Arra, Nala, Tal Bagonda, etc. and destroyed the pillars. After Nepal adopted democracy in 1950, India continued encroachment in Kalapani-Limpiyadhura and Susta area of Nepal. Land encroachment continued even after 1990's democracy restoration in Nepal in the areas like Tanakpur, Mahespur, Thori, Susta, Sandakapur, Manebhanjyang, Pashupatinagar, Bhandabari, the Mechi Pul area (two third) of Kankadhitta (Paudyal, 2014). India has been using Nepal's southern land at many points to build large dams, embankments and other infrastructure at places like Laxmanpur, Rasiyawall- Khurlotan, Mahalisagar, Kohalawas, Kunauli. These infrastructures have caused inundation and massive floods in Nepal. Even after the recent political developments in Nepal, India has destroyed the borderline in many places like Kailali, Bardiya, Kanchanpur, Koshi and Susta, Ilam, Chitwan, Bara, Dang, etc.

There arises a question how a sovereign country lets its land encroached so easily. Among many other reasons, political instability in Nepal and the resultant lack of strong governments with full tenure are easing the situation to be worse. Since 1990s, all governments could remain in power only less than a year in average, the country faced a decade long armed insurgency, state adopted three constitutions in 26 years, and regime change has been frequent. An estimated more than 60,000 hectares of land in 21 districts of Nepal have been encroached by and have territorial disputes with India (Paudyal, 2014). The largest chunks of land encroached have been occupied by Indian army and security forces. Whenever the issue becomes more prominent in debates, Indian officials propose some dialogues and solution but the evidence they show is unclear or based on the natural borders rather than the artificial ones which have resulted loss of land in Nepal side (Shrestha, 2000).

In the context of internal division within political parties, ethnic groups, civil society and intellectuals as pro-Indians or anti-Indians, pro-Chinese or anti-Chinese, the country is facing neglect in national interest. Nepal India Joint Technical Committee formed to draw a latest map

of borderline worked since 1981 to 2007 and finalized 98 percent of the borderline in technical level with 8,553 border pillars (Shrestha, 2000). But the disputed regions could not get any consensus. India is insisting that only two places in Susta and Kalapani have disputed border and asking Nepal to sign on the prepared map but there is no technical expertise, confidence and satisfaction in Nepal to finalize the map. As shift of borderline is not only about the land but also about people dwelling in that land, the resources and security, Indian encroachment of Nepal's lands has pushed Nepal into demographic, natural, economic, political and security problems.

Nepal India border was delimited and delineated after Anglo-Nepal war of 1816. Even the installation of border pillars could not stop or regulate the free movement of people and goods from both sides. British India government kept Nepal-India border open for two main purposes. The first purpose is to facilitate migration and recruitment of Nepalese hill ethnic people to Indian army in the context of strong measures of Nepalese government to discourage recruitment of Nepalese in foreign army. The second purpose is to have the market for their products in Nepal and Tibet and to import raw materials from Nepal into India easily (Kansakar, 2002). But later, open border and free movement became an unavoidable aspect of Nepal India relation. No treaty arranged procedural regulations of the open border and movement of people, though there are particular routes and points for trade. And therefore, issues of illegal movements of criminals and illegal goods, human trafficking, smuggling of drugs, arms and ammunitions (Sikri, 2009). Though it has been principally agreed to control such activities, in absence of effective measures, illegal trans-border activities and Indian blame on Nepal is increasing. Indian businessmen are the first who came to Nepal to illegally import foreign goods through Nepal into India to avoid high import duties. They also misappropriated foreign exchange and imported low quality technical and raw materials in excessive quantity to sell in India which made Nepal's industrial development attempts troubled. Corrupt activities in custom points and the open border have fueled these insecure situations (Kansakar, 2002).

Problem of Bhutanese refugees is a prominent example of negative effects of open border with India that Nepal is facing. There is a long Indian land between Nepal and Bhutan and there is no open border between Bhutan and India. In 1990s, over one hundred thousand Bhutanese of Nepalese origin fled from Bhutan and entered into India because of ethnic discrimination.

