

CENTRE FOR LAND WARFARE STUDIES
ROUND TABLE DISCUSSION
REIMAGINING INDIA-NEPAL PARTNERSHIP IN THE 21ST CENTURY

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EVENT REPORT

The Centre for Land Warfare Studies (CLAWS) in collaboration with NIICE Nepal conducted a Round Table Discussion on “Reimagining India-Nepal Partnership in the 21st Century” on 5th June 2026 at Chanakya Hall, New Delhi.

There were three sessions, with two speakers in each: one representing India’s perspective and the other Nepal’s. The first session was on “Defence Diplomacy and Strategic Stability in India-Nepal Relations.” The session highlighted the historical relations and the cultural connectivity. The second session was on “Bridging Borders: India-Nepal Strategic Cultural Partnership”. The session focused on soft power diplomacy and the people-to-people connection between India and Nepal. The last session was on “Trade Transit and Regional Connectivity in India-Nepal Relations. The session was on border management of Indo-Nepal, trade opportunities, and tourism potential of Nepal.

EXECUTIVE SUMMARY

Context and Core Assessment

India-Nepal relations are both special and complicated. Both countries share close ties due to geography, culture, defence ties, open borders, trade, hydropower, and people-to-people links. Post-Gen Z-led transformation in Nepal, both states need to adapt to a new political generation in Nepal, sharper Chinese engagement, and new regional connectivity opportunities. It is in this context that the Centre for Land Warfare Studies (CLAWS), in collaboration with NIICE

Nepal, conducted a Round Table Discussion on “Reimagining India-Nepal Partnership in the 21st Century” on 5th June 2026 at Chanakya Hall, New Delhi. The event’s three major themes were defence/strategic stability, cultural-youth partnership, and trade and connectivity issues. In light of recent changes, the major consensus of the event was that the relationship requires a strategic reset. The relationship needs to be reimagined around trust, non-interference, increased youth engagement, better narrative management, and practical connectivity.

Strategic and Political Context

In September 2025, Nepal witnessed Gen Z-led protests that brought down the K. P. Sharma Oli-led government. As a result, Sushila Kurki became Nepal's interim prime minister. The general elections were held in March 2026. The youth who were at the centre of these protests overwhelmingly voted for change. Balendra Shah led the Rastriya Swatantra Party (RSP) to win a thumping majority, winning 182 seats in the 275-seat parliament. Such a win is unprecedented in Nepal’s political history, where the government was nothing but a revolving door.

In light of such transformation, the speakers asserted the need to move beyond the historical baggage. Both India and Nepal need to reimagine their approach towards each other. India needs to understand Nepal’s changing public opinion towards the outside world. This requires a change in approach. This includes respect for Nepal’s sovereignty, neutrality and strategic autonomy. The micromanagement of the small neighbours' affairs and patronising approach should be a thing of the past. The central challenge is not the absence of shared foundations. But the erosion of trust and the need to translate inherited familiarity into a modern partnership.

Defence Diplomacy and Security Implications

One of the important pillars in this key partnership is defence diplomacy. It is an important stabilising and practical factor. Both states share a long legacy of Gurkha soldiers serving in the Indian Army. This longstanding practice binds not just the governments but also the people, as Indian Army pensions and jobs are an important pull factor. Army Chiefs from both countries are conferred the Honorary General title. The system of Honorary Generalship, though seemingly ceremonial, has historically broken political deadlocks. India has approximately 38 battalions and 32,000 serving Nepali soldiers, with over a lakh ex-servicemen in Nepal. Their remittances - around ₹4,000–5,000 crore annually - exceed Nepal's entire defence budget. Furthermore, both forces share a long legacy of training and cooperation.

These practical and functional issues have huge potential in the partnership as they are also rooted in historical practice and common norms that these countries share.

Both states share several common security concerns when it comes to terrorism, crime, migration, ISI-linked activity, and China-Pakistan regional dynamics. Nepal cannot remain unaffected from such security threats. In the terrorist attack in Pahalgam, a Nepali citizen was also killed. Therefore, security cooperation must be deepened, but in a way that is discreet, institutionalised, and respectful of Nepal's sovereignty.

