



Balancing Influence: India's Response to China's BRI Expansion in Nepal

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ABSTRACT

A key tool of Chinese foreign policy, the Belt and Road Initiative (BRI) aims to increase China's influence internationally by promoting trade, infrastructure development, and strategic alliances. Given its strong historical, cultural, and geopolitical ties to Nepal, India is apprehensive about Nepal's involvement in the Belt and Road Initiative (BRI). This study assesses India's multipronged approach to the BRI's expansion in Nepal, including soft power, infrastructure diplomacy, strategic engagement, and a re-evaluation of regional policy. From an economic, political, and strategic standpoint, it evaluates the developing India-Nepal-China triangle and suggests protecting India's interests and promoting sustained regional collaboration.

Keywords: India-Nepal Relations, China, Belt and Road Initiative (BRI), Infrastructure Diplomacy, Regional Influence, Strategic Uncertainty, Strategic Reorientation.

1. Introduction

In May 2017, Nepal's decision to participate in China's Belt and Road Initiative marked a significant turning point in South Asian geopolitics. Nepal's foreign policy and strategic alliances are becoming more diverse, as evidenced by its growing engagement with China under the Belt and Road Initiative (BRI), despite its long-standing dependence on India for security, trade, and transit. Several proposed BRI projects in Nepal have raised concerns regarding long-term sovereignty, debt sustainability, and development opportunities since 2019. India is apprehensive about these developments, as it perceives them as a part of China's broader strategic encirclement of India.

The objective of this paper is to examine the strategies and instruments employed by New Delhi to maintain its power while preserving Nepal's sovereignty in response to China's Belt and Road Initiative expansion in Nepal after 2019. It also examines the potential for India to alter its engagement strategy to serve as a robust alternative to the BRI.

❖ **The Historical Context and Changing Dynamics of India-Nepal Relations** Historically, India has been Nepal's top external partner. This leadership was based on:

- i. **Geographic Closeness and Open Border:** Nepal is heavily dependent on India for transit commerce due to its landlocked status. High levels of social and economic interaction are the result of the open border, which facilitates widespread cross-border migration (Khanal, 2016).
- ii. **Cultural and Religious Ties:** Shared religious places, Hindu and Buddhist, and linguistic similarities form the cornerstone of intense cultural bonding.
- iii. **Economic Interdependence:** India is Nepal's largest trade partner, the source of most of its foreign direct investment, and a chief destination for Nepali migrant workers whose remittances are vital to the economy of Nepal.
- iv. **Security Cooperation:** India has traditionally been central to Nepal's security, such as military training and equipment (Subedi, 1994).

Yet, even with such firm foundations, the relationship has not been unproblematic. Indian "big-brotherly" behaviour and sporadic blockades (e.g., 1989 and 2015), as well as Nepal's aspirations for increased sovereignty and diversification of its external relations, have occasionally caused tensions. After 2000, as Nepal transitioned from monarchy to federal republic, and as political stability continued to elude the country, these latent tensions offered fertile soil for external players to deepen their involvement.

