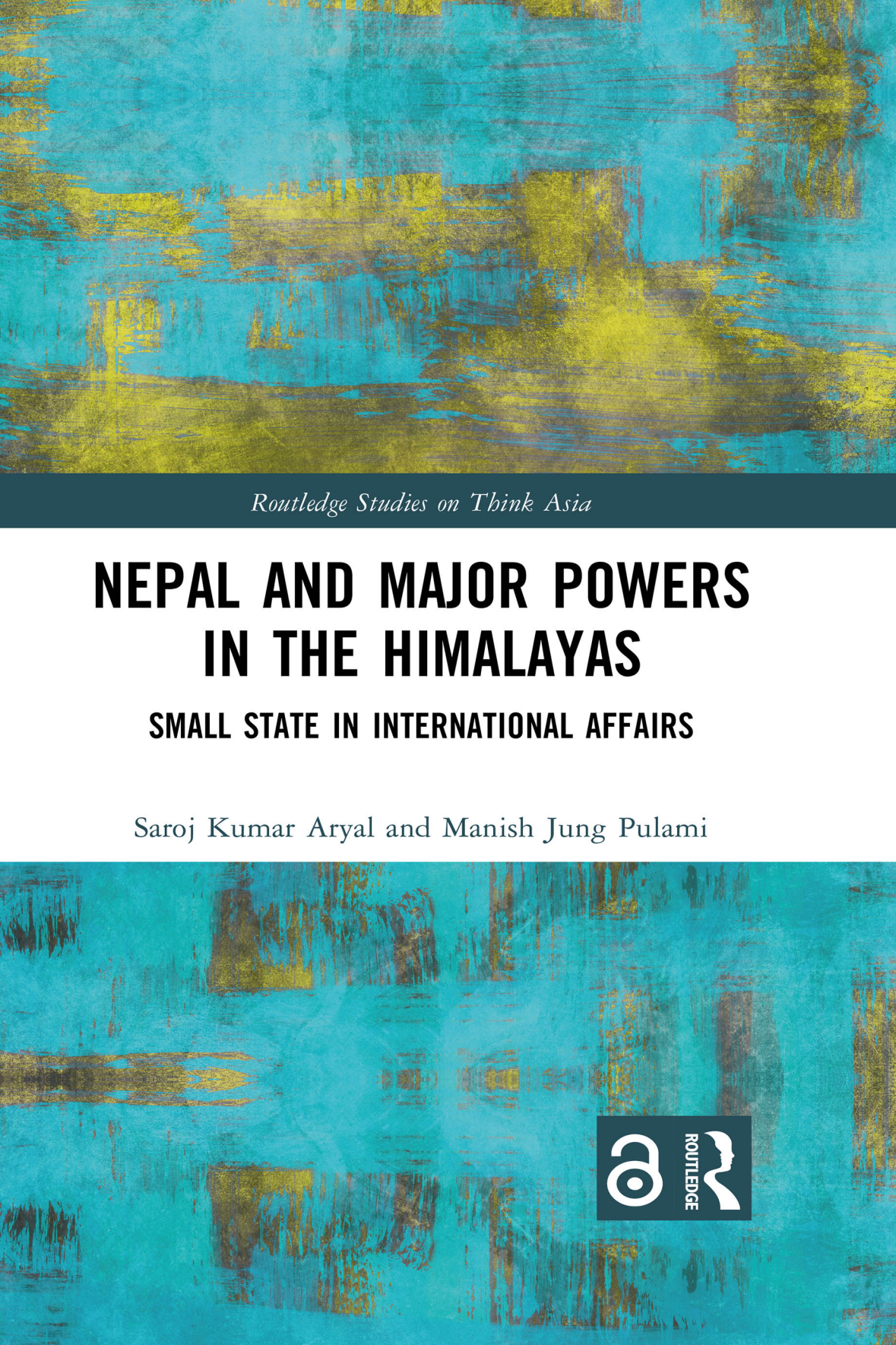




Routledge Studies on Think Asia

NEPAL AND MAJOR POWERS IN THE HIMALAYAS

SMALL STATE IN INTERNATIONAL AFFAIRS

Saroj Kumar Aryal and Manish Jung Pulami



Nepal and Major Powers in the Himalayas

This book offers an unique analysis of small states in international relations from the perspective of Nepal, which lies at a strategic geopolitical position between China and India.

This book argues that Nepal has been in a strategic position between the great powers for many centuries. The departure point of the study has three broader premises. The first is the increasing uncertainty of polarity and power distribution in world politics. The second point is the understudied aspect of the role that small states play in international relations. The final point emphasises the empirical offering that Nepal can provide to the understanding of the role of small states in great power politics. Exploring the Nepalese way of great power management, the authors provide a wider explanation of the position of small states as geopolitical actors in international relations.

An important perspective on the dynamics of China-India in the changing world order, this study will be of interest to researchers studying geopolitics, international relations, Asian studies and Global Affairs.

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Abbreviations

AI	Artificial Intelligence
ASEAN	Association of Southeast Asian Nations
BBIN	Bangladesh, Bhutan, India, Nepal
BIMSTEC	The Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation
BRI	Belt and Road Initiatives
CA	Constitutional Assembly
CAR	Central African Republic
CIA	Central Intelligence Agency
CIEDP	Commission of Investigation on Enforced Disappeared Persons
CPA	Comprehensive Peace Accord
CPC	Communist Party of China
CPN-M	Communist Party of Nepal- Maoist
CTBT	Comprehensive Nuclear-Test-Ban Treaty
DAE	Department of Atomic Energy
DFHRI	Democratic Freedom and Human Rights Institute
EEZs	Exclusive Economic Zones
EU	European Union
FDI	Foreign Direct Investment
GATT	General Agreement on Tariffs and Trade
GDP	Gross Domestic Product
GNH	Gross National Happiness
HIT	Highways, Information Technology and Transmission lines
IFC	International Finance Corporation
IMF	International Monetary Fund
IPS	Indo-Pacific Strategy
IR	International Relations
LDC	Least Developed Country
MCC	Millennium Challenge Corporation
MIGA	Multilateral Investment Guarantee Agency
MoU	Memorandum of Understanding
MVA	Motor Vehicle Agreement

NAM	Non-Alignment Movement
NATO	North Atlantic Treaty Organization
NEOC	National Emergency Operations Centre
NPT	Treat on the Non-Proliferation of Nuclear Weapons
NTMs	Non-Tariff Measures
PLA	People's Liberation Army
PRC	People's Republic of China
QUAD	Quadrilateral Security Dialogue
RCF	Rapid Credit Facility
RTAs	Regional Trade Agreements
SAARC	South Asian Association for Regional Cooperation
SAFTA	South Asian Free Trade Agreement
SAPTA	SAARC Preferential Trading Arrangement
SCO	Sanghai Cooperation Organization
SEVs	Specialist and Enthusiast Vehicles
SIDS	Small Island Developing States
SPS	Sanitary and Phytosanitary
TBT	Technical Barriers to Trade
TRC	Truth and Reconciliation Commission
UK	United Kingdom
UN	United Nation
UNGA	United Nation General Assembly
UNHCR	United Nation High Commissioner for Refugees
UNHRC	United Nation Human Right Commission
UNMIN	United Nation Mission in Nepal
UNSC	United Nation Security Council
USD	United States Dollar
USSR	The Union of Soviet Socialist Republics
WBG	World Bank Groups
WMD	Weapon of Mass Destruction
WTO	World Trade Organization
ZoP	Zone of Peace

Introduction

Justification of Research

Great powers prioritise other great powers and typically “notice” small states only when they are involved in international crises that periodically erupt in various parts of the world. Thus, the famous Swedish scientist R. Kjellen, considered the father of modern geopolitics, considered the dialectic of the relationship between small states and great powers at the beginning of the twentieth century. He thought that all great powers have an expansive nature and strive to become more powerful in different ways. Small states, however, are characterised by their desire to preserve the status quo in international relations (IR). Due to their size and geographic location, small states are destined to be ruled by major powers. They are reduced to “pulling chestnuts out of the fire for the giants,” that is, for the great powers, when it comes to international conflicts.

Does this mean a small state does not have a foreign policy of their own? Do they have any voice or space in the great power politics? The structuralist argument does not imply in the slightest that tiny states lack a foreign policy of their own or are destined to lag behind the superpowers. Generally speaking, a lot of specialists agree that political science is afflicted by unacknowledged gigantism. In this situation, as Corbett and Veenendaal in 2019 pointed out,¹ “the majority of our theories aim to explain things that happen in big nations like the USA, China, India, Russia, and the main European countries.” Smaller cases will only be discussed if these theories hold in other contexts. These examples also become intriguing if they do. If not, people frequently write them off as anomalies.²

Nepal has survived and played its great power management card tactfully for many centuries. So, it is worth exploring the Nepalese way of great power management to provide a wider explanation of small states’ role in IR. The departure point of the study has three broader premises.

First is the increasing uncertainty of polarity and power distribution in world politics. When one or more great powers dominate the international system, it is referred to as polarity in IR. The superpowers, possessing immense potential, can be categorised into multiple historical periods. More specifically, “polarity is about the number of great powers or polar powers,” claims.³ It is evident that in the absence of laws governing state behaviour, the international system tends

towards anarchy. The idea of polarity is disputed in three ways, one of which is the difference between powerful and weaker nations. First, a state of unipolarity is one in which all other states lack the power of the great powers.⁴ Second, bipolarity is characterised by a large power differential between the two superpowers in the international system, which holds roughly equal positions.⁵ Third, multipolarity occurs when there is a significant power differential between the fewest powers in the international system and more than two major powers that hold roughly equal positions.⁶

And lately, Acharya (2023) has been advocating that the world has jumped into the multiplex world order. There are four essential components of a multiplex world system.⁷ First of all, it signifies the end of any one country or small group of countries' global hegemony. Second, interdependence in a multiplex world order encompasses connections in the areas of environment, sustainable development, governance, security and connectivity in addition to economic issues. Third, a global order of this kind necessitates a dynamic, multidimensional architecture of global governance composed of subnational, regional and global layers, each with networks, hybrid structures and formal and informal institutions. Ultimately, diversity in politics, culture and ideology offers fresh avenues for achieving wealth, stability and peace in such an order.⁸

All of the discussions about the polarity and the distribution of power suggest that the world at the moment is much more diverse in comparison to any point in history. The diversity brings in complexities. The emergence of sub-regional and regional power centres makes it essential to understand the changing nature of the power distributions as well as the role of the small states in that change process.

Second is the understudied aspect of the role that small states play in IR. The end of the Cold War in the early 1990s brought about a fundamental change in the international system's structure from a bipolar to a unipolar one, as well as a significant change in the issues and instruments that influence states' foreign policies.⁹ As a result, the idea of power changed from having material to having non-material dimensions, which had an impact on the foreign policies of small states. Specifically, the breakup of the Soviet Union in 1991 led to an increase in the number of small states.¹⁰

IR scholars and theorists agree that small states would behave best as satellite states of the major powers.¹¹ As a result, there aren't enough studies on the foreign policies of small developing countries in the field of IR. The studies of small states' external behaviour were disregarded by IR scholars, who only focused on how changes in the global environment affected small state behaviour.¹² Before the end of the Cold War, there was a belief that studying small states was pointless because their policies were ineffective. The legacy of the Cold War thinking was inherited by IR theorists and scholars in many aspects.

Third is the empirical offering that Nepal can provide to the understanding of the role of small states in great power politics. Because they are typically smaller nations positioned between two or more larger warring powers, buffer states have played a significant role in geopolitical philosophy. Buffer systems refer to these buffer states along with their competing neighbours.¹³ These buffer systems provide

a means of understanding the regional dynamics of interactions. In the past, buffer states served as geographical breaks to keep opposing powers from coming into direct contact with one another.

One might argue for recasting the buffer state notion, which is more appropriate as an analytical tool in current IR, in *Reframing the Buffer State in Current International Relations: Nepal's Relations with India and China*.¹⁴ To fully understand the buffer state's function in international politics, it is necessary to view it as a dynamic political arena where agency plays a crucial role. But as the buffer state's main purpose is connected to the strategic value that its rival neighbours attest to, its significance to them must also be taken into consideration while evaluating it.¹⁵ In addition to acting as natural barriers between the two empires, the Himalayan Mountains traditionally functioned as a buffer state between the Qing Empire in China and the British Empire in India due to Nepal's strategic location in the central Himalayas.¹⁶ Given the ongoing tensions in the Sino-Indian borders, Nepal is still strategically significant in the current situation. Because of its importance in Sino-Indian relations and China's expanding influence in South Asia, an area long seen to be under India's sphere of influence, the case of Nepal is thus used to highlight the new buffer state notion.¹⁷ The argument for this new buffer state notion was further made relevant by Nepal's internal political environment, which also shapes the nation's relationships with its neighbours and provides insight into those relationships' dynamic nature.

Literature Review

The concept of state has always been central to the study of IR. Regarding the development of the concept of the state, Max Weber has mentioned that "the question of the logical structure of the concept of the state" is by far the "most complex and interesting case."¹⁸ The states as political organisations have evolved as small entities like Greek states rather than empires. There is an equal range of different understandings and conceptualisations of the concept of state in current IR theories. We find liberal notions of state, statist Weberian conceptualisations, ideas focusing on formal sovereignty and definitions of legitimate violence monopoly. The size of the state has always been related to power and influence, relating the size of the state as the determinant of national power. According to Paul Kennedy (2010), the great powers provide IR literature with two key elements.¹⁹ First are the economic and military capabilities, which are always in relative terms. The second is the domestic economic growth. The great powers in IR occupy a central position because of the conventional realist outlook towards world affairs. This strategic competition for a relative gain in the economic and military accomplishes the great powers' quest for hegemony in their regional spheres. However, the entities that have been *an absent in presence* in the international hierarchical state system are the small states. They are the ones who have been dominated and suppressed and existed long before the institutionalisation of great powers in the Congress of Vienna (1814–1815).

Regarding this, Annette Baker Fox simply defines small states as the states that are not the great powers.²⁰ The scholar mentions that the states that do not have sufficient economic or military powers are small through this definition. Similarly, the World Bank defines small states as states with a population of 1.5 million or less and have taken collective action on the development challenges and insisted on more consideration of their concerns.²¹ In addition, the Commonwealth defines small states as countries with a population of 1.5 million or less, and countries with larger populations but the same characteristics, and listed 32 countries as small states.²²

In contrast to the quantitative or *absolute* definition of small states, some scholars have provided different definitions regarding small states through psychological or behavioural perceptions. Robert L. Rothstein makes a case for this type of definition by claiming that small states are those that, in the opinion of their leaders, cannot secure their safety on their own.²³ Like this, Keohane defines small states as incapable of significantly impacting the international system and whose leaders are aware of this constraint.²⁴ Though critical of Rothstein's effort to categorise states according to their self-image, Keohane presents a psychological component in his explanation, a self-perception. In his opinion, the distinguishing variable is the states' perception of whether they can impact the international system, alone or in a group of other states. Accordingly, there are four categories of states: system-determining, system-influencing, system-affecting and system-ineffectual; small states are those whose leaders perceive themselves as entirely incapable of affecting the system in any significant manner, either alone or acting in a small group.²⁵ Self-perception and state leaders' ambitions are essential elements for constructing and integrating the small states' identity. Jeanne Hey and her associates have opted for the one based on the state's perception and the self-perception of the state's leaders and population about their position in the international hierarchy. In other words, if a state's leaders and its population are convinced that they live in a small state, or if other states perceive it as a small state, it shall be considered as such.²⁶

Furthermore, when reviewing the pieces of literature on the identity of small states, Laurent Goetschel elucidates that those identities are created from the states' past historical practices and from traditions and imageries that shape small states' leaders' perceptions of the parts of their state's role in the international system. As Goetschel asserts, if identities are grounded on past historical experiences, states' security objectives can be converted in the light of new historical experiences such as war or alignment.²⁷ In their edited volume, Benjamin de Carvalho and Iver B. Neumann presented those small states pursue recognition from big powers by demanding their small part in maintaining international peace and stability.²⁸

Most of the critical scholars to the absolute definition of the small states note that the identity construction of the small states is through the mechanisms they self-perceive. Therefore, the construction of "self" is quite essential in examining the psychological perspective of a state. This concept of state psychology can be related to the concept of geo-psychology or geo-pysche. The state's psychology was termed "geo-pysche," introduced by a German scholar—Willy Hellpach.²⁹

Geo-psychology can be defined as “as a set of perceptions, images, and belief systems, formed of shared history, culture, nationalism, religion, and ethnicity that shapes the mindsets and behavioural patterns of non-state and authoritarian actors and communities inhabiting a specific geographical area.”³⁰ Also, the state psychology of the country is affected by the strategic culture.³¹ Moreover, one of the other factors affecting the identity and psychology of the state is the discourses. It is also one of the factors contributing to the political psychology of the state. Paulin Djité defines identity as an “everyday word for people’s sense of who they are.”³² Similarly, Kroskrity defined identity as “the linguistic construction of membership in one or more social groups or categories”.³³ Languages are the tools that construct and reconstruct identities.³⁴ Also, identity is produced by the process of social interaction.³⁵

In discussions regarding the small states, the idea of Nepal’s smallness has been widely accepted but poorly analysed. The academia starts with the discussion depicting Nepal as a buffer state. Nepal as a buffer state refers to the geopolitical importance of Nepal, emphasising the identity constructed by the British rule.³⁶ It denotes the geopolitical vulnerability of Nepal.³⁷ As a buffer state, Nepal was focused on balancing the geopolitical thrifths created between the two neighbours in the border areas and several other issues.³⁸ Rose focuses on Nepal’s construction of buffers and other Himalayan Kingdoms primarily for the security interests of the imperial British in the Indian sub-continent.³⁹ This identity was more emphasised with the increase in the antagonism between India and China and was mostly seen through the geopolitical and security lens.⁴⁰ Nepal took this attribute as a buffer state, a tool of small state diplomacy.⁴¹ Nepal acting as a buffer helped India for a long time and aided Nepal in securing itself from geopolitical vulnerabilities.⁴²

However, after the shift of regional and global politics from mere geopolitics to economic competition, more precisely in the post-Cold War period, it has been realised that the geo-economics discourse of Nepal as an economic bridge came into play in the foreign policy and diplomatic discourse.⁴³ Nepal’s construction of identity is taken as a search for prosperity through transit diplomacy.⁴⁴ This is also a small state practice of Nepal trying to accommodate the aims of infrastructural development and economic prosperity.⁴⁵ Nepal’s self-construction of a bridge can be seen as a desperate effort or a small state syndrome.⁴⁶ It has been limited only to the discourse; however, this effort has not been materialised.⁴⁷

Nevertheless, the geographical constraint of landlocked status and geopolitical vulnerability of Nepal due to growing competitiveness among the major powers in the region have always questioned the small state discourses that Nepal has tried to put forward to escape the geopolitical challenge of being situated in the middle of the Asian giants.⁴⁸ At present, the shift to the bridge discourse for Nepal with its reflected aspiration for trilateral cooperation between China, Nepal and India is less concerned with geopolitical issues but a consequence of Nepal’s aspirations for infrastructure-driven development and growth-oriented prosperity.⁴⁹ Through the adoption of the small state diplomatic discourse of Nepal as an “economic bridge,” Nepal has tried to shift the geopolitical discourse to the discussion on

geo-economics.⁵⁰ The bridge discourse mainly focuses on Nepal's aspiration and capability to be a land-linked state linked with both its neighbours.⁵¹

The literature on Nepal as a small state delves into its strategic positioning and the implications of its geopolitical identity. Scholars have extensively explored the concept of Nepal's smallness, often situating it within the broader discourse of small state theory. According to Thorhallsson, small states are characterised by limited military capabilities, economic dependence and a need for strategic alliances to ensure their security and development.⁵² In the context of Nepal, these characteristics manifest through its reliance on diplomatic balancing acts between larger neighbours India and China. The literature underscores how Nepal has navigated its small state status by leveraging its unique geopolitical position to extract economic and security benefits. For instance, Baral (2015) discusses Nepal's adeptness at utilising its buffer state status to negotiate aid and investment from both India and China.⁵³ Additionally, the shift from a geopolitical buffer to a geo-economic bridge, as highlighted by KC and Bhattarai (2018), illustrates Nepal's dynamic adaptation to changing regional and global political economies.⁵⁴ This transition is seen as an effort to redefine its identity from one of vulnerability to one of opportunity, aiming to capitalise on regional connectivity and infrastructure development. Despite these efforts, scholars like Sapkota remain critical, arguing that the bridge discourse has yet to translate into tangible benefits, reflecting the persistent challenges of small state diplomacy.⁵⁵ Therefore, the literature portrays Nepal as a small state that continuously redefines its strategies and identities to navigate the complex interplay of regional geopolitics and economic ambitions.