Though India was responsible to provide asylum to Bhutanese refugees, India violated the international laws by driving Bhutanese refugees into Nepal forcefully (Kansakar, 2002). India ignored the problem of Bhutanese refugees in Nepal and did not try to facilitate their return to their country or mediate between Bhutan and Nepal. Nepal struggled to give them asylum and come to a solution according to international laws for two decades. With third country settlement of most of the refugees, there are still some twenty thousand Bhutanese refugees in Nepal.

It is not only Nepal that is facing problems but also India has real problems and issues that are making India more sensitive and suspicious to the open border. Instead of understanding and solving the genuine security problems out of the open border with mutual consensus and efforts, there is a trend in this relationship that India's consistent concern is that Nepal should be very serious and sensitive enough. And this has resulted in unjustified accusations on Nepal for terrorist attacks in India. One of the most popular incidence happened in 1999 in which Indian Airlines flight from Kathmandu to Delhi was hijacked and diverted to Afghanistan. Indian fear is that Nepal may be an easy but important hub or transit way for intelligence and operations of many foreign powers and the potential terrorists (Sikri, 2009). India has assumed that it is easy for terrorists, smugglers, religious fundamentalists and spies to enter and perform their activities against India from Nepal. India now also perceives Nepal as being less dependent than it was before few decades because Nepal has extended and diversified its foreign relations to many other countries including China. But this move of Nepal has been a perceived threat for India as it is accusing Nepal for violating Peace and Friendship Treaty – 1950 according to which Nepal cannot make independent foreign, security and defense policies. While India accuses Nepal for being hesitant to have a fresh treaty with current necessities, Nepal is in ambiguity (Sikri, 2009) whether it is good to go for a new treaty or revise the old ones. It is also clear that Nepal has not any intention or courage to propose a close border as the Nepalese leaders have said they want only to regulate it but not to close. Also India cannot avoid to having long term issues and stakes in Nepal due to few main reasons. First, because Nepal is in political instability and may have weaker security arrangements, the border with Nepal certainly poses security threats to India. Second, Nepal is an upper riparian state in terms of huge water resources which can either cooperate with India for hydropower, irrigation, flood control, environment preservation and sustainable livelihood of riparian people or can invite a natural hazard or use the resources as

strategic purposes (Sikri, 2009). Third, Nepal borders with Tibet on the north with 28 passes with three all-year-round functional routes which has made India more sensitive towards any actors entering into Indian mainland from the north via Nepal. Fourth, Nepal's economic and political vulnerability and instability can have spillover effects around northern states of India. Fifth, Nepal, if influenced or directed by possible external powers, can make policies which may be against Indian security interest. India has, many times, alleged Nepal that its eastern border with India is being used by Pakistan's ISI to support insurgencies in India and supply arms including RDX. Nepal, on the other side, has concerns that Nepalese ultra left wings and separatist groups can establish relation with same groups in India like Maoist Communist Centre (MCC) in Bihar and the People's War Group (PWG) in Andhra Pradesh and get support to weaken Nepal. This fear of Nepal has been long fueled by reports that Nepal's Maoist insurgents functioned in and got support from India in exchange of commitments to be loyal with Indian interests in Nepal but this allegation has been denied by Indian officials (Murthy, 1999).

7.3 Democracy promotion and political influence

Every instance of debate related to Indian influence or intervention in neighbouring smaller countries is coupled with the notion of Indian interest in democracy promotion as it is the largest democracy in the world. However, there are opposing views on whether India really is a democracy promoter in the region or not. In case of Nepal, when India claims its moral support for all democratic movements with rejection of its direct involvements in any political process, Nepal seems to be entangled by the pressure India puts on Nepal's political parties and other actors.