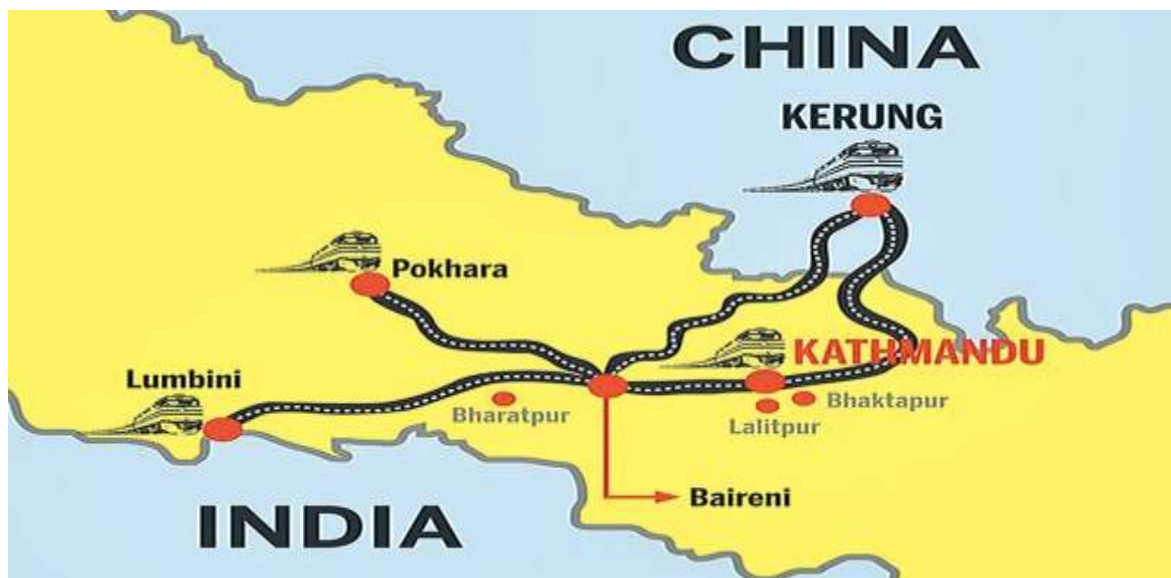
2. Understanding the BRI's Strategic Entry into Nepal

China's emergence as a 21st-century global power has had profound implications for its peripheral world, and the case of South Asia is no exception. Nepal, with its extensive Himalayan border with Tibet, is of particular strategic interest to Beijing, both for securing its Tibetan border and for furthering its influence southwards.(Bao, 2021). China's overture to Nepal has evolved beyond its traditional Tibet-focused strategy to include an all-encompassing strategy of economic, political, and cultural engagement.

Nepal signed a Memorandum of Understanding (MoU) to work together on the Belt and Road Initiative in May 2017. While the implementation of BRI projects in Nepal has been slower than in some other South Asian nations, the initiative's intent is clear to integrate Nepal into China's broader connectivity network(Adhikari, 2018). The BRI agreement facilitated the development of infrastructure, particularly in the areas of cross-border connectivity, hydropower, aviation, and telecommunications. The strategic and symbolic aspects have substantial regional implications, despite the sluggish pace of implementation.

Key proposed and ongoing BRI-related projects include:

- Cross-border Railway Network: This network includes the railway that links Kathmandu and Kerung, Tibet. A highly anticipated project to connect Chinese rail networks (e.g., from Kerung/Gyirong) to Kathmandu, aiming to reduce Nepal's reliance on Indian transit routes. Possibility studies are ongoing, but the project faces significant technical and financial challenges due to the rugged Himalayan terrain.
- Roads and Tunnels: Upgradation and construction of highways and tunnels, such as the Tokha-Chhahare tunnel, to improve connectivity with China. Expansion of the Rasuwagadhi-Kerung Highway
- Hydropower Projects: Chinese investment in Nepal's vast hydropower potential, though some projects have faced delays and scrutiny. Examples of hydropower projects include the Tamakoshi and West Seti dams.
- Dry Ports and Integrated Check Posts (ICPs): Development of border infrastructure to facilitate trade.
- Fibre Optic Network: Extending fibre optic connectivity to Nepal, offering an alternative to Indian telecommunication routes.
- Digital Connectivity: The expansion of the telecommunications infrastructure in China.



The objective of these initiatives is to fortify Nepal's connections with the southwestern provinces of China and reduce its dependence on Indian trade routes. The BRI conversation has gained momentum in Nepal amid foreign policy narratives of development, independence, and multipolarity.

❖ **Strategic Importance of BRI for China:** For China, the BRI in Nepal serves multiple strategic objectives:

- Geopolitical Outreach: Extending its economic and political influence into South Asia, a region historically considered India's backyard.
- Economic Integration: Creating new markets for Chinese goods and services, and securing access to resources.
- Tibet Stability: Fostering connectivity with Nepal is vital for border stability management in Tibet and even possibly the movement of people and goods.