The literature on small states has significantly advanced our understanding of how these nations manage relations with great powers. Small states, characterised by limited economic and military capabilities, often rely on strategic diplomacy and alliances to navigate the international system. This is evident in the way Nepal has historically managed its relations with its larger neighbours, India and China. Scholars like Rothstein and Keohane highlight that the self-perception of small states, and their leaders' recognition of their limited influence on the international stage plays a crucial role in their diplomatic strategies.⁵⁶ Nepal's identity as a buffer state during the British colonial era exemplifies how small states leverage their geopolitical position to maintain autonomy and secure economic and security benefits. This strategy is seen as a form of small state diplomacy aimed at balancing the interests of powerful neighbours to safeguard national interests.

Despite extensive studies on the geopolitical manoeuvring of small states, several aspects of great power management by these states remain underexplored. For instance, the long-term efficacy and sustainability of the geopolitical to geo-economic shift, as observed in Nepal's transition from a buffer state to an economic bridge, need further examination. Scholars like Sapkota have critiqued the limited materialisation of this shift, raising questions about the real benefits and challenges associated with such strategic rebranding.⁵⁷ Additionally, the role of internal political dynamics, public opinion and economic policies in shaping and sustaining the foreign policy strategies of small states like Nepal requires deeper analysis. While

the literature provides valuable insights into the diplomatic balancing acts and identity constructions of small states, the complexities of their internal-external policy interactions and the impact of global economic shifts on their strategic choices are areas ripe for further research.

Having said that this book is motivated by answering the following questions:

- 1 How can we position small states as geopolitical actors in IR?
- 2 What kind of great power management strategy has Nepal adopted?

This book relies on a few conceptual ideas. The first is the concept of **Small States** in IR. Researchers from Europe, especially Germany, started examining minor states as early as the eighteenth and nineteenth centuries. But their fundamental perception of the *Kleinstaaterei* (little German states) was that they stood in the way of Germany's prosperity and unification.⁵⁸ Europe's number of tiny states increased as a result of the fall of empires following the First World War. Small governments had more options for foreign policy during the interwar years; they were especially active in the League of Nations. International political scientists prioritised their scientific research on the security issues facing the great powers during the Second World War and the early post-war years.⁵⁹ With widely disparate sizes, populations, economies, natural resource bases and vulnerabilities, small states exhibit remarkable diversity. Less than 10,000 to more than 10 million people live in the member states of the UN's Forum of Small States. Some of the world's most and least developed countries, resource-rich and resource-poor nations, island and landlocked governments and more fall under the unofficial category of "small states." Because of this, the viewpoints and priorities of small states might differ just as much as their physical attributes.⁶⁰

Research on small states has shifted fascinatingly away from traditional notions of weaknesses and vulnerabilities and towards an exploration of the different strategies and power capacities that small states must employ to manage their relationships with great powers. This includes, at least occasionally, attempts to use military measures not often connected to the tiny state category to compel them to alter their external circumstances. Small states are not always helpless or passive.⁶¹ Certain small states have, in reality, deftly employed specialised hard power military capabilities and soft power assets as part of their playbook, even in terms of power capabilities that frequently define their vulnerabilities. Despite their small size, some states have projected influence in surprising ways. Small state initiatives in an attempt to maximise their influence and strength typically include shared ideas and mutual learning processes at their core. These include uniting in coalitions, firmly endorsing international organisations and using globalisation to advance their goals of security and development.⁶² Along with the acceleration of certain minor states' economic development brought about by globalisation, interdependence's ups and downs have also given rise to a new understanding of vulnerability that goes beyond only armed confrontation.

For this book, the small state is the state which has a comparatively weaker economic status, geographical vulnerability and multiple front security threats. Nepal

fits the profile. On top of that, Nepal also is positioned at the geopolitically vital point where the rise of China and India especially in the twenty-first century spiced up the situation.

Second is the **great power**. Waltz compares great powers to an economic oligopoly, in which a small number of players control the direction of a market, rather than characterising them.⁶³ That is, we can recognise a great power when we see one. This is an argument that, while it has been proven ineffective in most social science classrooms, has also failed to accurately foresee significant shifts in global politics over the past few decades. Kennedy and Luttwak encapsulate the conventional wisdom on the creation and dissolution of global powers in “The Rise and Fall of Great Powers,” contending that economic expansion—typically fuelled by organisational or technological innovations—allows a society to forge a potent armed force.⁶⁴ Then, the military serves as the cornerstone for gaining more and more influence globally, often in the shape of an empire. With time, the economy becomes unable to sustain expansive national interests, which results in imperial overstretch and the decline of the great power, as the costs of managing the empire rise as a result of rebellion and competition.⁶⁵

Kennedy’s argument has two points that should be highlighted. First off, a nation’s economic and military prowess determines its great power status, but power is always relative. Second, the main factor that propels a great power’s ascent is domestic economic growth, which eventually slows down great powers. To put it another way, relative advantages at home are the starting point of the “inside-out” process that leads to the rise of great powers. With that logic, Nepal is placed between India and China and both aspire to be great powers.

Methodology

In a broader methodological aspect, this book is a deductive study. The term “top-down method” refers to the logical reasoning process. The reflection begins with a conceptualisation and uses a variety of instructional techniques to focus it on a single hypothesis. The deductive method in social science yields findings based on a particular situation that is drawn from a wide conception.⁶⁶ As stated otherwise, the deductive approach necessitates proceeding from the overall concept, hypothesis or assertion to the specific components. The hypothesis, as an intermediate step, offers some particular reflection that aids in the process of arriving at the necessary, precise conclusions. Furthermore, a hypothesis may result in the assumption being confirmed or refuted.

This book has three main methods. First is the analysis of the primary sources.⁶⁷ A primary source offers an unbiased, first-hand description of a subject or event from those who were there. Speeches, diaries, letters, interviews, radio and TV broadcasts made at the time of the event, posters, artworks, maps, photos, pamphlets, official legal papers, survey data and manuscripts are examples of primary sources. Second is the analysis of the secondary sources.⁶⁸ An academic debate based on primary materials is called a secondary source. Original research is usually found in secondary sources. Secondary sources help you learn about scholarly

viewpoints on your subject and for doing in-depth analyses of your topic. A secondary source can be a useful discussion starter on a given subject, or you can adapt its methods for a new research inquiry. Articles, blogs, books (sometimes referred to as monographs), talks, podcasts, scientific papers and lectures are examples of secondary sources. A secondary source can be any type of academic writing.

And third is the discourse analysis. Discourse is the arena in which people interpret and provide meaning to the material world, as well as create manifest representations of it. Therefore, the idea that we cannot relate to this material world without language is rejected, not the existence of a material world outside of speech.⁶⁹ Discourse analysis is fundamentally an investigation of meaning and the language and communication mechanisms that shape social reality. Thus, the space where intersubjective meaning is generated, maintained, transformed and ultimately forms a component of social reality can be broadly characterised as discourse.⁷⁰ An exploration of discourse asks for the social and political effects that arise from using a particular vocabulary, on the one hand, and the productive effects of particular constructions of reality on the agency and identity of individuals and groups, on the other, rather than just looking into how language is used in international politics. Thus, each one-time speech or text-producing event is considered to be “text in social context,” and it is a part of a larger social and political process. The quest for meaning—meaning regarded as intersubjectively shared perceptions of reality—plays a pivotal role in the research conducted by discourse scholars when analysing international politics.⁷¹

Chapterisation

This book consists of seven chapters. The first chapter is titled “Framing Small States in International Relations.” The small states have been largely absent in the IR. There is an elusive or ambiguous understanding of smallness in a state. The section argues that current ways of understanding small states are limited and contends for more nuanced ways of studying small states. It suggests that how “small” a state is can be relationally and depends on the context. The section proposes that domestic factors and the state’s own agency should be considered when studying small states.

The second chapter is titled, “Evolution of Nepal as a State.” This chapter analyses Nepal’s state evolution from a Gorkha principality under Prithvi Narayan Shah to a modern democratic republic, highlighting key political transformations and the discussions on various identities with statehood. It examines the expansion of Nepal from a principality, the role of Kings, the Rana regime’s consolidation of power and strategic diplomacy, the impact of democratic movements in 1951, 1990 and 2006 and the struggling identities of the country. The chapter delves into the role of violence, religion and individuals, its implications for national identity and the mixed emotions it evokes in Nepalese society.

The third chapter is titled, “Nepal as a Small State: In What Different Ways a State Can Be Small?” This analysis explores Nepal’s historical evolution as a small state within the context of IR theory and philosophical concepts. The main purpose

of this section is to provide different alternative discussions on small states. First is the analysis focuses on the relative idea of smallness based on geography. Further, the paper draws into the discursive positioning of Nepal as a small state. It states how an identity of state can be engrained into national consciousness by discourses and narratives. Notably, the discussion on the geo-psychological positioning of Nepal as a small state smallness of Nepal as an emotional outcome is deeply intertwined with the nation's historical experiences and geopolitical realities.

The fourth chapter is titled, "Evolution of Nepal's Great Power Management: A Case Study of Tibet and British India." This chapter examines Nepal's strategic management of relations with great powers throughout different parts of history, focusing on its interactions with Tibet, China and the British East India Company. The section has focused on some notable parts of ancient history to elucidate Nepal's strategic existence in the past. Notably, amidst internal factionalism and external pressures, Nepalese leaders like King Prithvi Narayan Shah, Bhimsen Thapa and Jang Bahadur Rana adeptly navigated shifting geopolitical dynamics. They balanced allegiances, leveraging military support and diplomatic negotiations to maintain survival and sustenance.

The fifth chapter is titled, "Nepal's Small State Strategy during the Cold War." Nepal itself went through many internal political changes during the Cold War. There were various internal dynamics and external polarity that played a vital role in shaping the thought process of the Nepalese political scene during the Cold War. The prospect of a Cold War, specifically the Chinese incursion into Tibet, sparked deep political concerns in Nepal regarding the maintenance of its external sovereignty, or independence, in the face of its strong neighbours. This chapter explores the implications of Cold War bipolarity on Nepal.

The sixth chapter is titled, "Nepal's Small State Diplomacy in the International Platforms." This chapter aims to investigate the extra-regionality that Nepal has in its foreign policy. To make sure that regional giants China and India do not dominate Nepal's foreign policy, the country is establishing connections with development partners in Europe and the USA. In addition to assisting Nepal in meeting some of its development needs, pursuing extra-regional alliances and adhering to international normative frameworks also help Nepal diversify its foreign policy.

The seventh chapter is titled, "Evolution of Small State Strategy for Nepal after the Cold War." India for more than six decades enjoyed the unilateral hegemonic status in Nepal. However, the rise of China in Nepal challenged India's position which automatically dragged India and China into fierce competition. Nepal has always maintained a strategic position as a buffer state between China and India, which has influenced its careful balancing act. China accounted for more than 90% of Nepal's foreign direct investment in the fiscal year 2023. While Chinese President Xi Jinping was visiting Nepal in October 2019, Beijing promised to provide the Himalayan nation with financial assistance of close to \$500 million (€436.9 million). While there is an existing position of India and an increasing profile of China, Nepal automatically has a challenging situation to balance the two giants. This chapter investigates the strategies that Nepal has placed to maintain its position and the interest with India and China.

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1 Framing Small States in International Relations

The idea of “smallness” in International Relations (IR) has been a continuous subject of inquiry. Power, being at the central of analysis in IR, has put Great Powers as the main character of international politics.¹ However, the existence of small states has surely been longer than the Great Powers.² It can be understood with a simple analogy, popular among entrepreneurs and motivational speakers, that is, *everything big starts small*. It would be injustice in academia for the small states to be portrayed as a new subject of investigation as Fareed Zakaria calls for the examination of “the rest” of the world.³ The origin of small states is ambiguous, but there are several reasons and instances through which the small states have been historically present and absent in international politics, mainly because of war.⁴ Thus, war can be comprehended differently as a process through which the countries become great or small.

Many scholars have tried to put small states in a single basket of definition based on their capabilities and vulnerabilities. The smallness in a state, primarily, has been directly related to the small territorial area, weak military capacity and fragile economy.⁵ Robert O. Keohane has posited them as a “system ineffectual state,” who simply cannot influence the international system.⁶ To an extent, this definition is true for a state to be called small. Nevertheless, there has been no consensus among the scholars, as some are not ready to accept the quantitative definition of small states. There has been continuous addition to the framework of small states, thus, further complicating the concept. First, the physical location of a state, often referred to as *locational* or *territorial vulnerabilities* is crucial for a state to be deemed as small.⁷ Second, the *domestic political efficiency* of the state has been added in identifying the smallness.⁸ In this category, the internal conflicts (social or ideological), governance quality and decision-making system have been incorporated. Third, the nature and extent of *economic vulnerabilities* which include the asymmetric and patron-client relationship with other states have been discussed.⁹

Although much of the discussion on the small states has been focused on aforementioned criteria, few have elucidated an idea of *geo-psychology* which is attributed to the psychological acceptance of ones smallness because of various reasons, mainly geography.¹⁰ It also refers to the political leadership which perceives her/his state is incapable of defending itself without help from another.¹¹ Nonetheless, a state is called small because of what David Vital terms as “material inequality.”¹²

An important group of scholars provide a *relational* definition of small states and Great Powers focusing on the unequal power relations. This brings the topic to a very crucial turn where researchers have to contemplate why countries with great geographical areas and viable economies like Nordic states are considered as small. This provides a fluid understanding of smallness where a state can be small with respect to certain criteria and be a stronger power in another.

Although discoursed by many about small states, none have been able to change their fate. Whether it be Melos in Thucydides' *Melian Dialogue* in *The Peloponnesian War* or be Ukraine in ongoing Russia-Ukraine crisis, the small states had to and will be facing the question of survival. But the small states have been *survival artists* in international politics evident looking at their continuous presence in the world along with Great Powers.¹³ Surprisingly, the small states do not act according to what realists predicted. The alternative choices they have created for their survival have left all analysts in awe.¹⁴ Although there is no doubt that the presence of small states was before the Napoleonic Wars, the study of small state strategy has been exemplified after the establishment of League of Nations, which provided small states with an international institutional platform to demonstrate their presence and exert a certain level of influence.¹⁵ However, the study of small states seems to have plummeted after 1950s when IR academia was more interested in the formation of bipolar international structure.¹⁶ The renewed interest among small states started with increasing importance of small states in security structure or alliances.

Moreover, a significant study of small states started with the end of Cold War which subsequently gave birth to small states in Eastern and Central Europe after dissolution of the USSR and breakup of the former Yugoslavia. The decolonisation process along with democratisation of states all around the globe have added significance to study of small states.¹⁷ The growing process of globalisation, regional integration and institutional changes resulted in a new variety of small state strategies, which, ultimately, brought interests among the researchers.¹⁸ The realist explanation of small states, which kindly ignored them or thought them unimportant, was replaced by neorealist assumptions or constructivist explanation of the small states. The growth of small political units in the twenty-first century thriving under liberal regimes has led Great Powers to forfeit decision-making powers, to some extent, have led to a proper examination of meaning of small and their strategies of survival.¹⁹

Recognising "Small" as a Unit of Analysis amidst Great Powers

As realists posit, in the anarchical international order, where self-help and survival is the only *mantra* for a state, it is largely dominated by Great Powers. Power in the international system established the hierarchies; thus, leading to the traditionalist explanation for the small states to either bandwagon or be a part of alliance with Great Powers, and specifically, for the interests of Great Powers.²⁰ Although discussed as such, the empirical evidence of small states throughout the history shows small states choosing to be neutral in times of any security threats.²¹ This

helps us to agree to the fact that small states cannot be analysed only through realist assumptions despite their atypical explanation of reality. Hence, this brings us to the conclusion that explaining or understanding small states through Great Power perspective always provides us with a prejudiced view of small states. It is important to comprehend those small states function in their own space and choose unique foreign policy choices even limited to the larger powers in the world.

“Does size matter?” is a question central to the study of small states; however, another pertinent question in the realm is “what is *small* in small states?” It is important for any scholar, before immersing into it, should be able to comprehend the idea of “state” which is present in the small state. This is evidently true for many analyses in the IR domain. Although the idea of state seems to be abstract critically, very few have attempted to move away from this concept. From Max Weber to modern political scientists, have given varying degree of definitions. Thus, we assume state as an idea rather than a physical reality.²² The justification for assuming such is because state does not have precise definition. Also, it helps to put the idea of small as a unit of analysis explaining the actions of small states like it would explain the behaviours of Great Powers.