The largest and seven-decade old functional democracy in the world has now got another identity in its region, South Asia, as the regional power. There are assumptions that, as a democratic country, it is supposed to be in India's interest that it promotes democracy around its region and has peaceful relations with those countries. Also if we consider India as a regional power, it is likely to promote democracy in its neighbouring countries that can help fulfill the needs of regional public goods in India and the whole region and exercise hegemony in more secure and predictable region (Destradi, 2010). But, the domestic political behavior and foreign policy

making of India don't cohere with this notion of democracy promotion. India has been supportive to autocratic regimes through its noninterventionist policy in Myanmar (Mohan, 2007) and overlooked human rights issues in Sri Lanka during 2009. According to Destradi (2010), Indian influence has been important in Nepal's abolition of monarchy and restoration of democracy, Maldives' voting out of autocratic president, Bhutan's reform as a constitutional monarchy, restoration of civilian government in Pakistan, free election in Bangladesh, reconstruction and development in Afghanistan. Only the marginal involvement of India in various democratic processes in the region has been interpreted by some analysts as India's interest in democracy promotion is to have better relation with the US but not to genuinely promote democracy (Wagner, 2009 in Destradi, 2010). However, India has been believed to have been substantially involved in democracy restoration in its northern neighbour, Nepal during 2005 to 2008. During that period Nepal was struggling very hard in a triangular conflict with Maoist insurgents being successful in destroying the old institutions which they accused of being feudal, the King taking power and ruling directly and the democratic political parties agitating peacefully against the King. Officially, India was not against the King and his authoritarian rule but it is widely believed and has been written that India mediated between Maoist insurgents and political parties ultimately resulting into an end of the decade long civil war, restoration of democracy and abolition of monarchy (Destradi, 2010).

In contradiction with the accusations on its democracy project in the region, India seems to have a shift in its approach to genuinely engage in the region. Specially, the shift from a cautious India with the policies of nonalignment and noninterference to an actively engaged India for democracy promotion (Mohan, 2007) is a matter to consider here. India, still struggling to translate its democratic values into socioeconomic progress, is very proud of being largest and one of the most stable democracies (Mitra, 1991) for which Indian leaders focus on their non-violent struggle, democratic heritage, culture of tolerance and respect for opposing views. India is frequently portrayed as a role model of democratic system to achieve economic development, inclusive and sustainable growth and empowerment of poor citizens in multireligious and multiethnic societies. By these characters, India is obviously supposed to actively export their political values to its neighbours. But in fact, if India has not been reluctant in democracy promotion openly and if it has genuine intentions. Shifted from Indira Gandhi's interventionist

policies to I. K. Gujral's doctrine of nonreciprocity and noninterference, Indian political leaders are now cautious to reveal any policy related to their active involvement in other countries. Indian security interests in the region can be achieved through prosperity, interconnectivity, nonreciprocal interdependence and stable relations with the neighbours (Destradi, 2010.) that can also give its aspired image of the benevolent hegemon. If India offensively promotes democracy, there is possibility of annoyance among the neighbours because they have deep concerns and sense of sovereignty. As Indian political leaders have said, they neither want territorial expansion nor export of ideology. While they accept they encourage and promote democracy, they are reluctant to accept as promoting the western democracy. According to Destradi (2010), four major goals of India can be identified in the region, first, peaceful and prosperous region for more focus on socioeconomic development; second, stability to avoid terrorism and other security threats; third, economic development; and fourth, interdependence and stability in relationships and containment of external powers in the region. Regarding Nepal's case, the first and second goals are related to political instability, insurgency and possible spillover effects with long term threats to India. The third goal is obviously related to Nepal's poor economy and underdevelopment and the fourth goal is related to the involvement of external forces like United Nations, US, European Union, China, etc. in Nepal's conflict management and Indian policy of containment for external powers in this region. These goals infer that India was more interested to stabilize Nepal to contain the negative externalities of insurgency than democratize it in real sense.