Cultural and Youth Partnership

A delegation from NIICE Nepal insisted that Nepal's ruling elite is radically different from the older generation that was corrupt and out of touch with the aspirations of the majority of the young people. China and the US are directly dealing with the Nepalese youth through initiatives like Youth Councils. This is highly popular among the young population. This is a great soft power asset for these states. India must engage in similar lines. Young people in Nepal have radically different worldviews because they are connected globally through social media. As a result, their aspirations and understanding of international politics are different from those of the older generation that used to view India through the lens of postcolonial struggle. The current generation is more vocal on the issues of social justice and climate change. The current generation appreciates India's strategic posture of autonomy and multialignment. Their only demand is that India also respect Nepal's non-alignment, neutrality and strategic autonomy. India's old elite-centric approach is insufficient in the era of social and digital media. However, India needs to engage with both sides of the divide: older and newer generations. Incorporating Gen Z aspirations does not mean that India abandons other important pillars that have been there historically. India needs a holistic and more inclusive approach.

Shared culture is also important for the partnership. Both countries share a deep reverence for the sacred geographical landscapes like Janakpur-Ayodhya, Pashupatinath-Kashi, Lumbini-Bodh Gaya. This provides a strategic depth to the partnership as communities across the borders travel to these places. Beyond religious spaces, the everyday people-to-people connections also make this partnership unique. This makes the border communities real custodians of this relationship, not mere passive observers. India's long-term influence in Nepal will depend less on historical nostalgia and more on its ability to connect with young Nepalis through education, climate cooperation, digital platforms, culture, sport and employment-related opportunities.

Trade, Transit, Energy and Connectivity

The speakers insisted that the partnership between the two can be reimagined around functional issues. Both are jointly building railways, bridges, and electricity infrastructure. Nepal supplies electricity to India, which further transmits it to Bangladesh, with the caveat that only power from India-Nepal joint projects can be transmitted, not from China-Nepal projects. Due to its geographical location, Nepal is a natural trade partner. We need to see Nepal not as landlocked but rather as land connected with India. Such a reimagination will overhaul the dynamics between the two countries. Hence, hydropower should be seen as a mutual dependence, not a one-sided dependence. Three BIMSTEC countries, Nepal, India, and Bangladesh, can cooperate more on energy. In 2024, the three signed a trilateral power agreement, with India agreeing to allow the use of its power grid for the purpose of power trade between Nepal and Bangladesh. In this regard, the PM-Gati Shakti policy and cross-border infrastructure are other important initiatives. Other functional areas of cooperation that were highlighted were: religious circuits, business tourism, air connectivity, Ramayana and Buddhist circuits, and the Paneshwar project. In short, the economic interdependence should be converted into a structured regional connectivity framework linking the Himalayas, the Gangetic plains, the Bay of Bengal and the wider Indo-Pacific imagination.

Key Implications for India

- India must move from a paternalistic or security-heavy approach to a partnership model based on equality and sensitivity.
- Trust-building should precede the resolution of contentious issues such as Kalapani.
- India should institutionalise youth engagement in Nepal through scholarships, fellowships, digital outreach and cultural diplomacy.
- China's presence should be monitored, but India should avoid reactive public signalling.
- Open-border management requires joint mechanisms without undermining the social and cultural value of the open border.
- Hydropower, tourism and connectivity should become the functional drivers of the next phase of this important relationship.

Future Prospects / Way Forward

- Moving forward, both countries need to rebuild the trust that has eroded in the last few years. Without trust, it will be difficult to address sensitive political and boundary issues like the Lipulekh pass.
- By deepening defence diplomacy, both countries can rebuild that lost trust. This could be achieved by doing combined training exercises, enhancing institutional exchanges, and increasing border cooperation.
- There should be a launch of joint India-Nepal initiatives centred around the participation of youth. This should include scholarships, digital engagement and climate fellowships.