It might seem to many scholars that small states are the subsets of Great Powers or just an irrelevant unit in international politics. And, it is primarily due to the inexplicable characteristics of what a small state is. Thus, this section attempts to provide with wholesome summarisation of efforts to identify “small” amidst Great Powers. This shall also provide a theoretical underpinning for the book in defining Nepal as a small state and understand the strategy for survival. First, the small states are defined through absolute or quantitative terms and, second, the small states are defined in a relative manner vis-à-vis other states. It is not for the first time this has been attempted for the small states, but providing alternative views for what small is seems viable.

The quantification of smallness depends on the basis of small territorial area, weak military capabilities and fragile economy.²³ Practically, this definition focuses on small in small state refers to the “small” capabilities in every aspect.²⁴ But, the attempts in quantitative analysis of smallness are not sure about the varying degree of criterion for the same. A criterion that remains constant in the absolute definition of small states is the population size. It has been made common to all those small states that have small population which has led to the emergence of a new term, which is “microstates.”²⁵ However, there are questions about larger states which evidently have lesser population but stronger military position due to their strategic alliances and vibrant economy. Scholars like Mueller (1991) and Vital (1967) apparently find it irrelevant to position any country based on a threshold of any quantifiable score.

Many questions can be raised regarding the absolute measurement of smallness in a state. The population size of a state as a criterion seems questionable. As the population of many countries has been constantly rising with global migration of people from one country to another and it is evident in that population is a source of national power, the problem arises with this criteria to systematically place the scale at a single point in relation to continuous demographic changes.²⁶ For instance, it would be incongruous to put Nepal (considered a small state) with

nearly 30 million (2025) of population²⁷ into the category according to World Bank, which states that a state is considered small with population less than 1.5 million.²⁸ This quantifiable measure would make Nepal too large to be called a small state. Similarly, Israel is considered as a small state. However, the military superiority and innovation of Israel and its presence in the international arms-ammunition market as an exporter put the scholars into absurdity in placing it as a small state.²⁹ Likewise, Mongolia, a vast country (19th largest country) but sandwiched between Russia and China, has 2 people per square kilometre (2025),³⁰ and eventually, classified as a small state by many.

In conclusion, it is recommended to not follow the quantitative definition for analysing small states and particularly reemphasises small states as a subset of larger state. Hence, a relative measurement of small states becomes pertinent on positioning a state smaller than another. Rather than relatively measuring a state with another distant country, it would be appropriate start measuring the smallness of any country with its neighbours. This idea is based on Mares' hierarchical positioning of small states based on relationship between states with unequal distribution of resources.³¹ This brings to an argument that a state can be stronger than others but weaker than another. This relative attempt to defining a small state emphasises that being small is not about having weaknesses, but accepting that the weaknesses cannot be altered.³² Subsequently, the presence of small states in IRs is historically explained by the weakness escaping behaviour of small states by different means. Rothstein explained that a permanent psychological weakness persists while accepting the weakness.³³ He provides the example of Belgium and France before the Second World War who relied on the *hope* to be protected by their insignificances.³⁴

The relational definition of small states also brings the existence of small states vis-à-vis a larger state. However, a better understanding is provided through the relative examination of smallness. Karl Mueller (1991), while providing a definition of state, gave a breakthrough for the small ones as he said that defining state would "depend upon regional context."³⁵ This can be understood with an unlikely example such as Bangladesh. Bangladesh at the intersection of South Asia and Southeast Asia falls under the shadow of larger states like India, China, Thailand and others, Bangladesh has the eighth largest population in the world (approx. 171.2 million) and a booming economy presently (approx. 6.06% annual GDP growth rate according to World Bank Indicators, 2023).³⁶ If Bangladesh is to be hypothetically situated in Central America, it would be dominating the region, unlikely to its real geographical positioning in South Asia. This helps to posit the empirical evidence of relative existence of small states around the world. The existence of small states in reality, for many, is emphasised by the permanent existence of small states.

Construction of Smallness within a State

With reference to the above discussion on irrationality of the quantitative measurement of smallness in a state, it brings to a critical question posed by Baldur Thorhallsson (2009) that "Can small states choose their own size?"³⁷ The traditional

theories in IR have limitations in answering this question as they focus on the primacy of the state and structure of international system. Owing to the limitations in the domain, this section is a novel investigation on the construction of smallness within a state. There are several domestic factors that contribute to the construction of a state as small. It can be put into the discussion, as social constructivists have modelled in other areas of IR, that interests are not constructed by the exogenous factor rather endogenous agents contribute to it. This applies to the small states where it can be argued that states' behaviour in international political system depends on the perception of their identity and roles in international system.

It is important to understand that foreign policy choices also originate from internal or domestic factors. Unlike the realists, the foreign policy is not a statist approach or states respond to the external security threats. However, foreign policy is also an extension of the domestic affairs.³⁸ There are certain societal or influence or elite groups who play an important role in the outcome of state policy.³⁹ The internal structure or institutions of state that have been established with rigorous efforts through different movements at various times help these domestic actors influence the policy.⁴⁰ There are numerous domestic actors who influence the foreign policy of a state. This includes group of citizens at societal level formed for mass movements, ethnic or gender qualities and social issues such as climate change; various organisations including political parties, interest or lobby groups; multinational companies or large businesses; individuals such as politicians, activists, monarch or dictator (in some cases); and many other non-state actors within a country.⁴¹ The list of actors within a state influencing the foreign policy can be potted into three elements: interests, power and organisation.⁴²

The key element that drives the domestic actors to influence the foreign policy of a state is their interests. The goals and outcomes of an actor within a state can be achieved by turning the tides of the foreign policy to their will(s).⁴³ This leads to the actors' involvement in capturing the domestic institutions of the states by different means through which the interests can be determined or achieved.⁴⁴ The one who controls the policy-making mechanism of the state by a fair democratic competition or by forceful means sets the interest of the state according to individual interests.⁴⁵ This leads to another key element, which is power. The control of policy-making mechanism of the state helps the domestic actor gain power or control of the resources.⁴⁶ In many cases, this has been primarily referred to the military or economic means; however, presently it can mean the cognitive control of mass through media or other state mechanisms.⁴⁷ Nevertheless, this depends on the organisational characteristics of the actors. A well-organised group shall be able to achieve its interests and gain power. Notably, it is not that the domestic actors will not respond to external situations, but the reaction depends on the interpretation of the situation according to their own interests.⁴⁸ Thus, it can be said that domestic actors do have influence in the state policy-making, consequently to foreign policy formulation and implementation as well.

The scholarship regarding the empirical study of internal factors impacting the smallness of a state has been plentiful. A typical example of endogenous factor impacting the foreign policy of a state where a group of organised individuals controls the state institutions to gain power is Oman and internal changing of

the crown.⁴⁹ Although it does not bandwagon with its Arab neighbours like any other small state but it typically follows the lead of the USA.⁵⁰ This particularly portrays the choice of an individual or group of individuals which brings change to the foreign policy of a state. With funnelled interest(s) of individual(s), Oman shall remain to be small in order to gain security for the interests.⁵¹ Moreover, Qatar as one of the smallest country in the Arab world with reference to geography and population chooses its own size when it comes to foreign policy behaviour.⁵² Qatar's foreign policy emanates from a small group of elites including Emir, Prime Minister and Counsellors.⁵³ Similarly, in the Baltic States or the Balkans, there is evidence from different researches depicting the internal factors playing important role in the foreign policy behaviour, and ultimately, constructing them as small.⁵⁴

Looking into the discussion of small states through a different perspective, the idea of small states might seem as a question of identity and set of international norms which has been set by states in power which asks the small states to behave in a particular manner. For instance, the normative idea of neutrality being associated to small states.⁵⁵ The neutrality norm is a small state strategy for survival; however, it has been placed as a compulsive norm on a small state.⁵⁶ The neutrality norm has been placed as a weight and reputation for the small states and has been assumed by all in international politics for the small states to act accordingly.⁵⁷ The norms of neutrality is often deeply and inherently attributed or assigned to small states, apparently, leading towards *defensive nihilism* for small states.⁵⁸ Thus, the identity of small states, and consequently, the foreign policy behaviour for them, is socially constructed by the international system.

Hence, there is no prudent way to introduce and measure the smallness in a state. Like the quantitative approach to small states, it is true to an extent that "small" in small state is parallel to "small" in capabilities. And, realism as a dominant theory to explain the state behaviour has limitations because of their constrained assumptions. It has been advised by many and the section agrees not to focus on the irrationality in the approaches. However, there are several approaches to analysing smallness in a state, which includes a relational approach, providing a rational method of positional challenge of state in becoming small. Notably, the acceptance of the responsible internal factors or domestic actor(s) in constructing the smallness of a state is equally important as empirical evidence suggest endogenous factors have high influence on foreign policy behaviour. Similarly, the smallness of a state is an identity constructed by the other(s) with power, and consequently, creating norms for the small states to be imposed upon and even assumed to be followed. Therefore, the idea of small states for the purpose of this book clearly does not follow the quantitative measurement; however, it makes peace with other approaches to diversify the analytical framework for Nepal and justify its identity as small and strategies for survival.

Surviving Small States in the Ever-Changing Global Order

Matthias Maass (2016) describes small states as "survival artists."⁵⁹ The remarkable phenomena of proliferation of small states in the system shaped by power politics and dominated by Great Powers needs an academic excavation. The history has

never been comforting. The question of survival for small states has been critical as there are particular and general evidence throughout the history attesting to it. The survival for small states can be depicted as an “irreducible minimum” in the volatile international system.⁶⁰ If David can beat Goliath and Lilliputians can tie up Gulliver, as Robert O. Keohane mentions, the study of survival of small states is significant. Overall, they are not to be understood as the smaller versions of the larger states.

The investigation of the small state’s history of continued existence leads to the new idea of survival in the international politics. In the researches regarding the survival of small states, many scholars including Annette Baker Fox, David Vital and Robert Rothstein have advanced the agenda of systemic level of analysis. It entails that the origin, survival, proliferation and even termination of existence of small states depend upon the system-wide dynamics. Butterfield (1966) states the significance of balance of power for the small states. He states, “[It] not only guaranteed the existence of small states, but assured them of a certain degree of autonomy, a power of independent action.”⁶¹ Addition to this statement, Morgenthau’s idea can be taken into consideration, where he states, “[...] small nations have owed their independence either to the balance of power [...], or to the preponderance of one protecting power [...], or to their lack of attractiveness for imperialistic ambitions.”⁶²

The small states during the seventeenth- and eighteenth-century era are said to be protected by the ideal type of balance of power which supported them from the annexations of the larger and ambitious states.⁶³ During this time, the system was supportive; however, it was not protective for the small states, because the number of small states in these times has experienced gradual decrease.⁶⁴ It happened due to the rough equilibrium among the major powers which arose from the experiences of Thirty Years of War concluding as Treaty of Westphalia, the secularisation of international politics and many others.⁶⁵ It imposed restraint among them, and simultaneous development of International Law as norm which practically supported the survival of small states, creating certain order in the system can be equally attributed.⁶⁶ The small states even got a certain degree of equality with this evolving norm but it was not the negation of power differences. On contrary, the nineteenth century was characterised with concert system among the Great Powers based on post-Westphalian power politics.⁶⁷ It led to the Great Powers taking the role of wardens. It revitalised the hierarchy in the system for the state. Few small states were re-established in the system which were terminated in the Napoleonic era.⁶⁸ However, the equilibrium was not supportive to the small states. The Crimean War in the nineteenth century led to the start of the First World War which started with the invasion of Belgium, a small state, by Germany.⁶⁹ The integrative nationalism in Italy and Germany and imperialism internationally impacted the survival of the small states.⁷⁰

The twentieth century for small state is pivot for their survival with the introduction of collective security. This has provided a quasi-commitment among the states, especially Great Powers, providing a certain level of deterrence. Evidently, the League of Nations and the UN systems have given mixed results to the small

states survival.⁷¹ The inter-war period can be said that, to a certain extent, the League has limited and upgraded small state security. Evidently, the League failed because of various reasons which exposed small states to survival challenges of the Second World War.⁷² Although the UN arose as a collective security mechanism replacing the League but admittedly it has given equally a bag of mixed record when it comes to survival of small states.⁷³ Nevertheless, the UN not only works as a collective security infrastructure, it has proliferated and strengthened different norms which have acted as shield for the small states. For instance, the norm of self-determination has led to the increase in the number of small states and impressively aided the recovery of small states after the end of the Second World War. The geopolitical vulnerability for small states has undoubtedly increased in the twentieth century.

Small States in the Twenty-First Century: Geopolitical Challenges and Resilience

The twenty-first century has been full of shifts and shocks for small states. The rise of China, decline of the USA, shift to multipolar world order and regional-global architecture, emergence of BRICS+, advent of India, different non-state actors, return of traditional warfare, artificial intelligence (AI), pandemic and many others have undoubtedly posed challenges to the small states. Simply, there has been ordering and re-ordering of the international system by new and old. Today, the small states have faced slow economic growth or recovery after the COVID-19 pandemic, and the high level of consumerism in small states has led to high import of goods creating asymmetric dependence, high vulnerability to climate change and Russia's attack on Ukraine has reintroduced traditional threats among many. Unlike any, the small states face challenges with terrorism, refugees, cyber threats, internal conflicts, populism, false information and many others.

Except some European small states in the world, the small states are plagued with underdevelopment. The aspiration of development by a small state in many ways leads to an open door for many larger powers to influence them in various manners. Adding to this, the growing competition among the larger states with different ideological differences makes the position of small states more vulnerable. The strings attached to the economic assistance that the small states get from the Great Powers have provided them less room for strategic manoeuvring and diplomacy. The strategic engineering that the small states have to go through with their partnerships with a Great Power increases vulnerability. For instance, Ukraine as a small state in Europe had to face aggression from Russia, simply put, it wanted to get closely aligned with the European bloc and ensure security measures working with NATO.⁷⁴ Moreover, Sri Lanka plummeting into the debt trap because of its high reliance on Chinese assistances shows another critical example.⁷⁵ The recent voting behaviour of the small states in the United Nations General Assembly Resolution, to upgrade Palestine's right in the United Nations as observer state in 2024,⁷⁶ where small island states like Micronesia, Nauru, Palau and Papua New Guinea

voted against the favour along with the USA which has been their consistent voting pattern in the UN.⁷⁷

Notwithstanding the question of right or wrong in the war, the fate of small states in inability to escape the smallness or make sense of the uncertainty makes them more vulnerable in the future. The growing fragmentation of the world due to the changing international power structures has created more uncertainties for the small states regarding their security.⁷⁸ The globe's push towards multipolarity, not only because of the rise of China but also the emergence of many middle powers, have urged the small states to put the foot with caution in the geopolitical minefield.⁷⁹ These states contend with a range of threats, including traditional military aggression, terrorism, cyber-attacks and transnational crime, all of which exploit the vulnerabilities inherent in their limited resources and geographical constraints.⁸⁰ Furthermore, the erosion of sovereignty as larger powers assert their interests within the global arena presents a pervasive challenge, leaving small states susceptible to external coercion and influence.⁸¹ Additionally, the proliferation of weapons of mass destruction and the potential for asymmetric warfare further compound these security concerns, underscoring the imperative for small states to engage in strategic alliances, enhance their defence capabilities and actively participate in multilateral initiatives aimed at fostering regional stability and security cooperation.⁸²

It is no doubt that the small states have resource curse which leads back them to the larger powers for help increases the geopolitical vulnerabilities. These states often find themselves caught between competing interests of larger nations, leading to a loss of autonomy in decision-making processes. Furthermore, the rise of non-state actors, such as transnational corporations and terrorist organisations, exacerbates the security dilemma for small states, as they lack the capacity to effectively counter these asymmetric threats on their own. Although there are examples of the small states enjoying the manoeuvrability between two or many powerful countries, few small states have actually been successful with any consequences.⁸³ The resource-strapped small states frequently become less valuable coalition partners and even be a burden to the larger state.⁸⁴ The limited foreign policy and diplomatic apparatuses in a small state not only make them vulnerable politically, strategically or militarily, but they are usually downsized in the economic negotiations by the larger state.⁸⁵ Later, the treaty reform for the small states becomes a non-achievable task owing to their structural constraints.

Nevertheless, small states have been resilient to the challenges and have been the survivors in the international system. There is a wide range of resilience that the small states show towards the geopolitical complexities. Historically, they have either remained neutral or joined alliances, or bandwagon or balance.⁸⁶ The subversion to a dominant power seems a common empirical example or typical small state behaviour. However, the question largely remains unanswered about why they choose to do so but with many examples. Lake (2009) gives a typical example of Dominican Republic being subordinate to the USA, in return for the economic benefits and security from the external threats.⁸⁷ Additionally, many Pacific Island

countries have followed the same fate as Dominican Republic for their survival and sustenance.

Neutrality is an astute choice for the small states for resilience when there are fluctuations in the international system. The neutrality by a small state and its respect by the powerful nations depends on their ability to depict the level of neutrality in contentious situation. Many scholars like Karsh (1988) and Deudney (2007) have referred to this strategy as *hiding*.⁸⁸ In times of tensions, neutrality could be the only reasonable choice for the small states and also deescalating the tensions between hostile powerful nations. This has been referred to by many like Walt (1987), Levy (1989) and Labs (1992) as the process of bandwagon by the small states.⁸⁹ Due to the resource constraints of the small states, they are not able to be a string balancing actor against the aggressor.⁹⁰ Thus, this is the opposite behaviour that a Great Power and a small state do depicting a perfect example of different foreign policy choices for them.

Later, when the threats started to be nuclear, the small states have chosen to be aligned with the dominant powers. The military structures like NATO have always acted as a safe space for them when a dominant state has guaranteed their safety through treaty obligations.⁹¹ By increasing to an alliance, the small states maximise their power by joining a stronger power against another.⁹² It has acted as a deterrence for small states particularly during the Cold War and even after. The alliances provide the small states the ability to restrain the partners through treaty obligations. It also helps the small states to decrease the defence budget effectively providing them with access to resources and technological support.⁹³ Not only strategic, but the economic benefits can also be reaped by the small states through these alliances.⁹⁴ Small states are often said to seek shelter to address their economic, political and societal needs, a concept which encompasses alliance relationships with larger states and participation in international or regional organisations.⁹⁵ This arrangement allows small states to mitigate their vulnerabilities by leveraging the diplomatic, military and administrative support offered by larger entities.⁹⁶ Additionally, such partnerships facilitate economic integration and provide crucial assistance during times of crisis, while also granting access to innovations, cultural exchange and ideas that may otherwise be beyond the reach of a small population acting independently.