After a decade of armed insurgency, Maoist insurgents renounced the armed conflict and came to the political mainstream by concluding an agreement with other democratic parties that there would be certain fundamental changes in Nepal's political system like abolishment of monarchy, constitution through constitution assembly, and the country would adopt various progressive principles. A communist insurgent group became the largest party in the constituent assembly and the country took a peaceful course of transformation. Indian involvement in this process started actively when King Gyanendra took power for direct rule with the aim of crushing the insurgency in 2005, deployed Royal Nepal Army to fight against Maoist and declared emergency in the country curbing even fundamental rights of people. Media were controlled, some being seized, people were arbitrarily arrested and his rule was being more autocratic. Though the

alliance of seven parties agitated for a long time, the King was neglecting them which made all the democratic political parties form alliance with the insurgents, fight together peacefully against the King, restore democracy and work for the progressive demands of the insurgents (Mehta, 2008). When power was taken by the King, India had shown its serious concerns with democracy not much than other foreign powers formally persuading the King to step back from his autocratic steps. With exceptionally active mass participation of people and the leadership of the political parties, the King had to withdraw from his direct rule. During this process, India played a dubious role, first, by issuing so many statements in favor of India's twin pillar policy in Nepal and by sending a special envoy to mediate for the coexistence between constitutional monarchy and democracy (Mishra, 2004) and later imposing an embargo on arms and ammunitions which the King was seeking to import. India withdrew this embargo very shortly and showed how it wanted to contain other external powers from Nepalese politics in the context that China had not condemned the King's steps. At the same time India's refusal to participate in SAARC summit was first seen as Indian protest against Nepalese King's coup, but later turned to be because of insecurity in Bangladesh. India was found to act at two different levels with different approaches; at one level, in favour of democracy and against authoritarian monarchy and at another level, it facilitated talks between the insurgents and the democratic political parties leading to a 12 points agreement in New Delhi (Mehta, 2008). This was the turning point agreement which paved the way to end the decade long armed insurgency, conclude Comprehensive Peace Agreement, establish republic Nepal and write a new constitution in Nepal. While assessing Indian role in this agreement in New Delhi, Indian officials usually reject the idea that they dictated it, but don't reject that they had nothing to do with this agreement. It was also remarkable as Maoist rebels were terrorists for India but they let them enter into India without any problem (Mishra, 2004). This reflects the way how India was aimed at solving Nepal's Maoist insurgency or its own interest of containing spillover effects of insurgency or terrorism. As there is no unitary decision maker in India regarding Nepal, that is reflected in ambiguities and contradictions. With the mix of hard and soft persuasion, Indian ambiguity towards Nepal's democracy restoration was evident in its greetings to incomplete royal message without hearing the peoples' response (ICG, 2006).

India has neither renounced its policies of nonalignment and nonintervention nor clearly stood as a democracy promoter. In Nepal's case it is seen that it makes ad hoc policies for its goals of peace and stability, containment of external powers and maintenance of its sphere of influence. This involvement, irrespective of the intention of India, is always questioned by Nepalese analysts and scholars as if India is driving the steering of the Nepalese political parties. This debate has been heated much more after the former Indian foreign minister, the acting President of India, Pranav Mukharjee, told in an interview with Al Jazeera Television that "India officially 'persuaded' Maoists and Nepali political parties to sign 12 point agreement in New Delhi. It is the first time an Indian high ranking official publicly accepted that India has a key role in Nepal's internal political affairs" (Gajurel, 2009). Despite India's consistent rejection of direct influence in Nepal's political process, this revelation of the foreign minister of India during the 12 point agreement has an important meaning.

7.4 New constitution, internal tension and Indian response

Nepal adopted new constitution on September 20, 2015 as a secular federal democratic republic. As one of the key actors supporting the peace process and the political developments in Nepal, India was suggesting Nepal to make the constitution with more inclusive and acceptable. While the failure of the first constituent assembly was a lesson for Nepal and thus it was trying not to repeat that mistake again, the scenario was not so different also at the end of the second constituent assembly. Nepal was very prone to an uncertain political future as internal tensions were rising and pressures from external powers were making the situation more difficult. Indian Prime Minister Narendra Modi sent, foreign secretary S. Jaishankar, his special envoy to Kathmandu just few days before constitution promulgation. After several meetings, most of which were reported to be unwanted, he proposed a delay in the constitution adoption and discussions with unsatisfied political groups to address their issues. But his proposal was not met as the process was to be completed to save Nepal from another political accident as before.