WELCOME ADDRESS

Lt. Gen Dushyant Singh, PVSM, AVSM, DG CLAWS, delivered the welcome address. The key points of his address are as follows:

- Nepal has always occupied a special place in India's international matrix.
- Nepal today has a new government, one that reflects the aspirations of its people, particularly Gen Z, whose energy and engagement have been instrumental in bringing it to power.
- Both India and Nepal must set aside historical baggage and make a conscious effort to begin afresh.
- It is important to focus on new areas of engagement that are practical and realistic, whether in defence or economic ties. W
- India is, and will remain, Nepal's most natural trade partner, owing to geography, people-to-people connections, and the simple logic of nature that water flows from Nepal and gravity will carry it to the Sagar.

- The narrative of *Sagar to Sagar* is the lens through which we must view our shared future, connecting as a region, not merely as individual countries.
- China stands at approximately USD 2 billion, while India stands at USD 8 billion, underscoring India's natural primacy while also highlighting room for further growth.
- Nepal has declined to accept a significant volume of Chinese defence material owing to quality concerns, while remaining deeply familiar and comfortable with Indian weapon systems and training methods.
- The largest component of Nepal's exports to India is hydroelectric power, a flow that by its very nature cannot be reversed.
- States such as Uttar Pradesh are heavily reliant on Nepal's hydroelectric capacity, making this mutual dependency a strength, not a vulnerability.
- A useful frame of reference is the US-Canada relationship, two neighbours bound by geography, shared values, and deep economic interdependence. India, Nepal, and Bhutan present a comparable model, and it is one we must not allow to weaken.
- On contentious issues such as Kalapani, it is advisable to first rebuild trust to the level it once was, before the tensions over currency and boundary matters arose.
- In the interim, it is far more productive to focus on the many areas of opportunity that remain open to both sides.

Session I: Defence Diplomacy and Strategic Stability in India-Nepal Relations

The first panellist of the session was Major General Pankaj Saxena, VSM (Retd), delivered on the topic, **“India-Nepal Relations: The Indian Perspective”**. The salient points of his address are listed below:

- Emphasised the need for a new beginning and the need to reimagine the Indo-Nepal relationship by forgetting the irritants of the past.
- Historically, Nepal has used military diplomacy very effectively. The 1816 Sagauli Treaty established their sovereignty, after which they leveraged military support from the British through 1857 and World War I to gain the 1923 Treaty, which restored their sovereignty and lands. The British never occupied Nepal but kept it as a buffer state.

- Nepal's political journey has been turbulent - the fall of the monarchy, a civil war, and unstable democratic governments. The present government is relatively new and is working towards deeper engagement with India.
- In 2008, Nepal became secular. In 2015, its constitution was promulgated, but the Madhesi blockade of five months was widely perceived in Nepal as India-backed, earning India a bad name. But during the Gen Z protests, India maintained its distance and only called for normalcy, a more measured approach.
- Geography is the first and most fundamental pillar in Indo-Nepal relations. Nepal is part of the Indian subcontinent, and rivers, population, and communication lines all flow towards India. Nepal is not landlocked but land-connected via India; a shift in this thought process changes the entire dynamic.
- The 1950 Treaty is perceived in Nepal as lopsided, but its most unique and underappreciated provision is that citizens of both countries enjoy equal rights of residence, employment, and property in each other's country - is rarely highlighted. What gets highlighted instead are its restrictive aspects, even though India has shown flexibility on the ground.
- On defence, Nepal practices defence diplomacy more effectively than India. The system of Honorary Generalships, though seemingly ceremonial, has historically broken political deadlocks. India has approximately 38 battalions and 32,000 serving Nepali soldiers, with over a lakh ex-servicemen in Nepal. Their remittances - around ₹4,000–5,000 crore annually exceed Nepal's entire defence budget.
- On energy and connectivity, railways, bridges, and electricity infrastructure have been built jointly. Nepal supplies electricity to India, which further transmits it to Bangladesh, with the caveat that only power from India-Nepal joint projects can be transmitted, not from China-Nepal projects.
- The open border poses security concerns - free movement can enable crime, ISI activity, and terrorism into India. Nepal must recognise that five Indian states share its border and the Siliguri Corridor is only 52 km from Nepal's edge.
- Nepal must focus on internal development. Its economy is largely remittance-driven and consumption-based. Remittances must be channelled into national development, not consumption. Internally strong, Nepal will not need to play India against China.
- India must follow - and visibly demonstrate - a policy of non-interference.
- India has always been the first responder in times of calamity, but the media has often undermined this goodwill. The 2015 earthquake relief is a prime example. The armed