Another different way in which the small states pursue their interest is through the creation of norms or lobbying. For instance, they may advocate for the promotion of international norms such as human rights, environmental protection and disarmament through diplomatic channels and participation in multilateral forums. By actively championing these norms, small states can elevate their global standing, attract support from like-minded partners and carve out a niche for themselves as principled actors on the world stage, thus bolstering their resilience against external pressures. Also, few resource-rich Gulf countries and Nordic states often engage in lobbying efforts to safeguard their survival and advance their interests in the international arena. For example, they may leverage their natural resource wealth to cultivate strategic partnerships with powerful states and multinational corporations, advocating for favourable trade agreements and investment incentives.⁹⁷

Additionally, resource-rich small states may actively participate in international organisations and forums to shape policies and regulations that protect their resource extraction industries and ensure a steady revenue stream for economic development.⁹⁸

However, it is important to understand the varied nature of the smallness among the states. It would not be wise to put the strategies employed by all the small states into the same basket. But, the strategies discussed above are the common strategies the small states employ, which have been discussed in the small states literature. The strategic options and choices for the small states may be unique for their own cases. From the framework in analysing the smallness of a state, it has been clear that the all small states cannot be considered weak. Thus, it is important to comprehend the unique geopolitical vulnerability and resilience of each small state.

Situating the South Asian Small State in the Debate

The small states are unique and complex actors of investigation, and describing a state as small is academically a challenging task. Moreover, developing a framework for regional explanation of smallness in a state is problematic. However, this section attempts to introduce the South Asian small states with the analysis of individual small states about how they are small. While analysing the small states, characteristics of each South Asian small state shall be elaborated briefly which could elucidate the diverse characteristics in a small state. Notably, the fate of being at the geostrategic and geographic crossroads of China and India situates them as a small state. The foreign policy behaviour and diplomatic choices are largely confined to the relation of these neighbours and, to an extent, the extra-regional actors.

Nepal, a landlocked state sandwiched between India and China, derives its smallness from the relative positioning between these two Asian giants.⁹⁹ This makes the geography of Nepal relatively small, and situating it in a geographically difficult situation. This geographical location of Nepal where the Himalayas prevent its trade with China has increased trade deficit with India creating asymmetric dependency.¹⁰⁰ Nevertheless, increasing trade relations with China, due to structural constraints of Nepal, has not been able to maintain trade balances but the asymmetric dependence seems to be shifting to the country's southern neighbour.¹⁰¹ Equally, Nepal as a Himalayan state is susceptible to the climate change, open border with India makes it vulnerable to terrorism and transnational crimes. Nepal does not have institutional, policy and structural capacity to counter these threats.¹⁰² Although the construction of smallness in Nepal is historical, the present construction of smallness can be understood because of its positioning.

Similarly, Bhutan is also a landlocked country between China and India as well. However, the country's smallness derives from asymmetric dependence on India beyond economic factors.¹⁰³ Certainly, the country's economy is largely dependent on India and, to an extent, the security and foreign affairs of the country. Surprisingly, Bhutan does not have diplomatic relations with China but is inflicted with border disputes. For India, Bhutan is a crucial partner in the Himalayan region when it comes to dealing with China, thus maintaining a close ties with the country.¹⁰⁴

Bhutan expresses strict neutrality during the cases of conflict between India and China; however, India seems to be the first to react to Bhutan's protection of sovereignty in the times of incursion by China.¹⁰⁵ Although Bhutan has chosen alternative pathways such as Gross National Happiness and projects itself as a carbon negative country in the world, the economic and security dependence on India has limited its autonomy creating a smallness for Bhutan.¹⁰⁶

Sri Lanka, geographically not between India and China, has been in precarious situation of geopolitical tensions between them. Not only have the Asian giants; India and China, but because of Sri Lanka's location on a strategic pathway in the Indian Ocean, the extra-regional actors have exerted influence.¹⁰⁷ The incapability of Sri Lanka due to its resource constraints as well as because of endogenous actors trying to secure internal power has led to the smallness for the country.¹⁰⁸ The vulnerabilities of the country have led to the experience of debt trap and entombed itself into the crossfires of powerful states.¹⁰⁹ The smallness of the country is seemingly originating from the endogenous factors. Likewise, another archipelago country, the Maldives, is presently sharing the same fate like Sri Lanka. The country has not been able to balance the geopolitical tensions between China and India. As geographically proximal and having been under the sphere of influence to India, Maldives, presently, has been in conflict with India and has grown closeness to China.¹¹⁰ Maldives have also received tremendous amount of assistance from China, and the structural constraints that it has might lead to the same fate as Sri Lanka. Hence, the smallness of Maldives naturally arises from geographical limitations but also with the endogenous inability of the actors to properly manage the geopolitical tensions.¹¹¹

Unlike all other small states, Bangladesh's smallness needs to be looked through a renewed perspective. Escaping the smallness, Bangladesh has been an example for many by employing strategic pragmatism, economic growth and diplomatic assertiveness.¹¹² Bangladesh, despite facing significant economic hurdles and boasting a substantial population, has risen as a prominent force in its region by capitalising on its advantageous geographic position, demographic dividend and expanding economic influence.¹¹³ By implementing strategies like the Look East Policy and engaging actively in regional platforms such as BIMSTEC, Bangladesh has effectively surpassed the constraints typically associated with its status as a small state, establishing itself as a pivotal actor not only within South Asia but also on the global stage.¹¹⁴

Overall, the South Asian small states can be situated into the debate of small states in a unique manner. These small states show a different characteristic in regard to other small states. Interestingly, there have been few attempts to analyse the smallness in among states in South Asia but not adequately to disrupt the academic discussion of small states which it is capable of. The book is not the wholesome study of small states in South Asia but is focused on Nepal as a small state. The survival strategies of the small states in South Asia have been unique as compared to small states in other parts of the world. Nepal, with a long history of state formation compared to other small states in South Asia, has dealt with survival and sustenance for very long. By elucidating the small state practices of Nepal for its existence and endurance, the book attempts to provide a new perspective.

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2 Evolution of Nepal as a State

The idea of “state,” now, a central concept to International Relations (IR), has been under scrutiny for many years by different thinkers. The state has been a dynamic entity as well as a concept; but the question “what is a state?” remains largely open to, hopefully, a correct answer. The general theory of state (*allgemeine staatslehre*) identifies three main elements of state, which are *clearly* demarcated territory, politically organised apparatus with powers and permanent or stable population.¹ Helmut Willke (1992), a German Sociologist, adds characteristics to state power: *zwang* (violence), *recht* (law), *geld* (economy/money) and *wissen* (knowledge).² Many years before these discussions, the idea of sovereignty and social contract have played an important role in development of the idea of a state. Machiavelli in *The Prince* legitimised the absolutism, which later was changed by the Treaty of Westphalia in 1648.³ Nevertheless, the idea of state did not stop evolving with liberal and revolutionary versions provided by political thinkers like Thomas Hobbes (1588–1679), John Locke (1632–1704), Jean-Jacques Rousseau (1712–1778), Kant (1724–1804), Hegel (1770–1831) and Marx (1818–1883).

As American Political Scientist Charles Tilly posed a critical question on construction of state, which is “is the formation of state independent?” and “does [the influence] comes from inside or outside?” remain crucial in understanding evolution of any entity as a state.⁴ The common phenomenon that exists in the formation of any state is *violence* through different means and degree.⁵ Tilly contended that states emerged as a result of elites’ efforts to monopolise control over violence within a territory, consolidating power through institutions and social structures.⁶ The causes of this violence can be described by many through different angles, as Samuel P. Huntington through *cultural differences* and Paul Kennedy via *unequal economic growth*.⁷ Additionally, the segmented social organisations, in a relatively egalitarian society, through kinship or socially stratified societies based on division of labour, humans had used tools of combat for the extension of power, and ultimately, creation of the state.⁸ Whatever the explanations, development of an entity as a state can be seen through different perspectives, which make it really interesting.

Presently, the non-Western concepts have entered into the discussions creating an alternative realm in the idea of state and its formation. These studies have been focusing on a proper universal inquiry and even called for delegitimising the

philosophy of power and statehood. This perspective focuses more on the idea of political *not* constituting as a “one” or whole, that is, criticising the monolith idea of state.⁹ These notions have urged to view the neglected ideas of power, not completely disbanding the idea, as it seems that the non-Western process of formation of state also constitutes violence or coercion.¹⁰ Notably, the westphalian idea of delineated territory or *wall* building has been replaced by the ideas of fluid transnational imaginaries or spaces by the non-western thinkers.¹¹ Finally, the concept of violence in the state-making process has been contested and has been posited on the capacity of humans to self-organise or self-engage in the process.¹² However, an alternate or critical view on the western ideas of statehood is necessary; it has not been highly developed.

With the notions of inquiry on formation of states, this chapter focuses on the evolution of Nepal as a state. Nepal started as an “[...] organism, as a person [...],” as McCloskey mentioned for a state development process, needs an examination of its evolution.¹³ The country has gone through different developments throughout history aiding towards the statehood. This can be discussed through the lenses of both Western and non-Western perspectives. Violence has been core to Nepal’s growth as a nation. Whether it be war or internal power politics, the use of force has been recurring phenomena in the country’s history. The elites, be the Kings or Prime Ministers or communist comrades or democratic leaders, through their revolutions or civil wars or people’s war have changed continuously Nepal’s identity. Likewise, religion has played an important role in shaping country’s evolution as a state. External factors mainly including the geopolitical circumstances have occupied a decisive role. Thus, the following sections shall dwell into the evolution of Nepal as a state.

Crafting Modern-Day Nepal: *Expanding from a Principality*

The ancient history of Nepal can be traced back too many centuries behind and has been found by historians that it had a unique civilisational development.¹⁴ In the mystic lands below the Himalayas, many rulers and kings of different dynasties have administered the land with different philosophical and practical underpinnings. Although an interesting history, this chapter shall not focus on the ancient history or medieval history of Nepal. This chapter shall discuss the making of modern-day Nepal after the late seventeenth or early eighteenth century. The Kathmandu Valley certainly has history of urban civilisation more than 2,000 years old but Nepal’s history as a unified state began around 200 years ago. This is thought to be important for enquiry because of the deep-rooted impact on tangible or intangible aspects of modern-day Nepal.

Like any other state-making process, Nepal’s growth as a state has both internal and external causes. The central focus of the country’s growth from a principality to modern-day Nepal has been King Prithvi Narayan Shah.¹⁵ Although the politics of history dictates the one in the power to narrate the future alums of what happened and what did not, there’s an agreement among public and historians that one individual (here, Prithvi Narayan Shah) played an important role but also left some

spaces to be critical. *Expansion* has always been central to the rulers back then and is equally true for Nepal. The idea of acquiring land in the history of Nepal plays a crucial role, particularly signifying power/wealth of a ruler, which transcends to the present-day era among common people as well.¹⁶ However, the means of expansion remained limited to the rulers back then; resort to violence has been core to the strategies.¹⁷ Overall, the formation of Nepal as a state equates with the necessary war-making in the history.

The ambition and motivation of King Prithvi Narayan Shah to expand boundaries of his principality beyond the Trishuli River after his accession to the throne in 1743 continuously went on entering Kathmandu Valley and capturing Kathmandu on 25 September 1768 and finally seizing Bhaktapur in the following December.¹⁸ In between, he fought several battles with neighbouring principalities and employed traditional *balance of power* strategies.¹⁹ His Machiavellian political skills combined with non-western conciliation and intimidation have put him above other rulers. Before his death in 1775, he annexed all of modern-day eastern Nepal and much of modern Sikkim as well. In the span of merely 30 years, a small hilly principality had turned into a huge nation.²⁰ This huge expansion did not come at a low cost on Gorkha's and other annexed principalities. Like every wars, this war had consequences; and is vicious. Therefore, state-making process started with war-making practices simultaneously for Nepal. However, the one upon whom the power is exercised is not usually as important as other power-holders.

Not only Charles Tilly, but the traditional political philosophers like Hobbes and Machiavelli have also put states' practices of monopolising violence, to an extent, threat as well.²¹ The meaning of violence here is not under scrutiny to be considered as legitimate or illegitimate, but only as a means and threat as justification by the rulers.²² King Prithvi Narayan Shah and his predecessors used violence as a state-making means and it was only the option available to them at that time. Nevertheless, this rapid expansion comes with a challenge of maintaining stronghold in the annexed areas as well as creating legitimacies. This task is accomplished by the rulers through the concept of protection against perceived threat.²³ To this extent, Nepal's geographical positioning has always placed the country with potential threats. The power Qing Empire in the North, Mughals and Marathas in the Indian sub-continent and the growing power of the East India Company did not leave the rulers with less justification of their violence against threats.²⁴ The threat from the outside element, that is, the Mughals and East India Company, were realised when Mir Kasim of Bengal in 1763 supported the valley and the Company interrupted the trade in 1767.²⁵

Notably, important role in crafting of Nepal as a state is played by *Dibya Upadesh*, a political testament given by King Prithvi Narayan Shah few months before his death. The dictation of strategies in the text acts as Nepal's indigenous knowledge. It identified the country's identity, threat, expansion, legitimisation and even functioning.²⁶ This text prepared a narrative for generations regarding the justification of use of war-making strategy as state-making strategy implying it as a design to forestall the advance of colonialism.²⁷ A touch of Hindu religion in the justification of expansion through elimination of fractious rivals positioned

sovereign kings as noble, eminent and logical.²⁸ This even monopolised power and protection onto the sovereign kings and justified actions taken by them. The future actions by the rulers after King Prithvi Narayan Shah by *Dibya Upadesh* making it a crucial document in Nepal's crafting as a state.

After King Prithvi Narayan Shah's death, his son Pratap Singh Shah ascended the throne in 1775.²⁹ This era is known for the start of internal violence and factionalism as King Pratap Singh Shah died in 1777, leaving his infant son Rana Bahadur Shah on the throne.³⁰ The widow Queen Rajendra Laxmi and Pratap Singh's brother Bahadur Shah vied for regency of the throne.³¹ Under Bahadur Shah's regency, the state expanded west to Gandaki and Karnali River basins and beyond to Kumaon and Garhwal (now part of Indian state of Uttarakhand).³² In few decades even after death of King Prithvi Narayan Shah, the principality expanded to one of the powerful entities in the Indian sub-continent. The expansion even led to the troops crossing the passes in the Himalayas to Tibet fighting the Chinese troops.³³ The threats were pre-eminently dominant as explained with violence being at the central of alternatives to be chosen from. This centrality continued depicting Nepal's expansionist policies (war-making) as part of growth as a nation. In few decades, a small principality turned into a huge nation, actually double than the present size, also uplifting it as a major player in the Indian sub-continent.

Nepal's expansion from a small Gorkha principality in the hills into a formidable state in the late eighteenth century exemplifies centrality of state-making process which keeps war-making, threat building and resort to violence. Under the leadership of Prithvi Narayan Shah, the Gorkha kingdom pursued aggressive military campaigns to unify disparate principalities in the region. This process involved the systematic use of force to eliminate rivals and consolidate power, reflecting Tilly's notion that states are fundamentally built through coercive means. Additionally, as the Gorkha leaders expanded their control, they established structures and mechanisms of control to support their growing military ambitions, illustrating state-making necessitates the creation of institutions to extract resources and maintain order. The Gorkha conquest and subsequent unification of Nepal thus highlight the interplay of warfare, coercion and expansion in the formation of modern states.

Monarchical Foundations: The Role of *Kings* in Nepal's State-Building

In the state-making process, kings and princes have historically played roles that vary dramatically in strength and effectiveness. Some monarchs emerged as strong, decisive figures who actively shaped the development of their states.³⁴ For instance, Louis XIV of France centralised power and implemented reforms that strengthened the state's administrative and fiscal capabilities, reinforcing his position as a dominant ruler.³⁵ In contrast, other kings and princes have been mere puppets or weak characters, heavily influenced or controlled by more powerful advisors, nobility or foreign powers.³⁶ Such was the case with the later Romanov tsars in Russia, where figures like Rasputin gained significant influence, or in the fragmented Holy Roman Empire, where emperors often lacked the authority to enforce their will

over semi-autonomous principalities.³⁷ These weaker rulers frequently struggled to assert control, leading to fragmented or unstable states.

In Nepal's state-building process, the role of kings can be philosophically viewed through the lens of leadership efficacy and the dialectic of power and legitimacy. Kings like Prithvi Narayan Shah, who spearheaded the unification of Nepal in the eighteenth century, exemplify the archetype of the strong ruler whose vision and military acumen transformed a fragmented region into a cohesive state.³⁸ His ability to consolidate power and establish a central administration laid the foundation for a unified national identity.³⁹ In contrast, subsequent kings varied in their effectiveness, with some being perceived as weak or overly dependent on court factions and external influences.⁴⁰ These less assertive monarchs often struggled to maintain the coherence and stability of the state, highlighting a philosophical tension between the ideals of centralised, authoritative rule and the practical challenges of governance.⁴¹ The oscillation between strong and weak kings underscores the delicate balance between authority and vulnerability in statecraft, where the legitimacy of the monarchy is continually negotiated through both effective leadership and the socio-political dynamics of the time.⁴² This interplay of strength and weakness in kingship reflects broader philosophical questions about the nature of power, the role of individual agency in history and the perpetual quest for political stability.⁴³

However, the idea of the king in Nepal is deeply interwoven with the country's historical, cultural and political tapestry, symbolising both unity and sovereignty. Whether it be a King with strong political acumen and personality or weak ones being manipulated by regent or Prime Ministers, King has always been put at the centre of political legitimacy.⁴⁴ Traditionally viewed as the unifier and protector of the nation, the king's role has been emblematic of divine right and national identity, starting with Prithvi Narayan Shah, who established the foundation of modern Nepal through military conquest and statecraft.⁴⁵ This image of the king as a strong, central figure persisted, encapsulating the hopes and aspirations of the people for stability and prosperity.⁴⁶ However, the monarchy's fluctuating fortunes also reflect the complexities of power dynamics, with periods of strong leadership juxtaposed against times of weak or puppet kings who struggled with internal strife and external pressures.⁴⁷ This duality highlights the philosophical tension between the idealised, almost sacrosanct role of the king and the pragmatic challenges of governance.