When Nepal's constituent assembly adopted new constitution, New Delhi's response was not so obvious that the foreign ministry said it is "noting" the current developments in Nepal and expressed its perceived serious concerns if there would be violent situations in the border areas where the majority of unsatisfied political groups, Tharus and Madhesis, are from. Moreover,

there was an argument that Nepal should resolve the issues through dialogue and peaceful means to provide the new constitution broader sense of ownership and participation (Majumdar, 2015, September 22). There are many analysts from India including Prof. S. D. Muni that believe Nepalese leaders made certain commitments with India but didn't follow leading the country in unstable and violent situation along the southern border that was the reason for the unpleasant response.

Indian Prime Minister Narendra Modi and External Affairs Minister Sushma Swaraj, both have invested a considerable time, energy and resource for Nepal after they assumed their office. Widely understood as having close engagement with Nepal's political leadership regarding reconstruction efforts after earthquake and the political developments, both have been seen ignorant with the seriousness that they should have shown with Nepal after constitution promulgation. Despite some criticism on Indian government and media for exaggerating Indian rescue operation during earthquake, India's overall humanitarian response was overwhelmingly applauded from all (Roy, 2016, October 7). But when Modi government showed its deep disappointment with Nepal for not addressing its suggestions to be flexible and broad-based in constitution making but not to grind the agitations, the misunderstanding increased to an unusual level between these two governments.

According to Muni (2015, September 23), the Indian responses and the blocking of supplies brought a worse point in Nepal India relation in the pretext of enhanced relationship by Modi in the first year. He further elaborates that India is concerned with three issues on constitution of Nepal. First, the constitution is not inclusive but it is against the spirit of people's movement of 2006 as it has not addressed the demands, assured to be addressed, of marginalized Madhesis and ethnic groups, low castes people and women. Instead, the government used violent measures to suppress the movement of those social groups resulting in dozens of casualties and thousands of injuries. Second, India's continuous concern is the fear of spillover from violent political situation in southern Nepal, especially at that time, because of election in its bordering state of Bihar. And third, the Modi government, despite giving a high priority for bilateral relation with Nepal, was forced to feel that Nepal was ignorant with Indian government and its concerns. In the pretext of Modi's widely acclaimed address in Nepal's parliament and his suggestions to

have maximum possible national consensus, his second visit focusing on the same points, India had invited top Nepalese leaders and all of them showed a harmony with Indian concerns. The worst friction occurred after Indian responses when India was accused of promoting unnecessary, divisive demands of Madhesi people, supporting their violent protests and openly interfering in Nepal's internal political affairs. Besides, frequently quoted as the hidden reasons behind Indian disappointment by Nepalese media and analysts but not openly stated by India are related to the debate of Hindu state vs a secular state and India vs China or European Union (Ibid.). First, monarchist parties with aspirations of continuing Nepal as a Hindu state (or kingdom in case they are successful in restoring monarchy) could not make their aspirations successful. It made Modi government, having strong ties with Hindutva, frustrated. Second, India perceived that China and European Union supported secularism and federalism and Nepalese leaders accepted their support.

While Indian concerns are said to be for political stability of Nepal, peaceful settlement of the marginalized groups and the overall security in south Nepal, there are serious accusations that India has certain reservations on Nepal's constitution related with its long term national interest with Nepal and thus it is interfering on Nepal's internal political process. In response, India sees Nepal as a little neighbour pampered by China to reject Indian interference. China, on the other hand, showed its pleasure on the political developments of Nepal through constituent assembly. Despite of some prominent leaders in parliament and other analysts' suggestion that India should welcome the constitution of Nepal which will, they said, mature and evolve in course of time to address the concerns of unsatisfied groups through amendments, Indian government did not change its response for so long (Majumdar, 2015, September 22). This stubbornness of India has later resulted in more strong nationalist feelings among Nepalese people and some political parties.

Chapter 8: Conclusion

After being an independent democratic state from a colony, India has tremendously changed its status as a rising power during the recent few decades. In the discrete region of South Asia, as there is no rival power in terms of geography, military, economy and its foreign policy measures, it is gradually being more aspired to have hegemonic leadership in its region. It has other many attributes like regional perception, its foreign policy projection to socialize the region and the capacity to provide the regional public goods for the entire region.