forces did exemplary work, but poor media handling cost India its image. Assistance must be given as a friend, not in a manner that diminishes the other.

- Both India and Nepal are democracies - public opinion matters, and narratives must be managed carefully.
- With the new government in place, momentum must be seized. The opportunities must not be wasted.

The second panellist of the session was Dr Pramod Jaiswal, Research Director, NIICE.

The following are the key salient points presented by him:

- Nepal today is different. There is a generational political shift. Currently, the average age of a Nepalese minister is 40 years. Traditional parties and leaders like Prachanda, Baburam, and KP Oli are almost irrelevant.
- The new government has ended chronic instability. There is huge hope, not only in Nepal but across the region. Its core mandate is corruption control.
- Nepal has historically been a balanced state. Its foreign policy is essentially a strategy for survival. Fear of India, at times, works as a sentiment. However, this sentiment has long been exploited by left parties, whose vote bank thrives on anti-India and anti-US rhetoric, and this has kept Nepal unstable for a long time.
- The open border presents both opportunities and challenges. Threats, including Rohingyas, illegal madrasas, cross-border crime, and migration, are common to both India and Nepal and require robust handling together.
- The open border between India and Nepal is not comparable to European borders. European borders opened after a hundred years of war and common interest. The Indo-Nepal open border stems from common culture and deep affinity.
- Security concerns are shared. There is a similar problem of regional security involving China and Pakistan. India is hit by cross-border terrorism, which means Nepal is equally prone. If terrorists can reach Mumbai, they can reach Kathmandu. Both need to work together.
- When Pahalgam happened, a Nepali citizen was also killed, and religion was invoked yet India's outreach team did not visit Nepal. This was felt deeply. Any terror attack in India must be treated as a concern for Nepal as well, and there must be coordination between the two countries.

- Nepal has no issue with Chinese economic engagement and is open to BRI investments, given that major economies worldwide also engage with China. However, the red line is political involvement. China has a different system, and Nepal's democracy, preserved through great struggle, must not be compromised.
- China's interest in Nepal also stems from Buddhism. Lumbini and Tibet give China a cultural foothold that it can use to strengthen ties with Tibet and extend its influence.
- Nepal's sovereignty has never been protected by military force alone but by military diplomacy. Nepal has survived without firing a single bullet by aligning with the strongest power of the time. From tying with Britain and joining the Gorkha Regiment, to the 1950 Peace and Friendship Treaty with India, to establishing diplomatic ties with the US even before India's independence in 1947, Nepal has always maintained strong ties with the major powers of the world.
- Nepal considers itself a virtual maritime country because of the open border. Nepal's political borders do not end at the Indo-Nepal border - they extend to the Bay of Bengal and the Indian Ocean. That is why Nepal wants to be a part of the Indo-Pacific framework.
- Current security challenges do not respect national boundaries. Nepal is also part of BIMSTEC, which provides access to the Indian Ocean. When QUAD emerged, China reacted aggressively at Doklam - not to threaten Bhutan, but to irritate India. The same could happen in Nepal tomorrow. Contestations in the Indo-Pacific reflect directly in the Himalayas, and both countries need to work together on this.
- On Pakistan - Nepal has no meaningful connection. Pakistan is not untouchable, but Nepal maintains its distance. On China - Nepal will maintain distance from communist party-level engagement, expects more grants from China, but will not hurt Indian sentiment.
- The current government's focus is on development, and India is a major development partner. Nepal seeks to rise with India's support, and significant changes are expected over the next five years.