¹ <https://english.aarthiknews.com/nepal-chinas-belt-road/> (Accessed on 18 June, 2025)

- Soft Power Projection: Demonstrating China's development model and capacity to deliver mega-infrastructure, thus making it more attractive to countries in the developing world.
- Counterbalancing India: Giving Nepal a choice of development partners, which would make Nepal less dependent on India and could even give Nepal more power in regional issues.

❖ **The BRI's Effects on Nepal:** To Nepal, the BRI holds the seductive promise of:

- i. Reducing dependence on India for transit trade and alternative links to China and other destinations.
- ii. Increased Development of Infrastructure: Nepal's most pressing infrastructure issues need addressing for economic development and poverty alleviation.
- iii. Increased economic opportunities: greater employment, greater foreign investment, and greater assistance to sectors such as agriculture and tourism.

Nepal will also lose:

- Debt Sustainability: Fears of "debt-trap diplomacy," where BRI projects would be financed by enormous loans that would burden Nepal with debt that it could not repay, forcing Nepal to surrender crucial assets such as the Hambantota port in Sri Lanka. Due to this apprehension, Nepal has opted for grants rather than loans for BRI projects. (K. C. Khadga and Gaurav Bhattarai, 2022).
- Environmental Impact: Large infrastructure development in the Himalayan region, which is extremely delicate from an ecological perspective, is detrimental to the ecosystem.
- Geopolitical Balancing Act: An extremely delicate balancing act which requires astute diplomacy to maintain both of its two largest neighbours in good cheer simultaneously.

3. India's Concerns in relation to the BRI in Nepal

India's primary concerns regarding Nepal's involvement in the Belt and Road Initiative can be summarised in three dimensions:

3.1 The Geostrategic Encirclement:

India regards the Belt and Road Initiative (BRI) as a component of China's "String of Pearls" strategy, which aims to enhance its influence in the Indian Ocean Region (IOR) and South Asia. If a Chinese railway were to reach Kathmandu, the risks of military surveillance could increase, and India's strategic buffer could be compromised.

3.2 Economic dependence and debt diplomacy:

China's financing model, which relies significantly on debt, has India on edge. Sri Lanka's lease of the Hambantota Port to China following its debt default has raised concerns in New Delhi that Nepal might face a similar situation.

3.3 Domestic interference and political influence

India has voiced concerns about the Belt and Road Initiative (BRI), which allows China to quietly shape Nepal's political discourse, especially under the KP Oli government, which was seen as having a strong Beijing bias.

4. The Diplomatic and Strategic Response of India

India has taken a measured, multifaceted approach to China's Belt and Road Initiative in Nepal, combining both symbolic and practical measures.

4.1 Infrastructure Diplomacy:

To stay competitive with Chinese offerings, India has accelerated bilateral infrastructure development:

- The Jayanagar-Bardibas Railway Project is scheduled to commence operations in 2022.
- Since 2019, the Motihari-Amlekhgunj Petroleum Pipeline has been operational.
- Integrated Check Posts (ICPs) are currently being constructed in Birgunj, Biratnagar, and other locations.
- Postal highways and border roads with expedited construction schedules

4.2 Development Assistance and Grants:

Unlike China's loan-based approach, India offers grants and concessional credit. In India's 2020 budget, Nepal's development cooperation was allocated more than INR 8 billion, or approximately \$100 million.

4.3 The Influence of Culture and Religion on Soft Power India has fortified its relationships by capitalising on its shared Hindu-Buddhist heritage:

- The Ramayan Circuit, which spans from Ayodhya to Janakpur, promotes religious tourism.
- Work collaboratively on Buddhist cultural sites in Nepal: Lumbini Projects.
- Training and scholarships for students and bureaucrats from Nepal.

4.4 Strategic Discussions and Bilateral Forums: India has revitalised the mechanisms for political dialogue:

- Joint Commission Meetings between Nepal and India
- Visits by high-ranking officials, such as Prime Minister Modi's visit to Lumbini in 2022.
- Diplomacy in Track 2 is conducted through academic interactions and policy.