Among many, King Prithvi Narayan Shah is portrayed as a visionary and heroic unifier in Nepal's history, celebrated for his pivotal role in transforming a fragmented collection of principalities into a unified nation. His strategic military campaigns, diplomatic acumen and administrative reforms are documented in various historical texts and folklore, solidifying his image as a strong and decisive leader, most certainly having an impact on future generations. His *Dibya Upadesh* acts as a reminder of strategies for survival and sustenance of the country as well as the identity of Nepal. In present-day Nepal, Prithvi Narayan Shah is revered as the symbol embodying national unity and resilience. His legacy is commemorated in the Republic of Nepal as well whenever political instability and unpredictability occur in foreign relations. However, Nepalese monarchs have exhibited weaker

leadership, often being manipulated by powerful court factions and external influences. King Rana Bahadur Shah, for instance, was dominated by his prime minister and palace intrigues, while his son, King Girvan Yuddha Bikram Shah, ascended to the throne as a child and remained under the control of regents and the influential Bhimsen Thapa.⁴⁸ Similarly, King Rajendra Bikram Shah's reign was marked by manipulation from the ambitious Jung Bahadur Rana, who eventually established the Rana dynasty, reducing the monarch to a figurehead.⁴⁹ And, subsequent Rana Prime Ministers ruled for more than a century making Kings of Nepal as a marionette. These kings' inability to assert authority rendered them susceptible to exploitation by powerful courtiers and foreign powers, undermining the monarchy's stability and leading to prolonged periods of political turbulence in Nepal.⁵⁰

King Tribhuvan's role in the introduction of democracy in Nepal is often remembered for his resistance against the autocratic Rana regime, aligning with democratic forces to restore royal authority and introduce democratic reforms.⁵¹ Despite his intentions, his reign saw limited direct control, as he was often influenced by both the Rana leaders and emerging political factions seeking greater power.⁵² In contrast, King Mahendra, Tribhuvan's son, is portrayed as a more assertive and controversial figure, but praised by many for his role and remembered him for his direct rule.⁵³ After initially supporting the nascent democratic system, he swiftly dissolved the parliamentary government in 1960, citing inefficiency and corruption. Mahendra then established the Panchayat system, a party-less political structure that centralised power in the monarchy and restricted political freedoms.⁵⁴ This move showcased his desire for absolute control and his ability to manipulate political narratives to maintain dominance. Mahendra's legacy is mixed; he is credited with modernising Nepal through various developmental projects, yet criticised for stifling democratic progress and entrenching autocratic rule, and setting the stage for future political unrest.⁵⁵

Furthermore, King Birendra is often remembered as a benevolent and progressive monarch who sought to balance traditional monarchy with democratic aspirations in Nepal. His reign marked significant political milestones, including the 1990 People's Movement, which led to the establishment of a constitutional monarchy and multiparty democracy.⁵⁶ Birendra's image as a compassionate and wise leader has been deeply ingrained in Nepalese consciousness, further solidified by the tragic assassination of him and his family in the 2001 royal massacre.⁵⁷ This event profoundly shocked the nation, casting a lasting shadow over Nepalese society and ensuring Birendra's enduring legacy as a martyr for the people.⁵⁸ Conversely, King Gyanendra, who ascended the throne following the massacre, is viewed more controversially. His decision to dissolve the parliament and assume absolute control in 2005 led to widespread unrest and the eventual abolition of the monarchy in 2008.⁵⁹ Despite this, there has been a resurgence of monarchical sentiments in Nepal in recent years, driven by disillusionment with the current political instability and corruption.⁶⁰ Many Nepalese nostalgically recall the relative stability and national unity during the monarchy, prompting some to advocate for its restoration as a solution to the nation's ongoing political and economic challenges.

The Rana Regime: Shaping Nepal's Statehood

The Rana regime, which ruled Nepal from 1846 to 1951, was characterised by its autocratic and oligarchic governance, with power concentrated in the hands of the Rana prime ministers and their families. This era began with Jung Bahadur Rana's rise and was marked by the systematic side-lining of the monarchy, reducing the kings to figureheads while the Ranas held actual power. The Ranas established a hereditary prime ministership, creating a tightly controlled, centralised administration that prioritised their interests over those of the broader populace.⁶¹ Their governance style was highly conservative, maintaining strict social hierarchies and limiting political freedoms to prevent any challenges to their authority.⁶² It has been stated by Leo E. Rose and Bhuwan Lal Joshi that "[The] Rana political system was undisguised military despotism over the King and the people of Nepal."⁶³ In terms of foreign relations, the Ranas maintained a pro-British stance, leveraging this relationship to secure their rule and gain British support, which helped stabilise their internal dominance.⁶⁴ This regime implemented some modernisation efforts, like infrastructure development, but largely neglected broader socio-economic reforms, leading to widespread poverty and underdevelopment.⁶⁵ However, the Rana rule finally ended following a popular movement and the return of King Tribhuvan, who sought to restore the monarchy's authority and introduce democratic reforms.⁶⁶

The rise of Jung Bahadur Rana and subsequent Rana prime ministers in Nepal can be understood through the lens of state-building as a process of consolidating power through coercion and control. Jung Bahadur's ascent began with a struggle in 1846, known as the Kot Massacre, where he eliminated his rival political clans such as Chautariyas, Pandes, Thapas and Basnyats and that of King Rajendra Bir Bikram Shah and Queen Rajya Laxmi Devi and established a regime that centralised authority under the Rana family.⁶⁷ This consolidation of power involved the strategic use of military force and the creation of a loyal administrative apparatus to maintain dominance.⁶⁸ The Ranas institutionalised their rule through a hereditary prime ministership, ensuring a tight grip on the state's mechanisms and resources.⁶⁹ They maintained their power by suppressing dissent, manipulating the monarchy to serve their ends and fostering a strong relationship with the British, which provided external support and legitimacy.⁷⁰ By monopolising violence and administrative control, the Ranas exemplified the process of state-building where stability and authority are achieved through coercive means and the strategic manipulation of both internal and external forces.

The Ranas played a crucial role in shaping Nepal's statehood through their adept handling of foreign relations, particularly with the British after the Anglo-Nepal War (1814–1816).⁷¹ Following their defeat, Nepal signed the Treaty of Sugauli, ceding significant territories to the British. However, Jung Bahadur Rana, who seized power in 1846, skilfully navigated this precarious relationship to Nepal's advantage. He visited Britain in 1850, establishing a personal rapport with British officials. Jung Bahadur Rana played a pivotal role in suppressing the Sepoy Mutiny of 1857 by providing crucial military support to the British, which earned

him their favour and led to the partial restoration of Nepal's lost territories, namely Banke, Bardiya, Kailali and Kanchanpur, known as *Naya Muluk*.⁷² This period marked the beginning of a stable and mutually beneficial relationship, where Nepal acted as a buffer state between British India and China.⁷³ The Ranas ensured that their pro-British stance secured political support and military aid, which reinforced their internal dominance and provided a semblance of stability essential for state-building.⁷⁴

Many criticise Jung Bahadur for having this approach as well, but it was a strategy of survival necessary for the country to put itself into an independent state's position. Rana's symbolic elevation of Nepal's position among the independent countries was shown by Rana Prime Minister Chandra Shumsher in his visit to Britain in 1908.⁷⁵ Before Prime Minister Chandra Shumsher's attendance at the Delhi Durbar, his designation during the British visit had been pre-determined.⁷⁶ He was unwilling to be considered on par with an Indian prince, while the British were equally insistent on not granting him the title of ambassador, as this would imply recognising Nepal's independent status.⁷⁷ After extensive correspondence, Chandra Shumsher himself suggested a compromise in a personal letter to the viceroy's staff which states:

I have decided not to make mention of the word Ambassador, Envoy or Representative. In the *Kharita*⁷⁸ from the King to the Viceroy my designation should be Maharaja Prime Minister and Marshal of Nepal, and representative of His Sovereign the Maharajadhiraj.^{79,80}

When presented to King Edward VII on 11 May 1908, Chandra Shumsher was addressed by him as *Maharaja*.⁸¹ This one instance makes tangible and symbolic shaping the independent statehood by Rana Prime Ministers.

The Ranas also employed unique forms of diplomacy to maintain and extend their influence. *Sikar* (hunting) diplomacy involved inviting British and Indian dignitaries on elaborate hunting expeditions, fostering close personal and political ties.⁸² The Prince of Wales (later King Edward VII) in 1876 and Lord Curzon in 1901 were invited for hunting trip to thick jungles of Nepal. This consolidated personal relationships between Rana Prime Ministers and Britain as a whole. During Prime Minister Chandra Shumsher's visit to London, King Edward VII mentioned his remembrance of hunting with Jung Bahadur Rana.⁸³ Also, another Rana strategy entailed bestowing lavish gifts to foreign officials, securing favourable relations and reinforcing Nepal's status as a sovereign state.⁸⁴ These diplomatic efforts not only enhanced the Ranas' power but also helped shape Nepal's identity and autonomy in a complex geopolitical landscape.⁸⁵ Through these varied and strategic foreign relations, the Ranas significantly contributed to the consolidation of Nepal's statehood, ensuring its survival and recognition as an independent entity amidst powerful neighbours. The Ranas' diplomatic acumen was further demonstrated during the First and Second World Wars when Nepal provided military support to the British, earning goodwill and strengthening their international standing.⁸⁶ This participation showcased Nepal as a reliable ally and a sovereign entity capable of independent action, further solidifying its statehood.

In dealing with Tibet and China, the Ranas maintained a delicate balance. While Nepal had historic trade and cultural ties with Tibet, the Ranas leveraged their relationship with the British to assert Nepal's interests. This was evident in the Tibet-Nepal War of 1855–1856, where Nepal emerged victorious and imposed the Treaty of Thapathali, ensuring favourable trade terms and annual tribute from Tibet.⁸⁷ These actions not only bolstered Nepal's economic position but also reinforced its strategic importance in the region. However, Rana Prime Ministers always seemed to be interested in deepening the relationship with British.⁸⁸ Prime Minister Chandra Shumsher assured Lord Curzon that he would ignore Nepal's obligation under the 1856 Treaty with Tibet, which mandated Nepal to aid Tibet if it faced a foreign invasion.⁸⁹ Thus, it can be clearly stated that in slightly over a century of ruling Nepal by Rana family, they not only have been autocratic rulers but they have certainly helped in shaping the country's statehood. It does not mean that their disregard for democratic freedom can be justified, but their role in state-building process cannot be ignored.

Nepal as a Hindu Kingdom: A Religious Identity of Nepal

During Nepal's nation-building stage, the Hindu religion played a pivotal role in shaping the country's identity, fostering a sense of unity and cultural coherence. The promotion of Hinduism as the state religion underpinned the centralisation efforts, reinforcing the legitimacy of the monarchy and the ruling elites, who often claimed divine support for their authority.⁹⁰ This religious foundation helped integrate diverse ethnic and linguistic groups by creating a shared cultural framework, despite underlying social hierarchies and exclusions.⁹¹ The emphasis on Hindu rituals, festivals and symbols in public life and governance strengthened a collective national consciousness centred on Hindu values and norms.⁹² However, this also led to the *Hinduisation*⁹³ process of non-Hindu communities, contributing to social stratification and resistance among various ethnic groups, which has had lasting implications for Nepal's social dynamics and political landscape.⁹⁴

The symbolisation of the king in Hinduism has profoundly intertwined the identity of the Shah dynasty with that of Nepal, creating a synonymous relationship that has been central to the nation's self-conception.⁹⁵ The Shah Kings were often revered as incarnations of Vishnu, a narrative that reinforced their divine right to rule and positioned them as earthly representatives of Hindu gods.⁹⁶ This sacred status was vividly embodied in rituals like the coronation ceremony, which involved the king receiving tika (a mark on the forehead) from the Kumari, a living goddess, symbolising divine endorsement.⁹⁷ The monarchy's association with major Hindu festivals, such as Dashain, further cemented their role as protectors and patrons of the faith, fostering a deep connection between the dynasty and the religious life of the nation.⁹⁸ King Prithvi Narayan Shah's encounter with the revered sage Guru Gorakhnath, who blessed him and predicted his future success, imbued his military conquests with divine sanction, portraying them as part of a larger, spiritually ordained mission.⁹⁹ This narrative not only legitimised his efforts to unify Nepal but also framed his campaigns for modern Nepal as fulfilling a religious prophecy, reinforcing his authority and moral right to rule.¹⁰⁰ This blending of spiritual

and temporal authority helped the Shah dynasty to legitimise their rule and unite the diverse populace under a common religious and cultural heritage, making the image of the king an integral part of Nepalese identity.¹⁰¹

Similarly, the caste system played a crucial role in emphasising the king's position within the Hindu identity of Nepal, solidifying the social and religious hierarchy that underpinned the monarchy's authority. The Shah Kings were positioned at the top of this hierarchy, often identified with the Thakuri sub-caste, a status that conferred both political legitimacy and divine favour. The Thakuri caste, purportedly descending from the Kshatriya warrior class, was specifically constructed to elevate the Shah dynasty's status, portraying them as noble and divinely ordained rulers.¹⁰² This sub-caste distinction reinforced their superiority over other castes, embedding their rule within the sacred order of Hindu society.¹⁰³ The Ranas, who later came to power, adopted the Thakuri identity to legitimise their own rule, using the same caste-based rationale to justify their dominance.¹⁰⁴ By intertwining caste identity with kingship, the Shah dynasty and subsequently the Ranas entrenched their positions at the apex of the socio-political structure, reinforcing the Hindu identity of the nation and their role as its protectors and leaders.¹⁰⁵

Moreover, the Hinduisation of indigenous communities in Nepal, often referred to as the process of Sanskritisation, involved the gradual adoption of Hindu customs, rituals and social norms by various ethnic groups traditionally outside the Hindu caste system.¹⁰⁶ This cultural assimilation was driven by political and social pressures, as well as the allure of higher social status and integration into the mainstream society dominated by Hindu values.¹⁰⁷ Over time, indigenous practices were reinterpreted or replaced with Hindu traditions, and local deities were assimilated into the Hindu pantheon, creating a homogenised cultural identity centred on Hinduism.¹⁰⁸ This process significantly impacted the psychology of the Nepalese masses, fostering a collective national identity deeply rooted in Hindu beliefs and practices.¹⁰⁹ The pervasive influence of Hinduism in public life, from festivals to the legal system, reinforced the notion of Nepal as a Hindu kingdom, shaping social behaviours and attitudes to align with Hindu ideals and perpetuating the dominance of Hindu cultural hegemony across the diverse population.¹¹⁰

Even after Nepal's transition to a secular state in 2008, the Hindu identity remains deeply embedded in the national psyche and continues to be a source of national pride.¹¹¹ The enduring presence of Hindu rituals, festivals and cultural practices in public and private life reflects the deep historical and cultural roots of Hinduism in the country.¹¹² The monarchy, historically intertwined with Hindu identity, symbolises a golden era for many Nepalese, who associate the kings with divine favour and national unity.¹¹³ This nostalgic sentiment has fuelled a resurgence of monarchical support, as people recall the stability and cultural cohesion under the Hindu monarchy.¹¹⁴ Despite the official secular status, the collective memory and ongoing cultural practices ensure that Hinduism remains a powerful force in shaping Nepalese identity and politics, often invoked in discussions about national pride and the potential restoration of the monarchy.¹¹⁵

Democracy Defining Nepal's Identity as a State

The growth of the idea of state and democracy has evolved through a complex interplay of philosophical thought, historical events and socio-political movements. Scholars like Max Weber emphasised the state's monopoly on legitimate violence as a defining characteristic,¹¹⁶ while thinkers such as John Locke and Jean-Jacques Rousseau highlighted the social contract as foundational to democratic governance, advocating for the consent of the governed and individual rights.¹¹⁷ The Enlightenment era spurred the proliferation of democratic ideas, culminating in revolutions such as the American Revolution of 1776 and the French Revolution of 1789, which embodied the shift from absolutist states to democratic ones.¹¹⁸ Modern theorists like Robert Dahl have further explored the principles of polyarchy and participatory democracy, emphasising the importance of pluralism and citizen involvement in democratic processes.¹¹⁹ The continuous expansion of democratic ideals has been marked by struggles for universal suffrage, civil rights and the establishment of institutions that promote transparency and accountability, reflecting an ongoing quest to balance state authority with individual freedoms and collective decision-making.¹²⁰

The evolution of democracy as an international norm has been shaped by historical milestones, global conflicts and the influence of international organisations. Following the devastation of the Second World War, the establishment of the United Nations (UN) and the Universal Declaration of Human Rights in 1948 underscored the global commitment to democratic principles, including the protection of individual freedoms and the right to participate in government.¹²¹ The subsequent decolonisation wave saw newly independent states adopting democratic frameworks, further embedding democracy as a preferred governance model.¹²² The end of the Cold War marked a significant shift, with the collapse of authoritarian regimes in Eastern Europe and the spread of democratic ideals through globalisation and international pressure.¹²³ Today, democracy is often seen as a benchmark for legitimacy and stability, with international bodies like the UN, the European Union (EU), and various non-governmental organisations promoting democratic governance as essential for sustainable development and peace.¹²⁴

Similarly, the criteria for a country to be recognised as a state involve both legal and functional dimensions. According to the Montevideo Convention of 1933, a state must possess a defined territory, a permanent population, a government capable of maintaining control and conducting IR and the capacity to enter into relations with other states.¹²⁵ Beyond these legal criteria, international recognition by other states and organisations such as the UN is crucial for a country's legitimacy and ability to participate fully in the global community.¹²⁶ Effective governance, respect for human rights and adherence to international laws and norms further solidify a state's standing and contribute to its acceptance as a legitimate member of the international system.¹²⁷

Although Nepal's state-building process did not start as a democratic movement, democracy has been crucial in the country's nineteenth- and twentieth-century life. As any human's quest for democracy starts with an ambition for the ability to

influence decisions that affect his/her life and desire of a system that ensures his/her rights and freedoms are protected, Nepal's quest for democracy started with same rigour. This yearning often arises from experiencing or witnessing oppression, inequality or the lack of representation under authoritarian or unjust regimes, which exactly what Nepalese experienced in the century rule under the Rana regime. Nepal's quest for democracy started late than the Europeans or Americans, but the journey has been interesting. The democratic journey of Nepal has been marked by a series of transformative events and challenges, reflecting the nation's evolving political landscape.