After a thorough study of its relation with Nepal in terms of economic relationship, political relationship and security challenges and expectations, it comes to be very clear that Nepal-India relation is one of the exceptionally proximate, multilayered and unavoidable bilateral relationships in the world. Though there are many theories in international relations to study the hegemonic bilateral relationship in the global level, India Nepal relationship is not of that kind which can be covered and analyzed through the global lens of international relations and possible explanation of global hegemony. While conventional interstate relationships are almost always put under the basket of equality, nonintervention, sovereignty and national interest, and if Nepal India relationship is tried to be studied with the same frameworks of relationship, the study is much incomplete.

The relation between a small underdeveloped country with very less national power and an emerging power having the second largest population, large geography, military and economy with high technological advancement cannot be a reciprocal relationship. Since many decades, as Nepal has formally established the relationship and depended on or intimately linked with India on many aspects from politics and economy to regional security, the entanglement of the relation is very difficult to unilaterally define with the help of a single word or phrase like leadership, hegemony or big brother.

None of India and Nepal is a sole unitary actor to perform this bilateral relationship between these two countries. Many evidences are found to conclude there are many 'Indias' and also many 'Nepals' which affect the relationship from different angles and their perception about this

relation is affected by their own experiences, needs and interests. With different actors in different spatiotemporal contexts in Indian foreign policy and the same in Nepal's political sphere are continuously making this relationship more manifold, multidimensional and adding complexities with opportunities. As the foreign policy approach shifts from some cautious approach to actively engaging one, it sometimes invites a friction out of expectation. Some contingencies in Nepal want India to be more actively involved and support in Nepal's politics, economy and security, others assume Indian policies of regional engagement as interventionist. This ambiguity and contradiction in Nepal's internal policy making and foreign policy is always reflected in their perception about their relationship with other powers, especially India.

It is evident that even the policy makers in India and Nepal either have not crystal clear ideas to project their policies in this bilateral relation or they have hidden agendas that does not come out of the core political leadership because they seem to be shifting frequently from very cordial to ruined relation. For instance, India frequently face a problem with Nepalese leaders that sometimes they want Indian cooperation in democracy promotion in Nepal and suddenly they start to be more nationalist and start protesting Indian involvement in Nepalese politics. In the same way, Nepal has faced very benign to malign Indian governments from both the current largest parties of India. The burning example is the current Indian government which had, in initial phase, an exceptionally good reputation in Nepal with Modi's address in parliament and his announcements of many projects in Nepal but later became the most denounced Indian government ever in Nepal. On the one hand, Nepal is highly suspicious of possible hidden interests of India after the cases of Bangladesh, Sikkim, Maldives and Sri Lanka and, on the other hand, India seems to fear of the anti Indian feelings among some Nepalese leaders and people and cannot be confident about its engagement in Nepal. What Nepal wants and what India wants are two questions that should, at first, be answered at political and diplomatic level which can guide this relationship with solutions of the existing problems. A rising power at the middle of a highly militarized zone, South Asia, having open border with Nepal which borders with China on the north is obvious to be sensitive towards possible threats from the border. But in the name of security sensitivity, while Nepal is trying its best to ensure India not to allow any threat from its land, it's not appropriate for India to pressure Nepal and make it suspicious with Indian leadership.

If we only consider some points in history of this relationship Nepal has a perception that India is projecting hegemonic policies towards Nepal. From the first treaty with modern India and related security and defense issues of Nepal, economic relationship with Nepal's dependence with Indian economy and frequently obstructed transit for international trade, Indian interest and proposals and the related treaties on water resources and hydropower, Indian interest in Nepal's new constitution and democratic character, the frequent economic blockades to currently existing Indian pressure on Nepal's internal affairs show that India has not changed its traditional foreign policy mindset of the Himalayan frontier and thus is a regional hegemon for Nepal. If Nepal continues the political instability and economic dependence with India, the complexities will increase and may face more hegemonic policies from India.

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