5. A Comparison of the BRI and India's Engagement Model

Table 1: Compares China's Belt and Road Initiative with India's regional engagement in Nepal.

Dimension	China (BRI)	India (Traditional Model)
Financing	Loans, commercial rates	Grants, concessional loans
Project Prioritization	Strategic corridors, energy control	Border infrastructure, livelihood-focused
Delivery Mechanism	State-owned enterprises	Joint ventures, local contracting
Cultural Engagement	Minimal	Deep-rooted (language, religion, customs)
Transparency	Low (opaque contracts)	Moderate (public consultation, media)

India's model is more participatory and considerate of local concerns than China's quick, top-down execution model. However, it is hampered by underfunding and bureaucratic delays.

6. Nepal's Balancing Act:

Nepal must maintain a careful balance between India and China while simultaneously defending its own right to establish new connections. Despite its many positive claims, the Belt and Road Initiative (BRI) is opposed by the local populace. They are concerned about Chinese overreach, debt, and environmental harm.

6.1 Political Voices:

- In general, parties that lean towards the left advocate for more intense interactions with China.
- With respect to India, the balance between centrist and democratic parties remains intact.

6.2 Civil Society and Academics:

- Demonstrate concern regarding the unclear nature of BRI agreements.
- Encourage impartiality and decision-making that is consistent with the nation's interests.

6.3 Public Perception:

- India continues to be perceived as a culturally close partner.
- China is perceived as both an economic opportunity and a strategic risk.

7. Issues in India's Strategy:

Though India and Nepal share deep historical and cultural ties, India faces various internal as well as external issues in controlling China's Belt and Road Initiative (BRI) in Nepal.

7.1 Perceived 'Big Brother' Attitude

India is generally seen in Nepal as intervening in its domestic affairs, which enhances nationalism and suspicion towards Indian intentions. This kind of image undermines mutual trust and generates opposition to Indian-initiated initiatives.

7.2 Bureaucratic Challenges and Project Delays

Many development projects in Nepal funded by India are slow in completion because of complex rules and coordination problems. The delays tarnish India's reputation and make Chinese options seem less time-consuming.

7.3 Restricted Representation in Multilateral Forums

India conducts negotiations with neighbours primarily bilaterally, but China uses forums such as the Shanghai Cooperation Organisation (SCO) and the Asian Infrastructure Investment Bank (AIIB) to enhance its influence. This reduces the diplomatic impact of India.

7.4 Ineffective Storytelling

China describes its programs in eloquent terms such as "shared prosperity." India uses formal terms that are less emotional and less strategic. This renders India's soft power and charm less effective.

To address these issues, India must adopt a more flexible, concise, and action-oriented approach. Effective communication and timely development outcomes are essential to establishing stronger partnerships with Nepal and other neighboring nations.

8. Strategic Reorientation of India, Some Suggestions:

In response to China's increasing influence via the Belt and Road Initiative (BRI) in Nepal and South Asia as a whole, India must begin to contemplate a wise and multi-faceted rebalancing of its foreign outreach policy. The following extensive and realistic recommendations are presented for India's strategic realignment

8.1 Prioritise On-Time Delivery and Speed of Action

India must rapidly complete its current and dedicated infrastructure projects in Nepal. Delays, slow government action, and a lack of funds tarnish India's image and undermine its advantage over China's faster investments. To combat this, India must establish a special task force of Indian and Nepalese officials to manage large infrastructure projects and deal with problems that slow them down. Sharing plans openly, establishing deadlines, and making reports public must be a part of this process.

8.2 Enlarge Public Diplomacy through Media, Education, and Cultural Engagement

India needs to invest heavily in developing its soft power via public diplomacy. This includes awarding more educational scholarships to Nepali students, funding programs for academic and cultural exchanges, establishing more Indian cultural centres in Nepal, and posting good content regarding the partnership on Nepali media. Public diplomacy should be based on respect and shared values, and this builds trust among ordinary people. Friendship and shared heritage stories should be the central theme, and these should be told in the local language on simple platforms, such as social networking sites and community radio.

