



## Policy Brief

# Unequal Brothers: Dependency and Unequal Treaties in India-Nepal Relations

Faizan Riaz  
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## **Executive Summary**

### **Unequal Brothers: Dependency and Unequal Treaties in India-Nepal Relations**

#### **Overview**

The 1950 Treaty of Peace and Friendship still shapes India-Nepal relations, but many in Nepal see it as lopsided. It opened borders, allowed free movement and gave India a say in Nepal's defence and foreign policy. Over time, this built deep dependence and left Kathmandu open to pressure. The trade blockades of 1989 and 2015 left lasting memories of empty shelves and hardship. Many in Nepal still feel the treaty keeps their country too tied to India, so the call to revise or replace it has never gone away. This push for balance now shapes much of Nepal's debate on foreign policy. China's growing presence in Nepal has given Kathmandu other options. Under the Belt and Road Initiative, new roads, hydropower projects and the proposed Trans-Himalayan Railway are slowly changing its connectivity map. These links promise to ease reliance on India, though they bring new worries in Delhi about losing influence. For Nepal, China offers a way to diversify without abandoning old ties, a delicate balancing act in a region shaped by rival powers. Nepal's main goal is to gain genuine independence in its dealings. Many in Kathmandu believe the 1950 treaty has to be revisited if ties with India are to be balanced. At the same time, leaning too heavily on China could just create a new kind of reliance. Only by keeping both relationships in check can Nepal move past old mistrust and build trust based on respect. Pakistan, watching from the side-lines, sees lessons here. Nepal's experience shows how unequal deals can leave smaller countries exposed. Building a fairer partnership with India could bring more stability to the region and make room for cooperation grounded in trust, not force.

## **Policy Recommendations**

- Pakistan can start building a steady and focused partnership with Nepal through cooperation on areas like climate challenges, student exchange, and hydropower projects. One way to do this is by setting up yearly meetings and signing agreements in specific areas. It would help if both sides focused on offering scholarships, improving clean energy systems, and preparing together for natural disasters. This kind of effort could lead to lasting cooperation that isn't tied to regional politics or influenced by what India is doing. If the Joint Economic Commission (JEC) between Nepal and Pakistan is revived, this could be undertaken under its framework, noting that its last meeting was held in August 2013 in Islamabad.
- Pakistan and Nepal could set up a regular exchange program between their parliaments and cultural communities to bring people and leaders closer. This could include joint visits, cultural festivals, and youth forums that help both countries understand each other better. The foreign ministries should guide the process, but voices from universities and civil society should also be part of it. The aim is simple: to build a relationship based on direct connection, without outside influence shaping the agenda. Pakistan's mission in Kathmandu should be provided resources for cultural activities.
- Both Pakistan and Nepal should push for an understanding in the region that every country, irrespective of its size and strength deserves the same kind of respect. If all sides agree on non-interference in each other's affairs, to trade on fair terms, and to work together on security without trying to control, manipulate, or dominate the process, it would make a big difference. It is time for South Asia to move towards an arrangement where no one feels left out or pushed around.

# Unequal Brothers: Dependency and Unequal Treaties in India-Nepal Relations

## Issue

To analyse the unequal treaties signed between India and Nepal with a view to highlight the impact of these treaties, especially in terms of fostering Nepal's dependency on India.

## Analysis

### • Introduction

Until 1950, Nepal mainly remained cut off from the rest of the world, with the exception and dependence on a few old treaties with the British. However, when India gained independence from Britain in 1947 and China moved into Tibet- now Xizang, the balance of power around Nepal changed swiftly. Feeling exposed, the Rana rulers of Nepal grew anxious and uneasy and they looked to India for security purposes. Meanwhile, India worried about its northern borders, was looking to strengthen its hold in the Himalayas by ensuring to create a buffer zone against perceived threats from Beijing. Out of these shared but unequal concerns, India and Nepal signed the Treaty of Peace and Friendship on July 31, 1950, a deal meant to answer India's security concerns and Nepal's search for external support.<sup>1</sup>