The initial push towards democracy began in 1951 with the overthrow of the Rana regime, a century-old autocracy, leading to the establishment of a constitutional monarchy and the introduction of parliamentary democracy.¹²⁸ Despite this promising start, the political landscape of Nepal remained unstable, characterised by frequent changes in government, political infighting and a lack of effective governance.¹²⁹ Later, King Mahendra initiated the partyless Panchayat system in 1960, following his dissolution of the parliamentary government, citing inefficiency and corruption.¹³⁰ This move centralised power under the monarchy, effectively eliminating political parties and establishing a highly controlled political structure that curtailed democratic freedoms.¹³¹ The 1990 People's Movement (Jana Andolan) was a critical turning point, culminating in the reinstatement of multiparty democracy and the adoption of a new constitution that significantly limited the powers of the monarchy.¹³² It can be noted that this period, while more democratic in form, still struggled with deep-seated issues such as corruption, political fragmentation and the marginalisation of various ethnic and social groups.¹³³

The early twenty-first century brought further upheaval, as the Maoist insurgency from 1996 to 2006 challenged the existing political order, advocating for radical reforms and the abolition of the monarchy, driven by widespread discontent over social inequality, poverty and political marginalisation.¹³⁴ The decade-long conflict involved intense guerrilla warfare, significant human rights violations and ultimately led to the signing of the Comprehensive Peace Agreement in 2006, paving the way for the abolition of the monarchy and the establishment of a federal democratic republic.¹³⁵ The 2006 People's Movement (Jana Andolan II) marked another watershed moment, leading to the Comprehensive Peace Accord (CPA) and the eventual declaration of Nepal as a federal democratic republic in 2008.¹³⁶ The subsequent drafting and promulgation of the 2015 Constitution represented a significant step towards institutionalising democracy, despite ongoing debates and discontent over issues of federalism, inclusion and representation.¹³⁷ It can be highlighted that while Nepal has made substantial progress towards democratic governance, the journey has been fraught with challenges, including political instability, governance issues and the need for greater social cohesion. The persistent efforts to balance diverse ethnic, linguistic and regional interests within a democratic framework continue to shape Nepal's evolving political landscape.

However, the more important question is how democracy has added to Nepal's identity. Nepal's quest for democratic struggle has significantly shaped its national identity, embedding the values of freedom, equality and representation into the collective consciousness of its people. The repeated uprisings and movements, from

the 1951 revolution that ended the Rana autocracy to the 1990 People's Movement and the 2006 Jana Andolan II, underscore the nation's relentless pursuit of democracy. These struggles have fostered a sense of unity and resilience among diverse ethnic and social groups, transforming Nepal from a feudal monarchy into a vibrant, albeit imperfect, democratic republic.¹³⁸ The adoption of the 2015 Constitution, which enshrines federalism, secularism and inclusivity, reflects the aspirations of Nepalese society for an equitable governance system.¹³⁹ Consequently, democracy has become a cornerstone of Nepal's identity, symbolising both its historical journey and its ongoing commitment to creating a more inclusive and participatory political landscape.

The commitment to democratic principles has facilitated Nepal's integration into the global community, enhancing its diplomatic engagements and participation in international organisations. Nepal's peacekeeping contributions under the UN, its active involvement in regional forums like the South Asian Association for Regional Cooperation or regionalism as a whole and its adherence to democratic norms have bolstered its international reputation.¹⁴⁰ Furthermore, the democratic transition has attracted international support and development aid, contributing to the nation's socio-economic progress. Thus, the democratic journey of Nepal has been instrumental in shaping its modern statehood and fostering its global standing.

Secularism: Nepal Adjusting to the Secular Identity

Nepal's development as a secular state marks a significant shift from its historical identity as a Hindu kingdom, reflecting its commitment to embracing religious diversity and fostering inclusivity.¹⁴¹ The transition began in earnest after the 2006 Jana Andolan II, which led to the abolition of the monarchy and the establishment of a republic. The 2007 Interim Constitution and the 2015 Constitution formally declared Nepal a secular state, ensuring that no religion would be given preferential treatment and that all citizens would enjoy equal rights regardless of their religious beliefs.¹⁴² This move was aimed at addressing long-standing grievances of religious minorities and promoting national unity in a culturally and religiously diverse society.¹⁴³ Secularism in Nepal has allowed for greater freedom of religious expression and has been a crucial step in democratising the nation's social and political institutions. Despite facing resistance from some conservative factions, the commitment to secularism has reinforced Nepal's identity as a modern, pluralistic state dedicated to equality and human rights for all its citizens.¹⁴⁴

However, the idea of secularism, even after more than a decade of its implementation, has been under scrutiny and questioning. Several political analysts and leaders have noted that the introduction of secularism into Nepal's political agenda during the second People's Movement (Jana Andolan II) and its subsequent inclusion in the 2007 Interim Constitution was somewhat abrupt and not widely debated among the general populace.¹⁴⁵ Leaders such as Kamal Thapa, president of the Rastriya Prajatantra Party-Nepal, and Chitra Bahadur K.C., chairman of the Rastriya Janamorchha, have argued that secularism was introduced under significant pressure from certain political factions and international influences, rather than

through a comprehensive national consensus.¹⁴⁶ They contend that this sudden shift overlooked the deeply rooted Hindu identity of many Nepalese citizens and failed to provide a transitional period for public dialogue and adjustment. This has led to ongoing debates and dissatisfaction among segments of the population who feel that their cultural and religious heritage was insufficiently considered in the move towards a secular state.

Nevertheless, the issue of secularism evokes mixed emotions among the Nepalese population, reflecting a nation grappling with its diverse religious and cultural heritage. On one hand, many Nepalese, particularly those from minority religious communities and progressive circles, view secularism as a necessary step towards equality, inclusivity and modernity.¹⁴⁷ They argue that a secular state ensures freedom of religion and protects against discrimination, aligning Nepal with global democratic norms.¹⁴⁸ On the other hand, there is a substantial segment of the population, especially among conservative and traditionally Hindu groups, who feel that secularism undermines Nepal's historical and cultural identity as a Hindu kingdom.¹⁴⁹ The right-wing leaders along with various religious organisations have voiced concerns that the abrupt shift to secularism was imposed without adequate public consultation, leading to a sense of loss and alienation.¹⁵⁰ This tension is further exacerbated by political movements that seek to re-establish Nepal as a Hindu state, highlighting the ongoing struggle to balance tradition and modernity in the nation's evolving identity.¹⁵¹

Nepal's transition to a secular state has sparked a psychological struggle among its masses, reflecting deep-rooted conflicts between tradition and modernity. For many, especially those who grew up with Nepal's identity as a Hindu kingdom, secularism feels like an abrupt departure from their cultural and religious roots.¹⁵² This segment of the population often experiences a sense of loss and displacement, finding it challenging to reconcile the new secular framework with their long-standing beliefs and practices.¹⁵³ Conversely, younger generations and minority religious and indigenous groups tend to embrace secularism as a pathway to equality, inclusivity and international alignment, viewing it as an essential step towards a more progressive and diverse society.¹⁵⁴ This dichotomy creates an ongoing internal conflict, where traditional values and modern ideals clash, leading to a broader societal debate about the country's identity. The psychological struggle is evident in public discourse, political movements and personal sentiments, as Nepalese society navigates the complexities of maintaining cultural heritage while striving for a more inclusive and equitable future.

Conclusion

Nepal's evolution, as a state is a complex tapestry woven from its rich historical legacy, struggles for democracy, and the quest for a cohesive national identity. The country's journey from a unified Gorkha principality under King Prithvi Narayan Shah to a modern democratic republic encapsulates a complex narrative of state-building, cultural integration and political transformation. Initially, the unification efforts of Prithvi Narayan Shah were deeply intertwined with Hindu religious and hilly identity, which served to legitimise his rule and foster a sense

of unity among the diverse ethnic groups within the nascent nation. The symbolic intertwining of the monarchy with Hinduism established a long-lasting association between the state and the Hindu faith, influencing Nepal's cultural and political landscape. This foundation was further solidified during the Rana regime, where strategic foreign relations and a rigid social hierarchy-maintained stability entrenching the ruling elite's power.

The mid-twentieth century marked the beginning of Nepal's tumultuous yet determined quest for democracy. The overthrow of the autocratic Rana regime in 1951 ushered in an era of constitutional monarchy and parliamentary democracy, though it was fraught with instability and political strife. The 1990 People's Movement significantly advanced this democratic aspiration by reinstating multiparty democracy and curtailing monarchical power. However, the rise of the Maoist insurgency highlighted ongoing issues of inequality and exclusion, culminating in the 2006 Jana Andolan II. This second people's movement was pivotal in abolishing the monarchy and declaring Nepal a federal democratic republic in 2008. The 2015 Constitution aimed to institutionalise these democratic gains, though the process of democratisation has been continually challenged by political fragmentation and the need for inclusive governance.

The declaration of secularism in the 2007 Interim Constitution and its reaffirmation in the 2015 Constitution marked a significant shift in Nepal's identity, reflecting a commitment to religious inclusivity and modern democratic values. However, this shift has elicited mixed reactions among the populace. While secularism promises greater equality and protection for religious minorities, it also challenges the deep-rooted association of national identity with Hinduism, creating psychological and social tensions. Nostalgia for the Hindu monarchy persists among certain segments of society, contributing to a complex national discourse on identity and governance. Nepal's ongoing struggle to balance its rich cultural heritage with the principles of modern democracy and secularism underscores the dynamic and evolving nature of its state-building process. As Nepal moves forward, it will need to navigate these historical legacies and contemporary challenges to create a cohesive and inclusive national identity.

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3 Nepal as a Small State

In What Different Ways a State Can Be Small?

Nepal, in the lap of the Himalayas in South Asia, is geographically positioned between two Asian giants—India and China. The country has an area of 147,516 sq. km¹; hypothetical imagination would be, if Nepal were positioned in the European Union (EU), the country would be the ninth largest country in terms of territorial areas. The *size* in defining the smallness of the state becomes tricky. The demography of the country is 29,164,578 as per the 2021 census (with 0.92% growth rate per year).² For Nepal, there was a pick-up in the country's economic performance in the first part of the current fiscal year (FY24) compared to the previous one (FY23).³ This improvement is largely due to the service industry. As a result, the economy is grew by 4.9% in H1FY25, which is a gradual growth from the 4.3% recorded in H1FY24, and better performance than many in the neighbourhood.⁴ Notably, the country has transformed itself into a federal democratic republic nearly two decades ago and a new constitution with governance and administrative restructuring.

It is undoubtedly factual that Nepal is having positive experiences in terms of all aspects; however, it has always been portrayed as a small state. There are many ways through which Nepal has been deemed as a small state. The quantitative criterion has been cited for the smallness of a state, which has been employed for Nepal as well. Among many reasons, the relative size of Nepal's position between India and China can be taken as a reason for smallness invoking locational or territorial vulnerabilities. Likewise, a new idea in the psychological determination of smallness has been introduced among academia. Thus, this chapter shall dwell on the previous literature about how Nepal had been portrayed as a small state, Nepal's relational development of smallness, the discursive positioning of smallness of Nepal and consequently the psychological setting of Nepal by smallness by itself.

The idea of *size* has been related to power and influence in the International Relations (IR).⁵ The smallness has been stigmatised in the international politics and academia. This leads to a question: Is being small shameful? The quantitative view of small states in IR has problematised Nepal's portrayal as well. Many inside and outside of the country think smallness of Nepal as unfair, negative and disapproving. Thus, Nepal's *smallness* requires a careful analysis. This chapter does not answer the questions about the morality of being a small state. It shall add to the existing literature in the academia about Nepal and its smallness by analysing

the smallness through different perspectives. It contributes to a larger literature of small states in analysing the smallness of any country.

Nepal as a Small State in Existing *Knowledge*: A Summary Discussion

The historiography of Nepal's portrayal as a small state is nowhere to be found. This section is to be taken as a summary discussion without pointing out the scholars or scholarly articles about how Nepal's smallness has been depicted. It is not also about the chronological development of ideas on defining Nepal as a small state. It is the cluster of ideas that has been discussed by researchers about the smallness of Nepal. It provides a concise overview that captures the essence of the concepts without delving into detailed attributions, which can be cumbersome in brief overviews. This summary is thought to be important because it allows to quickly grasp the main ideas and trends in representing Nepal as a small state without being overwhelmed by extensive contents or contexts, facilitating easier comprehension and highlighting the collective understanding rather than individual contributions.

The smallness Nepal has acquired can be discussed through novel perspectives. There have been few attempts to do so; however, these perspectives have not been able to make stronghold in academic discussions because of the dominance of the existing knowledge that explains Nepal as a small state. And, the existing knowledge is based on the Western ideas and concepts. There have been huge discussions in existing *knowledge* about the small state syndrome that Nepal exhibits and has internalised. It has been largely argued about the behavioural analysis of Nepal with reference to the external environment. The previous discussions on Nepal's exhibition of small state syndrome as Rothstein (1968)⁶ mentioned have been employed to portray Nepal as small; unfortunately, the new discussions have repeated the same narrative to depict Nepal's smallness but in a new external environment. The geopolitical vulnerability or external security of Nepal has been cited by many. It has often centred on its strategic geopolitical location between the regional powers of India and China, emphasising how this positioning necessitates a delicate diplomatic balancing act.

In posing Nepal as a small state, the academia seems to be sound about the smallness constructed by the people's perception about the nation in not being able to protect itself as stated by Keohane (1969).⁷ However, this idea seems to be deliberately left by scholars, possibly because of the validation risk of their idea. Moreover, the idea of asymmetric relationship with its neighbours, especially India, has been chosen as a reason by few in defining the smallness of Nepal. Some have reached to the idea of explaining it through an anthropological idea of "patron-client" relationship as well. Besides, foreign policy analysis seems to be fashionable among the scholars to depict Nepal as a small state. Nepal's foreign policy of non-alignment, neutrality, equidistance, equi-proximity and others has been named among many as small state syndrome. Also, the analysts have extended Nepal's foreign policy behaviour or choices to balk, bandwagon and balance as the source

of small state practices. These policies adopted by Nepal, however, have been portrayed as the survival strategies in the geopolitically vulnerable environment from history to present day highlighting its efforts to maintain sovereignty and leverage its geopolitical significance.

Nevertheless, some scholars have been adamant in stating Nepal as a small state. This shows the negative connotations that the scholars have with the idea of “small”; this is primarily because of the “weakness” being associated with it. Many in policy-making positions have expressed that the country’s stance should also be of a *defensive nihilism*,⁸ which focuses on the perception that country’s security cannot be maintained by itself. A positive note towards the small state as a whole is lost in the debate, which appears to be busy in emphasising challenges and vulnerabilities. Furthermore, Nepal’s geographical positioning between India and China has been quoted as a reason for Nepal’s smallness by few scholars. However, the domestic politics of Nepal have not been taken into consideration, as well as the role of power elites has not been discussed. This has left the endogenous factor responsible for Nepal’s formation of smallness. The historical analysis of the development of Nepal as small state has also been remised in the existing knowledge.

Nonetheless, it is not the task of this book to justify the right or wrong choices among the scholars to depict or how to portray Nepal as a small state. This chapter tries to put forward a few concepts through which a new ontological perspective can be gained to view Nepal as a small state. In the present but equally absent discussion of smallness in a state, it is an attempt to position a different idea of thought. It would be injustice to say the studies in overall have not been a multifaceted view of Nepal, considering its vulnerabilities and strategic manoeuvres within the broader regional and global context. Every angle of possibility has been examined for Nepal to be portrayed as small, but it has been continued for long. Thus, the following section shall be a varied ontological discussion and epistemological attempt to position Nepal as a small state.

The Idea of Relativeness: Nepal’s Smallness

Closely analysing the discussion on small states, the whole idea of defining, attempting to outline and incapacity to delineate “small state” is surrounded by relativeness. The concept of smallness, thus, becomes subjective and dependent in nature. A state cannot be small in a vacuum; it needs another entity (the state) to determine its existence, and ultimately the smallness. Therefore, the answer to the characteristic of a state to become small is relative to another. The comparison of one small state with another on different extremes cannot be done. A state can be small relative to many categories like military, economy and others, but what makes the comparison justified for a state to be called a small state is the geographical positioning. The geographical position of the country between other countries in a specific continent makes it small or otherwise.

The idea of relativeness in IR, when compared to the concept of smallness, reveals a philosophical understanding that the stature of a state is not absolute but

contextually defined.⁹ A country's perceived smallness is a function of its comparison with others across multiple dimensions, such as economic output, military strength, technological advancement or diplomatic influence.¹⁰ For instance, Luxembourg may be deemed small in terms of population and territorial expanse, yet it wields considerable economic power per capita within the EU.¹¹ This relativity invites a deeper inquiry into the constructs of power and significance, emphasising that a nation's impact and status are not fixed but fluctuates based on the comparative framework employed. Such a perspective encourages a recognition that every state, regardless of its size, contributes uniquely to the global mosaic, challenging rigid hierarchies and promoting a more inclusive and dynamic interpretation of IR. By understanding smallness as a relational attribute, it can appreciate the multifaceted ways in which states navigate and influence the global order, underscoring the importance of context in defining their roles and capacities.

Nepal's smallness is strikingly evident when viewed in relation to its neighbouring giants, India and China. Its geographical positioning between India and China is a pivotal aspect of its identity and strategic significance.¹² Notably, the landlocked geographical fate of Nepal or as John Agnew would call it a "territorial trap,"¹³ which is surrounded by India from three sides and China and the Himalayas at the North, make it difficult for the country in multidimensional aspect. The rugged terrain of the Himalayas not only provides a formidable natural barrier but also limits Nepal's connectivity and accessibility, compounding its reliance on its neighbours for trade and economic sustenance.¹⁴ This unique location forces Nepal into a delicate balancing act; it must navigate the competing interests and influences of India and China, both of whom vie for strategic leverage in the region.¹⁵ Nepal's geographical positioning is both a strategic asset and a challenge, shaping its foreign policy decisions and underlining its relative smallness amid the geopolitical ambitions of its powerful neighbours.

Geographically nestled between these two regional powerhouses, Nepal's economic, military and political capabilities appear modest. India, with its vast economy and extensive military capabilities, and China, with its global economic reach and strategic military advancements, overshadow Nepal's more limited resources and structural incapacities. This juxtaposition highlights Nepal's relative smallness not just in terms of territorial size and population but also in its influence on regional and international affairs.¹⁶ Despite its efforts to maintain sovereignty and leverage its strategic position, Nepal's room for manoeuvre is constrained by the dominant economic and geopolitical interests of its powerful neighbours, which often shape its foreign policy and development trajectory.

