

“Neighbourhood First” Policy Recalibration: Potential of Stronger Indian Ties with Nepal and Sri Lanka

Swagato Ganguly

Summary

India has legitimate security concerns in near-abroad nations such as Nepal and Sri Lanka. Adjusting its policy towards these countries by treating them as full-fledged sovereign nations rather than as constituent parts of its ‘backyard’ would better serve New Delhi’s strategic interests.

It is by now common wisdom that the era of neo-interventionism by the United States, triggered by the ‘unipolar’ moment after the Cold War and amplified by the 9/11 terror attacks, [is drawing to an end](#) – bookended by the withdrawal from Afghanistan that has served as a dramatic symbol of the new mood of retrenchment. However, if the mood in Washington is to re-calibrate its foreign policy as it conserves its resources to focus more sharply on its main strategic rival – China – there are lessons, albeit on a smaller scale, for New Delhi in its immediate neighbourhood as well. This pertains especially to its relations with Nepal and Sri Lanka, where more of a ‘hands off’ policy would better serve its interests.

Take Nepal. India’s Prime Minister Narendra Modi [visited Nepal](#) in August 2014 as one of the first stops in the implementation of his “Neighbourhood First” policy. But this was the first visit by an Indian prime minister in 17 years. New Delhi thereafter has been munificent in showering Kathmandu with grants, lines of credit to support development projects and relief assistance following the devastating Nepal earthquake of 2015. Nevertheless, Nepal places hurdles for Indian projects, for example, it insists that India use [Chinese standard gauge](#) on the railway track it is building from Raxaul on the Indian border to Kathmandu, despite the line connecting beyond Raxaul to the Indian Railways’ broad gauge. And, in May 2020, Nepal’s parliament shocked New Delhi by approving a new map of the country, which included 350 square kilometres of territory currently administered by the Indian state of Uttarakhand.

What underlies a minor boundary dispute blowing up is a fundamental difference in how both sides perceive the [1950 Treaty of Peace and Friendship](#), which forms the cornerstone of their relationship. From New Delhi’s point of view, the treaty seals the “special relationship” between the two sides, essentially affirming Nepal as India’s protectorate, a ‘buffer’ state providing India ‘strategic depth’ against China. From Nepal’s perspective, however, such a relationship has a certain feudal, taken-for-granted quality that bumps up against Nepali nationalism, even as it confers great benefits such as an open border with India and visa-less travel.

Reinforcing the impression of New Delhi playing ‘big brother’ is its close, and often counter-productive, involvement in Nepal’s domestic politics. For instance, [New Delhi took a hand](#) when Nepal promulgated its 2015 constitution following the overthrow of its monarchy,

contested by the Madhesis and other lowland groups against whom it discriminated in some ways. India took the side of the Madhesis, who blockaded border routes and prevented essential supplies from reaching landlocked Nepal. Kathmandu presumed, with or without reason, that New Delhi was party to the blockade. Too close an involvement by New Delhi in Nepali politics has led to a reputation for micro-management even as the Nepali elite credits Beijing, by contrast, for being non-interfering and willing to do business with the government of the day.

If New Delhi has gotten unnecessarily mired in Nepal's civil conflicts, the same could be said about its approach to Sri Lanka. The most glaring instance of the latter is the Indian Peace Keeping Force's intervention in Sri Lanka's civil war during 1987-1990 – a catastrophe whose consequences New Delhi still has to shake off today. Moreover, [India voted against Sri Lanka](#) when its human rights record came up for scrutiny at the United Nations Human Rights Commission in 2012 and 2013, and abstained in 2014 and 2021; and it also presses the Tamil devolution issue on a reluctant Colombo. Sri Lankans may well note rising hate incidents in India as well as the latter's moves in the direction of greater centralisation and religious nationalism and ask why New Delhi presumes to lecture Colombo on such issues. It is also salient that India, unlike the West, does not generally stricture human rights violations in foreign jurisdictions, believing national sovereignty to be paramount; Sri Lankans (and Nepalis) may wonder why they are exceptions to this rule.

It would work very much in New Delhi's favour if it were to engage with Sri Lanka and Nepal as it does with other nations rather than as part of its own 'backyard'. If, for example, Kathmandu resents the 1950 Friendship Treaty, New Delhi should re-negotiate it, while making it clear that in that case, all its provisions, including "national treatment" of each other's citizens, will be on the table. The boundary dispute with Nepal too can be settled with some give and take, as India already has in case of its land and maritime boundary disputes with Bangladesh.

It is also worth noting that China is now beginning to make some of the mistakes that India had made in the past, offering openings to New Delhi. Beijing is, for example, getting enmeshed in Nepal's domestic politics as it makes frantic attempts to paper over divisions in the Nepal Communist Party, which it helped to form by unifying the country's communist forces. New Delhi should now flip roles with Beijing, that is, it should stand aloof and harness Nepali nationalist resentment at such shenanigans, hastening that process by quietly pointing out to Kathmandu the problems of indebtedness and loss of national sovereignty that arise from marching in lockstep with Beijing's Belt and Road Initiative, as Pakistan and Sri Lanka are already finding out; or the destabilising effects of Chinese presence as Myanmar is finding out.

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Dr Swagato Ganguly is Research Affiliate at the Lakshmi Mittal South Asia Institute, Harvard University, and Consulting Editor, *The Times of India*. He can be contacted at sganguly@fas.harvard.edu. The author bears full responsibility for the facts cited and opinions expressed in the paper.