Back when the 1950 treaty was signed, it put Nepal in a tight spot. It required Nepal to check in with India on key foreign and defence matters, which many saw as restricting Nepal on big decisions. Nepalese are working in India in big numbers. Both India and Nepal have visa-free regime. On top of that, Indian citizens were given wide-ranging rights in Nepal-they could live there, run businesses, buy land, and even take up jobs in the government.<sup>2</sup> But these benefits did not go both ways; Nepal did not get the same treatment in India. What added to the frustration was that Nepal couldn't even make military deals on its own without getting India's nod. As the years went by, many in Nepal began to feel the arrangement wasn't really a fair partnership. Instead, it seemed tilted in India's favour. There was a growing sense that Nepal had little control over its own economy or defence matters, with big decisions often influenced or overshadowed by

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<sup>1</sup> Nihar Nayak, "India-Nepal Peace and Friendship Treaty (1950): Does it Require Revision?." *Strategic Analysis* 34, no. 4 (2010): 579-593. <https://doi.org/10.1080/09700161003802778>

<sup>2</sup> "India-Nepal Relations," *Civildaily*, August 24, 2017 <https://www.civildaily.com/india-nepal-relations/>

India.<sup>3</sup> For a lot of people, it no longer felt like cooperation- it felt more like being stuck in New Delhi's framework.

This brief examines whether the 1950 treaty created a structural imbalance in Nepal-India ties by limiting Nepal's autonomy in key areas. Using dependency theory and post-colonial critique, it argues that the treaty positioned Nepal in a subordinate role, reinforcing India's strategic and economic leverage. Such arrangements, often rooted in older power structures, tend to outlast their original purpose. Revisiting the treaty is now seen as essential to rebuilding a more equal and respectful partnership between the two neighbours.

- **Anatomy of the 1950 Indo-Nepal Treaty**

Over the years, many in Nepal have come to see the 1950 treaty not as a fair agreement, but as one tilted heavily in India's favour. One of the most criticised clauses is the requirement that Nepal consult India before buying weapons or making military deals- something many view as a clear infringement on its sovereignty.<sup>4</sup> While the open border has helped people move and work freely, critics say it is India that has gained more economically and politically. The call to amend the treaty isn't something new. Ever since Nepal became a democracy, and more so after it turned into a republic, there has been growing pressure to rethink the treaty. Many in Nepal feel it has kept the country leaning too heavily on India, especially when it comes to foreign and security decisions.<sup>5</sup>

India's take has always been a bit guarded. It says it is ready to talk, but only if the basics of the treaty-like the so-called "special bond" and its own security interests are not disturbed.<sup>6</sup> For India, the deal offers a sense of control up north, especially with China getting closer to Nepal. While Delhi sees the treaty as fair, people in Nepal have long felt

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<sup>3</sup> Padmaja Murthy, "India and Nepal: Security and Economic Dimensions," *Strategic Analysis: A Monthly Journal of the IDSA*, December 1999 (Vol. XXIII No. 9), <https://ciaotest.cc.columbia.edu/olj/sa/>

<sup>4</sup> Lok Raj Baral, *Nepal's Politics of Referendum* (New Delhi: Sterling, 1983), 105–07.

<sup>5</sup> Baburam Bhattarai, "Time to Revise the 1950 Treaty," *The Hindu*, August 2008.

<sup>6</sup> Ministry of External Affairs, Government of India, *Press Briefing on India-Nepal Relations*, January 2016. [https://www.mea.gov.in/bilateral/documents.htm?dtl/27407/IndiaNepal\\_Joint\\_Statement\\_during\\_the\\_State\\_visit\\_of\\_Prime\\_Minister\\_of\\_Nepal\\_to\\_India](https://www.mea.gov.in/bilateral/documents.htm?dtl/27407/IndiaNepal_Joint_Statement_during_the_State_visit_of_Prime_Minister_of_Nepal_to_India)

it is past its time. The hard part is this: Nepal wants more space to act on its own, and India does not want to lose its hold.