Session II: Bridging Borders: Indo-Nepal Strategic Cultural Partnership

The first panellist of the second session, Lt. Gen Shokin Chauhan, PVSM, AVSM, YSM, SM, VSM, PhD (Retd), presented on the topic “Bridging Borders: Indo-Nepal Relations in Changing World”. The key points addressed are listed below

- The story of India and Nepal begins much earlier than geography and runs deeper than politics. While the borders of the world divide people, the Indo-Nepal border connects them.
- The strongest relationships are not built by governments; they are built by trust, shared experiences, and a sense of belonging that develops over generations. This is what makes the India-Nepal relationship truly unique.
- Culture is the deepest layer of national security. Governments change, and policies fluctuate, but civilisational bonds endure. The resilience of this relationship lies in people-to-people connections rather than diplomatic agreements.
- The Himalayas unite more than they divide. They have served as a corridor of pilgrimage, trade, migration, and cultural exchange, creating a common Himalayan civilisation that stretches across political boundaries.
- Nepal occupies a unique place in India's civilisational imagination. Lord Pashupatinath and other sacred temples in Nepal are as important to the Indian people as any temple within India's own borders.
- The Gorkha legacy symbolises shared sacrifice. Nepalese soldiers have served in the Indian Army for generations with great distinction - forging bonds of blood, honour, and trust that are among the strongest in the world.
- Strategic connections are at their strongest when rooted in mutual respect. The connection between India and Nepal is one of love, honour, and trust - and must be treated as such.
- Cultural confidence is more effective than strategic anxiety. While great powers compete for economic and military influence, India possesses an enduring advantage in cultural proximity and historical similarity with Nepal.
- It is important to ensure that the younger generation inherits this relationship so that they see it not as a legacy of the past but as a living bond with a shared future.
- The India-Nepal partnership is a model of soft power offering lessons in coexistence, mutual respect, and civilisational partnership to the wider world.

- Shared challenges such as migration, climate change, and environmental degradation affect both countries equally. Cultural solidarity can strengthen cooperation on these fronts in ways that purely interest-based strategic partnerships cannot.
- India and Nepal are custodians of a shared Himalayan heritage and partners in shaping a future built on trust, respect, and prosperity. Borders may define states, but culture defines relationships, and it is this cultural connection that gives the Indo-Nepal relationship its true and lasting strategic depth.

The next speaker of the session Bibek Dhoj Thapa, Research Associate (NIICE) presented on the topic, “People to People Connectivity and Soft Power Diplomacy”. The following are the key points highlighted.

- Opened with the Gen Z perspective, drawing attention to the convergence of aspirations among young people across the world, shared dreams, shared anxieties, and a collective sense of purpose that recognises no borders.
- Gen Z is rooted in national identity yet thinks on a global scale. They are passionate advocates for climate justice, human rights, gender equality, and freedom of expression and are unafraid to call out injustice wherever it occurs. More than any generation before them, they are bound together by digital connectivity.
- While conversations around India-Nepal relations continue to lean heavily on historical ties, the more urgent question is about the road ahead. There is a need to bridge the younger generations of both nations.
- The Gen Z movement was unprecedented in Nepal's political history - the first time a transformation of this magnitude unfolded entirely without foreign intervention or external mediation. Unlike every political shift that came before it, this one was conceived, led, and delivered by Nepal's own youth.
- In doing so, Nepal offered the world a powerful demonstration of democracy at its finest, a reminder that no leader, however entrenched, stands above the will of the people.
- While other nations have pivoted swiftly to engage Nepal's younger generation, India has remained anchored to an older mode of engagement. The result is a growing disconnect. Today's Nepali youth are pragmatic and results-driven, and expect their partners to be the same.
- The older generation in Nepal tends to view India through a dated, post-colonial prism, often defaulting to criticism. The younger generation, however, sees a different India -

one that is rising, self-assured, and navigating the world through multi-alignment and strategic autonomy. For Nepal's youth, India represents possibility, not apprehension.