8.3 Form Triangular Development Cooperation with International Partners

India can expand its influence by joining hands with key partners such as the United States, Japan, and the European Union to co-develop projects in Nepal. These collaborations can involve co-financing infrastructure projects, healthcare projects, education projects, and internet connectivity. Such collaboration not only enhances the quality and transparency of development but also offers an alternative method to Chinese influence by providing a multicultural and democratic process of working globally.

8.4 Promote Local and Decentralised Participation

Indian diplomacy need not be focused in the capitals. Decentralised strategy—personal contact with Nepalese towns, districts, village councils, and community groups—will enable India both to win the goodwill of the grassroots and to make visible and rapid gains. Activities such as community health camps, water harvesting, rural electrification, road maintenance, and job training schemes can produce visible and rapid gains. Endowing Indian consulates in Nepal with the authority to enable these small partnerships will make India more accessible and relevant to the ordinary Nepalese citizen.

8.5 Promote Digital Connectivity and Green Development Programs

India has an obligation to guide Nepal in providing low-cost and sustainable technology solutions. This may involve:

- Developing Indian-funded 5G network infrastructure and telecommunication capacity
- Government and educational support software developed in India
- Collaborating on solar farms, micro-hydro, and climate-resilient agriculture
- Enhancing disaster-resilient and early warning systems technology

These efforts are consistent with Nepal's development agenda and with the international climate agenda and will make India a visionary innovation partner, and not merely a strategic counterbalance.

8.6 Inter-Agency Coordination with Nepal's Parliament, Civil Society, and Youth

India must reach out actively to Nepal's youth, who constitute over half the nation's population. Youth exchange programs, collaborative innovation centres, startup mentorship, and internships with Indian companies must be initiated. India must connect with the Nepalese Parliament simultaneously by facilitating visits to Indian legislatures and collaborative policy discussion sessions. Negotiations with NGOs, schools, and rural communities could also dispel myths and create mutual respect. ****8.7 Develop an Integrated Strategic Communication Plan**** In order to facilitate all these initiatives, India must invest in a planned and open communication strategy. This would involve communication in numerous languages, professional media outreach, periodic news updates, and publications that detail the development objectives of India, the level of transparency, and the way to collaborate with Nepal. It must also provide examples of successful projects sponsored by India and establish open avenues for feedback from individuals in Nepal. In short, India must do more than react to problems as they happen. There must be a new plan based on acting fast, being sincere, and doing it well, executing projects efficiently and also establishing emotional, cultural, and long-term connections with Nepalese people. It is only by equating its intentions with actual deeds and establishing long-term relationships that India can offer a stable and trusted alternative to China's Belt and Road Initiative in the region.

9. Conclusion:

India and Nepal have a unique relationship that is defined by their shared history, geography, culture, and kinship. The close but sometimes tense relations between India and Nepal along the border have given way to a period of strategic complexity. However, the complexity of this dynamic has been made worse by the Belt and Road Initiative and the changing global order. Given that its strategic choices are motivated by its need for development and sovereignty, it is not surprising that Nepal searches for alternatives outside of India. To continue being Nepal's preferred partner, India needs to improve its foreign policy instruments rather than take a defensive stance. It provides closeness, democratic principles, cultural resonance, and human connections. India provides continuity, inclusivity, and trust, while China offers infrastructure and quick funding. Modernising engagement while preserving its emotional resonance is India's challenge. By doing this, it can guarantee that its neighbourhood stays economically and culturally integrated as well as geopolitically aligned. This will require a change in India's "Neighbourhood First" approach. It must act more diplomatically, show that it understands Nepal's goals better, and focus on tangible initiatives that the Nepali people support and that benefit both sides. Nepal's goal is to establish a balanced relationship with both of the Asian giants while leveraging their conflicting interests to promote its own prosperity, without giving up its sovereignty or becoming involved in the geopolitical conflict between them. India's future depends on collaboration, output, and endurance.

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