- **Dependency and Power Asymmetry**

Nepal's economy is closely tied to India's, but not always on equal terms. Most of what Nepal buys and sells goes through India, and because it is landlocked, there are not many options. India's trade routes are like a lifeline, and that gives it leverage, sometimes more than Nepal is comfortable with. According to Nepal Rastra Bank data from 2020, India controlled 64% of Nepal's total exports and nearly 70% of its imports.<sup>7</sup> Even in major hydropower projects like Arun III or Upper Karnali, there is this feeling in Nepal that India ends up with more control and benefit than it should. That imbalance has been part of the relationship for a long time now.

Security ties between India and Nepal have always been one-sided. Since the 1950 treaty, India has played a big role in Nepal's military, training its troops, supplying weapons, and even recruiting thousands of Nepali Gurkhas every year. While this is often framed as a friendly bond, for many in Nepal it feels more like strategic dependence. Back in 1989, when Nepal decided to buy weapons from China without informing India, New Delhi hit back with a trade blockade that deeply hurt Nepal's economy.<sup>8</sup> Then in 2015, after Nepal brought in a new constitution that India did not fully agree with, goods stopped moving smoothly across the border again-reminding many in Nepal of how quickly politics could disrupt everyday life.<sup>9</sup> These moments left many Nepalese feeling like India uses its position to pressure them into line.

India has long held quiet but steady influence over Nepal's political landscape. Whether it was helping bring about the 2006 Comprehensive Peace Accord, which marked the formal end of Nepalese Civil War which began in 1996, or nudging along leadership changes behind closed doors, Indian involvement has often gone beyond simple

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<sup>7</sup> Nepal Rastra Bank, *Quarterly Economic Bulletin*, 2020.

<sup>8</sup> Mahendra P. Lama, "India-Nepal Economic Blockade 1989: A Case of Mismanaged Diplomacy," *South Asia Journal*, 1990.

<sup>9</sup> Valerie Plesch, "Crisis on Nepal-India border as blockade continues," *Al Jazeera*, December 24, 2015, <https://www.aljazeera.com/gallery/2015/12/24/crisis-on-nepal-india-border-as-blockade-continues>

diplomacy.<sup>10</sup> Many in Nepal see this as overreach- where decisions meant to be made in Kathmandu seem to echo voices from New Delhi. Whether it is trade pressure, quiet diplomacy, or contrived media, many in Nepal feel India's hand is never too far. And while Nepal has tried to open up to other partners like China, decisions back home still seem weighed down by India's presence- politically, economically, and even in matters of security.

- **Regional and Geopolitical Context**

The 2015 blockade in Nepal left a long lasting impact which forced Kathmandu to review its relationship with New Delhi. Many people in Nepal felt cornered and hijacked by India and started looking for ways to avoid such vulnerability in the future. That is when China started gaining ground, not because Nepal suddenly leaned toward Beijing, but because it needed options. The goal was simple: to be able to stand on its own feet without being overly dependent on one neighbour. Nepal joined China's Belt and Road Initiative in 2017, and since then, Chinese investment has flowed into roads, hydropower, and telecom projects, quietly expanding Beijing's presence across the Himalayan region.<sup>11</sup> Scholars are of the view that this realignment in relations is driven not by ideological affinity, but by Kathmandu's desire to escape dependency and exercise some strategic autonomy. Nepalese reactions depict that what India portrays a 'special relationship', often appears more like strategic control, limiting Nepal's options to manoeuvre especially in its foreign relations.

SAARC was supposed to bring the region together, but it has barely moved forward, mostly owing to India's attitude towards other South Asian countries. Nothing gets done unless everyone agrees, and India has often used that rule to stall things. BIMSTEC, even without Pakistan, while slightly more active, has not done much better when it comes to giving smaller countries a real say. Smaller countries often feel side-lined, and India's unwillingness to fully open its markets has made deeper integration difficult.

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<sup>10</sup> Prashant Jha, *Battles of the New Republic: A Contemporary History of Nepal* (New Delhi: Aleph, 2014), 164–67.