The geopolitical landscape further accentuates Nepal's contextual smallness, particularly in scenarios involving regional and extra-regional actors. The nuclear capabilities of India and China introduce a layer of strategic calculus that Nepal, lacking such military prowess, must navigate with caution.¹⁷ Additionally, conflicts and strategic rivalries in the region, such as the India-China border disputes and their respective alignments with other global powers, place Nepal in a delicate position where it must balance relationships carefully to avoid becoming a pawn in larger geopolitical games.¹⁸ Extra-regional actors like the USA and Russia also

influence the regional dynamics, often pulling Nepal into broader strategic considerations that further highlight its relative vulnerability and dependency.¹⁹ Thus, while Nepal strives to assert its agency, the overwhelming economic, military and geopolitical heft of its neighbours and the complex interplay of regional and global interests underscore its contextual smallness on the international stage.

If Nepal was situated in a different continent, its geopolitical dynamics could have been markedly different, potentially altering its status as a small state. For instance, in a hypothetical scenario where Nepal was located in Europe or Africa, it might interact with a different set of neighbouring countries, each with unique economic and political characteristics. This could influence its trade routes, economic dependencies and diplomatic alliances. However, the notion that a country is a “Prisoner of Geography,” as articulated by scholars like Tim Marshall,²⁰ suggests that the geographical context profoundly shapes a nation’s destiny in ways that are not easily altered. Nepal’s strategic positioning between India and China, with its implications for regional security, trade and political influence, is a fundamental aspect of its identity. Therefore, creating hypothetical scenarios can be an intriguing intellectual exercise but often overlooks the deeply ingrained geographic, cultural and historical factors that define a country’s place in the world. Thus, while it is interesting to speculate on how different geographical settings might alter Nepal’s geopolitical reality, such exercises underscore the inescapable truth that geography exerts a powerful and often deterministic influence on a nation’s fortunes and strategic choices.

Discursive Positioning of Nepal as a Small State

The geopolitical reasoning often hinges on identity, especially within discourses. Various terms or identity discourses have been used geographically to describe geopolitical relationships between states. These geographically implied identities create discourses, making “identity” and “discourses” distinct variables of study.²¹ Identities, in particular, are not static.²² Although geographical identities seem to arise from geographical determinants, their evolution is shaped by interactions among states, leading to geopolitical “imagination” or “culture,” as well as geopolitical traditions and visions.²³ The rhetorical and symbolic representation of geopolitical reasoning often stems from dominant states trying to justify their power.²⁴ This representation can also serve as an explanation by the state to justify the actions of its leaders.²⁵ For Nepal, viewed as a “buffer” and “bridge,” studying the origin and evolution of these identities is crucial to understanding their discursive impact on the state’s implied and perceived smallness.

The concept of a buffer state is ancient in the history of human conflicts.²⁶ The geographical notion of a buffer is what John Agnew calls a “territorial trap” in IR.²⁷ In South Asia, the Himalayan state of Nepal has been assigned the geopolitical identity of buffer state. The antagonistic interactions between the East India Company and Imperial China led to the conceptualisation of the Himalayan states including Nepal as a buffer state.²⁸ Various factors contributed to this geographical construction, framing Nepal within a specific structural and functional spatiality.

The depiction of Nepal as a buffer state discursively implies the smallness in a state; an implication of Nepal as a tool or a cushion or a weak entity by others. This buffer state identity suggesting smallness for Nepal is rather a constructed smallness for the country by external powers. As a relatively small country in the region, Nepal's portrayal as buffer state was primarily a validation and actualisation by the more considerable powers of the time for their own convenience.²⁹ Nepal's designation as a buffer state stems from the geographical assumptions and reasoning behind the British East India Company's interactions with the Qing Empire.³⁰ This depiction by the Company evolved into a significant geopolitical discourse for Nepal, remaining relevant in contemporary times.

When analysing Nepal's discursive positioning of Nepal as a small state, the study views the "buffer" rhetoric as the British East India Company's reasoning. As Nepal developed during its nation-building phase, its true identity of whether it is small or not can be traced back two centuries from now. During this time, Nepal's foreign policy was essentially a frontier policy, maintaining peaceful and friendly relations with both the Qing Empire and the Company. Before his death in 1775, King Prithvi Narayan Shah provided pragmatic instructions known as *Dibya Upadesh*, in which he described Nepal as a "gourd (yam) between two rocks," highlighting Nepal's geostrategic position and advising caution for its survival.³¹ This "yam" discourse is crucial for understanding Nepal's smallness, representing its indigenous geostrategic identity and complementing other geopolitical identities. The "yam" theory incorporates elements of cautiousness, gradualism, peaceful coexistence and friendliness in foreign policy. However, this identity has been lost among other identities.³²

The buffer identity assigned to Nepal by the British East India Company forced the discursive positioning of Nepal as a small state; it became a geopolitical construct adopted by Nepalese political elites later for their convenience. The internal validation of this identity by the ruling class proposes submission to the external power. This identity formation occurs either by embracing or resisting the identity discourse imposed by more powerful entities.³³ The unequal power dynamics between Nepal and the British led to the dominance of the British knowledge system, as knowledge is inherently linked to power relations. Consequently, the knowledge disseminated by the Company became dominant due to its power over Nepal. During the Rana regime, Nepal's survival strategy amidst regional geopolitical tensions involved allying with the Company.³⁴ This strategy reinforced the "buffer" identity imposed by the Company, overshadowing Nepal's indigenous geopolitical and strategic knowledge. The acceptance of the Company's spatial imagination was driven by unequal power relations, the internal recognition of the British growing power and influence and the perceived antagonism and unreliability of China as an ally, leading Nepal to adopt the identity conferred by the Company.

The power dynamics between India and China persist as competitive, maintaining Nepal's status as a small power relative to its neighbours.³⁵ This prolonged geopolitical identity has compelled Nepal to position itself forcibly as a buffer state. The forced self-positioning entails narratives and depictions imposed on an

entity by external actors, altering its discourse beyond its control. Despite the Qing Empire's initial lack of interest in positioning Nepal as a buffer between itself and the British East India Company, the establishment of the People's Republic of China under Mao Zedong's leadership altered this dynamic.³⁶ Consequently, the escalating antagonism between India and China and their strategic depiction of the Himalayan states, including Nepal, as buffer regions reinforced Nepal's identity as a buffer state.³⁷ As situated between India and China, Nepal, as a relatively small power, integrated buffer knowledge into its strategic framework as a survival strategy amid heightened regional tensions. This highlights the enduring impact of external actors on Nepal's geopolitical identity, emphasising the ongoing forced self-positioning driven by shifting geopolitical narratives.

A new geopolitical discourse had emerged in Nepal, departing from its previous identity as a buffer state. Instead, Nepal is now being depicted as a metaphorical bridge or economic conduit between India and China.³⁸ This "bridge" metaphor is associated with Nepal's strategy for survival, as its foreign policy aims to maintain equidistance from both neighbours.³⁹ While cooperation between India and China is increasing in economic and investment realms, conflicts between the two countries persist in various sectors and regions.⁴⁰ Despite the bridge's intent to foster economic growth and development for Nepal by connecting India and China, the escalating antagonism between these two nations is not turning this geographical concept into reality. This adaptation arises from Nepal's inability to shield itself from threats and its determination to thrive in the international arena, which are significant characteristics of a small state. The emergence of the bridge identity reflects, at a meta-level, the small state syndrome.

Geo-psychology of Nepal as a Small State

There is a notable gap in academic literature concerning geo-psychology. The concept of "geo-psyche" was introduced by the German scholar Willy Hellpach in 1935, focusing on the impact of geography on human psychology.⁴¹ In recent decades, psychological scholarship has enriched IR by incorporating factors such as culture, experiences, memories and religion, which influence state behaviour and strategic thinking. A state's psychology is shaped by its strategic culture. Recently, Jain (2021) has significantly contributed to IR with a comprehensive exploration of geo-psychology, emphasising how perceptions, misperceptions, images, belief systems and sentimental factors affect state behaviour.⁴² The psychological underpinning of smallness in a state often involves a heightened sense of vulnerability and a focus on survival, driving cautious and pragmatic foreign policy decisions.⁴³ This mind set is shaped by historical experiences, cultural narratives and perceived external threats, influencing how the state navigates its IR.⁴⁴ The resulting strategic behaviour is characterised by efforts to balance larger powers, maintain autonomy and leverage unique strengths to secure national interests.⁴⁵

With no doubt, geography has created an asymmetric dependency for Nepal with its powerful neighbours, India and China, leading to a pervasive psychology of smallness and psychological dominance. Landlocked and situated between

these two regional giants, Nepal relies heavily on them for trade, economic support and access to global markets, making it vulnerable to their political and economic pressures.⁴⁶ This geographic constraint has fostered a sense of dependency, where Nepal's strategic choices and foreign policy decisions are significantly influenced by the actions and interests of its neighbours. This dependency has ingrained a psychological dominance, as Nepal continuously navigates its interactions with India and China with caution and deference.⁴⁷ This dynamic has cultivated a psychology of smallness within Nepal, characterised by a heightened awareness of its limited power and the need to strategically balance its relationships to maintain sovereignty and stability at times.⁴⁸

Likewise, the historical experiences of Nepal, from its unification under King Prithvi Narayan Shah in the eighteenth century to the present day, have significantly contributed to a pervasive sense of psychological smallness. Nepal's early history as a unified state was marked by strategic manoeuvres to maintain independence amidst powerful neighbours, including the Qing Empire and British India.⁴⁹ The 1814–1816 Anglo-Nepalese War and subsequent Treaty of Sugauli, which resulted in significant territorial losses and British influence, further embedded a sense of vulnerability and dependency. Throughout the Rana regime (1846–1951), Nepal aligned closely with British India, enforcing its British-centric foreign policy and reliance on external powers for survival.⁵⁰ The post-colonial period in the Indian sub-continent saw Nepal navigating the Cold War dynamics, balancing relationships with newly independent India and communist China, both ambitious, to preserve its sovereignty and territorial integrity.⁵¹ The economic blockade by India in 1989 and the more recent 2015 blockade deepened Nepal's awareness of its economic fragility and dependence on its neighbours.⁵² These few historical episodes, combined with ongoing geopolitical pressures, have cultivated a mindset of caution, pragmatism and a recognition of limited power, reinforcing the psychology of smallness that continues to shape Nepal's national psyche and strategic behaviour today.

Notably, the leaders' actions significantly shape national identity and strategic behaviour.⁵³ When leaders consistently seek external support to maintain power, they embed a psychology of smallness within the national fabric.⁵⁴ The power elites in Nepal have historically contributed to a submissive psychology of smallness by leveraging external alliances to secure their rule, often at the expense of national autonomy and self-reliance.⁵⁵ This pattern began with Regent Bahadur Shah in the late eighteenth century, who, after being banished, sought military assistance from the Qing Empire to reclaim his position, thereby entrenching an introduction to the reliance on foreign powers for political survival.⁵⁶ This dependency was further solidified during the Rana regime (1846–1951), where successive Rana Prime Ministers maintained their autocratic rule by aligning with British India.⁵⁷ They offered strategic compliance and facilitated British interests in the region in exchange for support and security, which deeply ingrained a sense of geopolitical vulnerability and subservience in Nepal's national consciousness.⁵⁸ Although Nepalese Army's role in Sepoy Mutiny (1857) and First and Second World Wars have been applauded by many, but it was an act of survival by the rulers which led

to the death of common men, whose names we shall never know. These historical actions established a precedent where political stability was achieved through external dependency, reinforcing a submissive national psyche.

This pattern persisted even after the fall of the Rana regime, as subsequent political leaders often sought favour and security from India and China to sustain their authority, at times prioritising their own power over national sovereignty and robust independent foreign policy.⁵⁹ These actions have entrenched a mentality of cautious subservience and strategic compromise, reinforcing Nepal's psychological smallness and its perceived necessity to acquiesce to the demands and influences of its more powerful neighbours for political stability and economic support. This continuous exchange of national interests for political survival and economic aid fosters a mentality of dependency and reinforces the perception of smallness.⁶⁰ By consistently validating external dominance over internal sovereignty, Nepalese elites perpetuate a strategic culture of submission and limited autonomy, which stifles the nation's potential for independent growth and robust international presence.

Therefore, it can be analysed that the smallness of Nepal as an emotional outcome is deeply intertwined with the nation's historical experiences and geopolitical realities, leading to a pervasive sense of vulnerability and cautiousness.⁶¹ This emotional landscape is shaped by centuries of navigating complex relationships with powerful neighbours like India and China and the repeated necessity of political leaders to seek external support for survival.⁶² These historical dependencies foster a collective consciousness marked by a feeling of inferiority and limited agency, where national identity is often defined by the need to balance external influences rather than assert independent strength. The emotional outcome of this smallness manifests in a national psyche that is characterised by apprehension, a strong desire for stability and a reluctance to confront larger powers. This internalisation of geopolitical constraints creates a cautious and pragmatic approach to foreign policy, where the emotional weight of past vulnerabilities continues to influence contemporary strategic decisions. The persistent awareness of being a small state in a region dominated by giants nurtures a psyche of survival and adaptability, shaping Nepal's interactions on the global stage and reinforcing a self-perception of smallness that is both a product of and a response to its historical and geopolitical context.

Nietzsche's Critique of Power: An Alternate Pathway of Comprehending Nepal's Small State Strategies for Survival

One recognises Nietzsche as a philosopher because of his discussions on power. As the difference between states is primarily understood through the amount of power possessed, Nietzsche's critique of power is important for understanding the difference between small and powerful states because it illuminates how power dynamics shape perceptions of strength and weakness, influencing state behaviour and identity. Nietzsche's insights into power relations and the will to power provide a philosophical framework for analysing how smaller states internalise their status and navigate their interactions with more dominant powers. However, his critique

of power is more evident in his analysis of mimicry. He describes mimicry as the process through which one organism (the mimic) gains an evolutionary advantage through superficially resembling another (the model).⁶³ Thus, discussion primarily focuses on how the weak, due to their very vulnerability, are compelled to understand and adjust to new and challenging conditions. Nietzsche believes this necessity for adaptation is the greatest advantage of the weak.⁶⁴ Their survival hinges on their capacity to foresee and interpret the intentions of the strong.⁶⁵

In his book *On the Genealogy of Morality: A Polemic* (1887), he puts forwards mimicry extends to an aggressive process, where the weak mimic the strong not just for survival, but also as a strategy to eventually dominate them.⁶⁶ This form of mimicry allows the weak to adopt the strengths and tactics of the powerful, using these adapted traits to challenge and potentially overthrow the dominance of the strong.⁶⁷ The first treaties by Nietzsche ignore the morality of the powerful, portraying them as more autonomous and less moral in nature.⁶⁸ Similarly, it is as evident in a society made up of norms, the evolution of human civilisation placed the powerful entities into moral bindings among others.⁶⁹ This is what Nietzsche points out to be the weakness in the powerful. He argues that entities conform to the “social morality” of their era and environment not just to avoid detection by the authorities enforcing these moral standards, but also to gain an advantage over those who adhere to morality genuinely rather than strategically.⁷⁰

Therefore, mimicry is the strategy of the weak, who, due to their relative lack of power, must navigate their lives under varying pressure and coercion, deeply dependent on others.⁷¹ Consequently, they must adjust their goals according to their available resources and circumstances. Nietzsche argues that this powerlessness disciplines the weak, turning them into “masters” of the “deep-rooted art of eternal art of hide-and-seek,” akin to mimicry in natural living beings.⁷² The survival of the weak hinges on their ability to gauge how they are perceived by the strong, whether as friends or foes.⁷³ Thus, mimicry involves identifying, analysing and repurposing both their own and others’ behaviours and codes.⁷⁴ This process serves as a pedagogy for developing intellect, making the weak both smarter and more prudent than the strong.

Likewise, throughout the history of international politics, small states have navigated their survival and presence by adopting strategies deeply rooted in Nietzsche’s critique of power and his concept of mimicry. These states, often lacking the brute strength of larger powers, have relied on adaptability and strategic intelligence to endure and thrive.⁷⁵ Nietzsche posits that the weak, constrained by their limited resources, become adept at the art of mimicry—emulating the behaviours and tactics of more powerful states to blend in, gain favour and occasionally even subvert their dominators. This mimicry is not just for evasion but also for strategic advantage, allowing small states to craft nuanced foreign policies that anticipate and manipulate the intentions of stronger nations. By incorporating and reinterpreting the norms and behaviours of their powerful counterparts, small states develop a sophisticated understanding of international dynamics, making them shrewder and more prudent actors on the global stage.⁷⁶ This intellectual and strategic agility has enabled small states to maintain their sovereignty and influence

despite the overarching dominance of great powers, proving that powerlessness can cultivate a unique form of mastery in the complex realm of IR.

Hence, Nepal as a small state can be discussed through the above concepts. Nepal's survival as a small state throughout its history is a testament to its strategic adaptability and intellectual agility, concepts deeply aligned with Nietzsche's critique of power and the notion of mimicry. Beginning with the unification of Nepal under King Prithvi Narayan Shah in the mid-eighteenth century, the fledgling state immediately faced the formidable challenge of powerful neighbours. King Prithvi Narayan Shah's famous analogy of Nepal as a "yam between two boulders" aptly captured the delicate balance the nation needed to maintain between the British East India Company and the Qing Empire.⁷⁷ After the Anglo-Nepalese War (1814–1816), which resulted in the Treaty of Sugauli and significant territorial concessions, Nepal adeptly positioned itself as a buffer state.⁷⁸ The subsequent strategic manoeuvring, often involving mimicry of the diplomatic and military practices of its neighbours, allowed Nepal to preserve its sovereignty by balancing the influence of the British in India and the Qing Empire in the north.

Similarly, during the Rana regime (1846–1951), Nepal's foreign policy became even more intricately linked with British India. The Rana Prime Ministers maintained their autocratic rule by aligning closely with the British, who provided political and military support in exchange for strategic cooperation.⁷⁹ The support of Rana Prime Ministers during this period included their aid to British during Sepoy Mutiny in India, two World Wars and other conflicts. One can analyse it through the lenses of critical history but Nietzsche's critique on power and his idea on mimicry clearly explain Nepal's behaviour for survival. This era saw Nepal adopting a British-centric foreign policy, which included imitating British administrative and military structures to strengthen the regime's internal control and external defence capabilities.⁸⁰ The Ranas' strategic compliance ensured Nepal's survival during a period of significant geopolitical upheaval.⁸¹ However, this period also undoubtedly entrenched a psychology of dependency and smallness, as Nepal's rulers relied heavily on British patronage to maintain their grip on power.