- In the same spirit, India must genuinely honour Nepal's commitment to non-alignment, neutrality, and the pursuit of its own strategic autonomy. Respect must flow in both directions.
- Concrete initiatives could change the India-Nepal relationship. Climate Fellowship, a joint Green Border Initiative, and coordinated efforts on disaster risk reduction spanning the Himalayas, the plains, and down to the Indian Ocean would send a powerful signal to young people on both sides.
- Meanwhile, other nations have moved decisively to capture the imagination of Nepal's youth. South Korea and Japan stand out as particularly effective examples of countries that have built compelling soft power narratives with younger demographics.
- India would do well to reimagine Bollywood as a contemporary cultural export that speaks to today's youth rather than yesterday's audiences. Alongside this, both India and Nepal need to significantly strengthen their social media presence and expand their digital footprint.
- The scholarship opportunities India offers to Nepali students remain strikingly modest in comparison to those extended by other countries. Closing this gap is an urgent priority.
- India should consider establishing a dedicated Youth Council in Nepal. The US Youth Council enjoys considerable visibility and goodwill, and China has already begun building similar structures.
- Cricket is a natural and underutilised instrument of soft power - one that already resonates deeply with Nepali youth and deserves far more deliberate and strategic attention.

Session III: Trade Transit and Regional Connectivity in India-Nepal Relations

The first speaker of the session, Col Partha Pratim Dubey, Senior Research Fellow (CLAWS), presented on the topic **Strategic Connectivity and Border Management in India-Nepal Relations: An Indian Perspective**. The key points highlighted are below:

- Emphasises the progress made by both countries over the past 15 years and the need to share these advancements. Mentioned the PM-Gati Shakti initiative in India and its potential benefits for India-Nepal connectivity
- Outlined the four key layers for India-Nepal cooperation: policy, operational, resilience, and technology.
- Highlighted the 2024 power agreement as a promising highlight for long-term cooperation. There is a need for mutual trust and resilience to counteract external forces that may try to destabilise the relationship. A virtual system of networks and investments must be created to ensure long-term success.
- The younger generation, or Gen Z, must play the role of bridging differences and fostering mutual trust. There is lots of potential in creating universities and scholarships in Nepal to attract Indian Students.
- Stressed the importance of tourism and its potential to create employment and economic opportunities.

The second speaker of the session, Suman Bikram Pandey, Tourism Entrepreneur and Think Tank Member, Ministry of Culture and Civil Aviation, Nepal, spoke on **“Cross-Border Infrastructure and Economic Integration in India-Nepal Relations”**. The following are the key points highlighted.

- Highlighted the potential of tourism as a major industry and its impact on employment and the global economy, and stressed the need for India-Nepal cooperation in the tourism sector.
- There is a need for better air connectivity and inclusion of new airports in the Indo-Nepal Air Service Agreement. The only airport in Nepal, Kathmandu Airport, is now saturated; therefore, India must include Bhairawa and Pokhara airports in the Indo-Nepal Air Service Agreement.

- There should be domestic tariffs for small aircraft to create new markets and gradually transition to international tariffs.
- The Mahindra Highway must be expanded and included in the SAARC road network, and India's railway network must include the Ramayana circuit and Buddhist circuit.
- There is a lot of potential in business tourism, and the digital nomad visas must be encouraged.
- Nepal produces 300,000 megawatts of electricity and pointed out that India can benefit from the Pancheshwar project for power production and water management.
- In the end, highlighted the potential for business engagements and tourism growth through energy production between India and Nepal.

Conclusion

The transformation in Nepal offers an opportunity to reimagine the future course of this partnership. The fate of both states is intertwined through geography, culture, history, religion, and aspirations for economic growth. In this context, both India and Nepal need to shed their historical baggage. This requires not only high politics but also innovative ways to enhance people-to-people connections. This includes addressing the aspirations of youth seeking a better life.

The defence and security ties that both states share bind them in a bond that should be nurtured around principles such as strategic autonomy, mutual respect, and an understanding of each other's core security concerns. Due to geographical proximity, both need to be cognisant of each other's security concerns.