<sup>11</sup> Ministry of Foreign Affairs, Nepal, "BRI Framework Agreement," 2017.

- **Implications for Pakistan and Regional Equity**

India's strong presence, based upon dominance, in South Asia has often made it hard for smaller countries like Nepal to choose their own path. Its control over trade routes, politics, and even regional forums often leaves little space for independent decision-making.

In this backdrop, Pakistan has been working to strengthen its ties with Nepal. Efforts like parliamentary exchanges and youth engagement platforms reflect a push to build a relationship that isn't shaped by India's shadow and dominance, but by mutual respect, shared interests, and the desire for the region to become more integrated and prosperous.<sup>12</sup>

Pakistan and Nepal are looking to enhance bilateral ties across multiple sectors. Despite the friendly relations, trade remains modest at \$6.47 million in FY 2024-25, far below potential. Pakistan has offered 101 free training slots to the Nepalese armed forces, with 31 already utilized. Each year, 25 Nepali students receive scholarships from Pakistan under a long-standing training programme, showing a quiet but steady commitment to education. Both sides are now also thinking about how to make better use of their shared Buddhist roots, like the historic link between Taxila and Lumbini, to draw in religious tourists. Both countries also voiced concern over the growing impact of climate change and agreed that working together is essential to address it. As for SAARC, even though it has been inactive for some time, there's still a shared hope that it can be brought back to life and once again serve as a platform for regional cooperation.<sup>13</sup>

In nutshell, Pakistan's efforts to connect with Nepal offer some good chances, be it in trade, culture, or working together on common goals. But what really matters is how this relationship is built. It cannot be about influence or pressure. If both countries stay grounded in mutual respect and treat one another as equals- without trying to one-up or

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<sup>12</sup> "Pakistan, Nepal parliamentarians reiterate commitment to stronger ties," *The Kathmandu Post*, June 19, 2025

<https://kathmandupost.com/national/2025/06/19/pakistan-nepal-parliamentarians-reiterate-commitment-to-stronger-ties?>

<sup>13</sup> Pakistan, Nepal have great potential to enhance economic cooperation: Gilani, *Dawn*, July 24, 2025  
<https://www.dawn.com/news/1926116>



overpower- their partnership has a real chance to grow into something solid and worthwhile, not just for them but for the broader region too.

## **Conclusion**

When in 1950 Indo-Nepal Treaty of Peace and Friendship was signed, it might have felt signalled, a good neighbourly gesture between New Delhi and Kathmandu. But, over the years, Nepalese began to dislike it owing to the one-sided nature of the treaty and the control that it grants to India. Nepalese consider that it restricts them, especially when it comes to doing business with other countries, making decisions about their own security, or handling foreign affairs. And it is not just about this one agreement. The bigger issue is that India's always been the big player in the region, it has got the numbers, the economy, and the power. That naturally puts the smaller countries in a tough spot. They often end up just adjusting or keeping quiet, even when they do not fully agree. That way of doing things has not really worked. What is needed now is a shift towards treating each other more fairly, listening better, and working together without trying to control one another. People want partnerships that are built on trust and respect, not pressure or old ideas of who is more important. For so long, smaller countries in South Asia, with less influence, have felt like they are just expected to go along with whatever the bigger powers decide. If the region wants real progress, it has to let go of the old power games and focus on what everyone actually needs and wants.

## **Policy Recommendations**

- Pakistan can start building a steady and focused partnership with Nepal through cooperation on areas like climate challenges, student exchange, and hydropower projects. One way to do this is by setting up yearly meetings and signing agreements in specific areas. It would help if both sides focused on offering scholarships, improving clean energy systems, and preparing together for natural disasters. This kind of effort could lead to lasting cooperation that isn't tied to regional politics or influenced by what India is doing. If the Joint Economic Commission (JEC) between Nepal and Pakistan is revived, this could be undertaken under its framework, noting that its last meeting was held in August 2013 in Islamabad.

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