The post-Rana period marked a significant shift as Nepal embraced democracy and began to navigate the complexities of the Cold War. Adopting a policy of non-alignment, Nepal skilfully balanced its relations with both India and China, drawing economic and military aid from both and other powerful extra-regional actors like USA to support its development while avoiding entanglement in their conflicts.⁸² This strategy of equidistance continued into the contemporary era, where Nepal remains a small state strategically leveraging its position between two rising powers.⁸³ The modern geopolitical landscape sees Nepal engaging in economic partnerships and infrastructure projects with both India and China, while cautiously managing their competing interests. Despite the pressures, Nepal's leaders continue to employ strategies of mimicry and adaptation, ensuring the country's survival and autonomy in a region dominated by giants. This ongoing practice of strategic mimicry highlights Nepal's resilience and the intellectual agility of its leaders in preserving the nation's sovereignty amidst ever-evolving geopolitical dynamics.

Conclusion

In conclusion, the analysis of Nepal as a small state reveals a complex interplay of historical experiences, geopolitical realities and strategic adaptations. Beginning with the theoretical understanding of small states in IR, it is clear that Nepal's identity and survival strategies have been profoundly influenced by its geographical positioning and the power dynamics of its neighbours. The discussions on Nepal's historical interactions, from the unification under King Prithvi Narayan Shah to the post-Anglo-Nepalese War period, highlight a continuous effort to balance external influences while maintaining sovereignty. The role of power elites, from the Rana regime's alignment with British India to contemporary political leaders navigating the influences of India and China, further underscores how strategic mimicry and adaptation have been crucial in shaping Nepal's foreign policy and national identity.

The exploration of Nietzsche's critique of power and the concept of mimicry provides a deeper philosophical context to understand Nepal's geopolitical behaviour, mainly the small state behaviour. By mimicking the strategies and behaviours of more powerful neighbours, Nepal has managed to navigate its smallness through a blend of caution, adaptability and strategic intelligence. This theoretical lens also illuminates the psychological dimensions of smallness, where historical dependencies and power dynamics have fostered a sense of vulnerability and cautious pragmatism. As Nepal continues to manoeuvre within the complex geopolitical landscape of South Asia, its historical legacy of strategic mimicry and intellectual agility remains pivotal in maintaining its sovereignty and relevance. The continuous balancing act between powerful neighbours and the internalisation of smallness as a strategic advantage highlight Nepal's resilient and dynamic approach to IR.

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4 Evolution of Nepal's Great Power Management

A Case Study of Tibet and British India

The traditional philosophies in the Indian sub-continent posit that the Himalayas are physical boundary restricting any strategic or political interactions beyond it. However, the principalities under the lap of the Himalayas have historically been in connection with the states and people beyond the northern side of the mountains. Nepal, throughout the state-building history, has been impacted by the occurrences in the southern plains and northern plateau. The country has largely dealt with Tibet and British India for centuries in different capacities and situations. Not even the modern history of Nepal, the ancient Hindu epic of *Mahabharata* mentions Nepal's Kirat ruler's participation in the war¹; similarly, Manjushree is believed through the *tales* swung a sword to drain the water to create what today is known as Kathmandu.² The continuous relation of Nepal with northern and southern states is depicted by the mixture of Hinduism and Buddhism in the country as well as the rivers flowing down through Nepalese lands to the Southern plains' *Ganges* and *Brahmaputra* and finally to the Bay of Bengal.

Nevertheless, the historians have been divided between the ones who study Nepal's relation with the north and south. Among the works, the traditionalist approach of historical explanation can be found when discussing Nepal's state-building history. This chapter acknowledges the importance of historical explanation, but attempts to explain the occurrences in the light of the Great Power management by a small state. Nepal, as a relatively small state between the northern and southern boulders, has been different in the history of small states and their strategies or tactics. The strategies being discussed in the sections below could be considered primitive, but provides a novel outlook on the small state historiography. This chapter flows through different time periods while explaining Nepal's Great Power management, starting with Tibet and China, and simultaneously with British India in the later parts.

Early Relations between Nepal and Tibet: Exchange of People and Culture as Foundation of Great Power Management

In the ancient days, Tibetans referred Nepal as *Bal-po* or *Lho-Bal*, similarly Nepalese called Tibet as *Bhot*.³ The contact between Nepal and Tibet has been through people-to-people relations and has largely contributed to the cultural and religious

development in both countries, and equally, added some colours to the national characteristics. Notably, the trade between Tibet and the principalities in India started through the Himalayan passes mainly through Nepal. The Tibetan races mingled with Nepalese ethnic mainstream. For instance, the indigenous ethnic group of Nepal—*Tamang*—originates from the Tibetan terms: *Ta* meaning horse and *mang* referring to soldiers.⁴ Many anthropologists studying the indigenous communities of the Himalayan areas of Nepal have significantly attested connection with the Tibetan people.⁵

A very crucial link for Nepal's relationship with Tibet and China has been cultural and religious ties. This particular link later becomes crucial in the strategies for Nepal to manage the relationship with its neighbours. Buddhism, in this sense, plays an important role in this connection. The second emperor of Han dynasty in 54 AD sent a delegation to birth place of Buddha which after nearly 11 years returned back with texts and shamans to China formally introducing the religion in the land.⁶ Although dynasties in China collapsed, Buddhism flourished with different monasteries being built and Buddhists sacred texts being translated.⁷ It can be clearly observed that the teachings of Buddha reached China first from Nepal, and later the practices were gradually learned by monks after regularly travelling across the great Himalayas.⁸

Around fourth century, the Kathmandu Valley was ruled by Lichhavis. There were rulers of different dynasties before them but a new but advanced political entity developed under the Lichhavis. Their interest in the promotion of art, religion and culture attracted many monks through the valley and considered Kathmandu Valley too as a centre of Buddhist learnings. It has been reported that, around 350 AD, a Chinese monk named Sheng-tsai travelled to Lumbini and marked the precise birth place of Lord Gautam Buddha. Similarly, around 400 AD, another Chinese monk named Fa Xian travelled to Indian sub-continent and Central Asia before coming to the birth place of Buddha in 406 AD.⁹ His early records, *The Record of Buddhist Lands*, provide insightful explanations of Buddhism and countries in the Silk Road. Similar to Fa Xian, another Nepalese Monk, called Buddhahadra, travelled to Chang'an, present-day Xian in China, around 408 AD preaching Buddhism and Buddhist mysticism. His translated works are still preserved.¹⁰

After the rise of Tang dynasty in China and Lichhavis' golden age of art and culture in Kathmandu Valley, another Chinese monk named Xuanzang in 628 AD travelled to South Asia and shared worries about the previous Buddhist works that were propagated in China.¹¹ Although with his inability to obtain an imperial edict to travel for official purpose, he travelled through Central Asia, India and Lumbini (the birth place of Lord Buddha), located the remains of King Sudhodhan (Lord Buddha's father) palace and even discovered a pillar with inscription stating King Ashoka (the Maurya Emperor) worshipped the place as birth place of Buddha.¹² His writings also included the political scenario of Kathmandu Valley, though he did not travel to the valley, about the Lichhavi ruler Shiva Dev and his influential courtier Amshuverma.¹³

The art, architecture, sculptors, scripts and religion are the cultural essence of Nepal's relationship with its northern neighbour. It depicts the profound

relationship between the two grounded in the subconscious part of people, but it is the foundation for Nepal as to balance the powers in the north. The cultural and religious proximity of Buddhism with Tibet, and later with China, have always played a crucial role in maximising Nepal's strategic positioning between the two. This foundation remains throughout the nation-building stage of Nepal and exists till the present day. This shall be discussed in the next chapters about the cultural foundations of small state strategies used by Nepal.

Nepal's Ancient Ways of Managing the Northern Neighbour

The politics beyond the Himalayas were of concern for Kathmandu. Srong-tsen Gampo, also referred as Songzan Ganbu, the Tibetan King of Yarlung dynasty consolidated the warring Tibetan fiefdoms around 630 AD.¹⁴ He expanded his kingdom and was considered threat to Nepal. However, Nepal as a small state could not confront Srong-tsen Gampo in the battlefield, thus, built the peace with Tibet through kinship marriage, a primitive but effective strategy for survival. Bhrikuti, the daughter of Lichhavi King Amshuverma, was married to the Tibetan King Srong-tsen Gampo solidifying diplomatic relations between Nepal and Tibet.¹⁵ Her marriage played a significant role in the spread of Buddhism in Tibet, as she brought with her images and scriptures that influenced Tibetan culture. Bhrikuti is revered in Tibetan history and folklore for her contributions to the region's religious and cultural development.

King Amshuverma is assumed to have adopted King Shiva Dev's son, Udaya Dev as his heir. After ascending the throne, Udaya Dev was dethroned by his brother and he was forced to exile in Tibet.¹⁶ Then Srong-tsen Gampo helped Crown Prince Narendra Dev to ascend the throne. According to the Chinese source, in this exchange Tibet enjoyed some authority over Kathmandu as well until the late ninth century but has been denied by Nepalese historians.¹⁷ Around 647 BC, King Narendra Dev is reported to send envoy to Tang court in Chang'an to establish a friendly relationship with China.¹⁸ Nepal's realisation of Tang's rule of China powerful and its support can be observed when Taizhong emperor sent a mission in 648 AD to Magadha to meet King Harsha Vardhan, who was deposed before the Chinese delegation was met.¹⁹ Also, the new ruler attacked Chinese delegation who fled to Nepal, raised few thousands strong Nepalese-Tibet forces, deposed the usurper and reinstated King Harsha Vardhan.²⁰ This gained Nepal a huge strategic favour and gratitude to China.

However, after the death of King Srong-tsen Gampo in 650 AD, Tibet and China again re-entered into hostilities.²¹ A diplomatic delegation was sent by King Narendra Dev to Tibet and China which was reciprocated by both, which was actually a diplomatic win for Nepal assuring Nepal's survival and sustenance.²² Nevertheless, when Tibet blocked the pathways for Chinese to travel through the Himalayan passes, the contact between Nepal and China is seemed to be severed, even for monks for religious purposes.²³ Although Tang records depict high praise of Nepalese wealth and diplomatic stature, the severance of communication led Nepal's disappearance from Chinese annals.²⁴ Though poorly recorded Nepalese history,

it portrays the country's ancient ways of dealing with the Great Powers. These severed relations with China seem to resume through Tibet during the Song dynasty after more than 300 years. The Taizu emperor sent monks to India who travelled to Nepal as well, and again religion became the foundation for resuming the ties.²⁵

When Song dynasty also lost grip in China and Mongols established their rule, simultaneously in Nepal, the Lichhavi dynasty was overruled by Malla dynasty. Genghis Khan's grandson, Kublai Khan ruled China through patron-priest relationship allowing him a strong political and cultural grip over Tibet.²⁶ He was considered as the descendent of Manjushree and wanted a visual representation of ideals of Buddhist gods for temples as patron. Nepal dispatched 80 Newar artisans led by Arniko, a native of Patan.²⁷ After personally interviewing Arniko, Kublai granted him full authority over all metalworking artists. Kublai ordered Arniko to return to lay status and appointed him as the controller of the court of imperial manufacturers.²⁸ The Nepalese artisan's most famous work is the White Stupa of Miaoying Temple in Beijing. Arniko's creations were heavily influenced by the rich Buddhist heritage of the Kathmandu Valley.²⁹ Arniko, as an individual, is revered as an artist, but he was Nepal's greatest soft power to strengthen the ties of Nepal with a Great Power.

After the rise of Ming dynasty in 1368 AD, China had to confront Mongols as well as possessed threat from Tibet.³⁰ Thus, the Ming emperor sent a diplomatic mission to Nepal for its support to pacify Tibet.³¹ Nevertheless, the Ming emperor did not extend this friendship to Malla Kings but to the Rama dynasty who were more trusted by the monks and controlled most of the territory between Kathmandu and Tibet.³² There have been numerous diplomatic exchanges between Nepal and China. After unifying the Kathmandu Valley and consolidating their power by subduing the Rama nobility, the Malla family ended diplomatic relations with the Ming dynasty.³³ In this way, Nepal recorded strategies to maintain relationship with the power's north to the Himalayas. It can be deemed that the tactics employed by the rulers, although primitive, have largely contributed to Nepal's survival.

Taking Benefits from Instabilities: Instabilities Inviting Interventions

After the Ming Empire in China, Nepal had an intense and interesting interaction with Qing dynasty. When Qing came to power in China in 1644, Tibet also experienced changes with Dalai Lamas becoming the rulers of the lands.³⁴ In 1653, Tibet and Qing formed an alliance establishing *cho-yon* relationship.³⁵ Qing wanted to form alliance against the Mongols, and this new relationship with Tibet made the Qing Emperor as the patron of Tibet.³⁶ This changed the political and administrative status of the Dalai Lama. At the same time, the Fifth Dalai Lama had the Panchen Lama was appointed the official ruler of the Tashilhunpo region, a division of power that eventually led to the disintegration of the *cho-yon* relationship.³⁷

The same period can be characterised by increasing trade relations not only across the lands beyond the Himalayas and Indian sub-continent but also with the regions in Central Asia. In this increasing trade volume through the Himalayas, King of Ladakh prohibited the passage of traders through his territory.³⁸

This spontaneously made the trade route through Kathmandu famous. The Kuti pass, in the western region of present-day Nepal, was also used by the Kashmiri merchants to trade in Tibet.³⁹ The Malla rulers in Kathmandu Valley largely benefitted from this trade. According to the volume of things brought by the traders through the route, taxes were exempted at different points. Looking at the interest of increasing trade, Pratap Malla went to war with Tibet in between 1645 and 1650, which led to Nepal taking the authority over Kuti and Kerung passes.⁴⁰ This was led to other beneficial outcomes for Nepal, which includes establishment of trading houses by Newar merchants in Lhasa, posting representative to Tibet directing its trade through Kathmandu to parts of Indian sub-continent.⁴¹ This war is rarely discussed in Nepalese history about how a small state can resort to war for its benefit when enemy is weak.⁴² Nepal enjoyed this privilege for around a quarter of century which was later regained by Dalai Lama.⁴³

When the Fifth Dalai Lama passed away in 1682, his death was concealed by the regent, who claimed that the leader was in prolonged meditation.⁴⁴ This allowed the regent to maintain power for 14 years while encouraging the Dzungars to unify the Mongol tribes, aiming to elevate Lhasa's status.⁴⁵ However, this led to conflict with the Qing dynasty. When a Chinese delegation arrived, the regent's deception ended, proclaiming Tsangyang Gyatso as the Sixth Dalai Lama, rejecting his monastic role.⁴⁶ This provided Lhazang Khan, the Khoshud Mongol king and Qing ally, a pretext to kill the regent and kidnap the Dalai Lama, who soon died.⁴⁷ Lhazang Khan then installed a new Dalai Lama, rejected by the Tibetans, who sought help from the Dzungars.⁴⁸ The Dzungars invaded, killed Lhazang Khan, but soon alienated the Tibetans through their conduct.⁴⁹ In 1720, Qing forces expelled the Dzungars and enthroned Kelzang Gyatso as the Seventh Dalai Lama.⁵⁰ Emperor Kangxi established a military garrison in Lhasa and a collective rule by four ministers to curtail Tibetan influence on Mongol affairs, but withdrew the garrison in 1722 due to logistical challenges.⁵¹ During Emperor Yongzheng's reign, China asserted control over Tibet, leading to civil unrest and multiple military interventions. By 1735, the Seventh Dalai Lama returned, though largely as a figurehead, while increasing interference by the *ambans* led to further conflict.⁵² The Qing ultimately restructured Tibetan governance, reinstating the Dalai Lama under closer imperial supervision and diminishing the power of the local aristocracy.⁵³

With this pretext of conflict and instability in Tibet, King Prithvi Narayan Shah in the Gorkha municipality started the unification of other principalities.⁵⁴ During the process of unification, when King Prithvi Narayan Shah took over Nuwakot in 1744, it blocked the trade passage between Kathmandu and Tibet through Kerung pass.⁵⁵ The King Prithvi Narayan Shah faced financial difficulties due to increased military spending, as many of his newly acquired territories did not generate significant revenue.⁵⁶ To alleviate this, Prithvi Narayan aimed to profit by sending his silver coins to Tibet in exchange for pure bullion, which he planned to sell to Indian merchants.⁵⁷ However, he eventually signed a treaty with Kathmandu to equally benefit from trans-Himalayan trade, an agreement that Tibet refused to acknowledge.⁵⁸ However, crisis was brewing due to the quality of the coins the

Mallas were minting for Tibet. The gold from Lhasa was exchanged at mints in Kathmandu, Patan or Bhadgaon for coins of equivalent weight.⁵⁹ Nepal profited from the discrepancy between the pure bullion's weight and the silver content in the alloyed coins, which varied based on the government's financial needs or the ruler's greed. This disparity caused ongoing friction between Tibet and Nepal and among the Malla Kings themselves.⁶⁰ The Gorkhali blockade of the valley, which led to a silver shortage, further intensified this practice and the resulting tensions.⁶¹

Nevertheless, these instabilities invited the powers from the south to interfere in the political matters. Following the British conquest of Bengal in 1757, the looming threats from the south casted a larger shadow over Nepal.⁶² Despite their political and commercial tensions, the Tibetans and the Mallas had managed to maintain a tenuous peace.⁶³ The aggressive territorial ambitions of the Gorkhalis, however, alarmed the Tibetans, who began to fear for their own land, while the Mallas sought to forge an alliance with the British.⁶⁴ In 1766, after Prithvi Narayan successfully captured Kirtipur, the Mallas turned to the British East India Company for military support.⁶⁵ Although the British sent a small expeditionary force led by Captain Kinloch, the Gorkhalis' assault and a malaria outbreak forced the British to retreat. On 29 September 1768, as the residents of Kathmandu celebrated the Indra Jatra festival, Gorkhali soldiers entered the city with almost no opposition, allowing Prithvi Narayan Shah to take the throne.⁶⁶

Being *Yam* between Two Boulders

After capturing Kathmandu Valley, King Prithvi Narayan Shah was aware of the threats that were looming from the south. His expansionist policies continued but at the same time he became cautioned against different people who were part of the larger trade route from the plains in the south. The East India Company was considered the biggest threat to Nepal compared to Tibet.⁶⁷ He banned the European merchandise to the kingdom, and allowed the Tibetans for free access to goods from the sub-continent, to which the Tibetans agreed.⁶⁸ Nevertheless, King Prithvi Narayan Shah equally recognised the growing Qing influence in Tibet which ultimately identified Nepal as a *yam* between two *boulders*.⁶⁹ He advised his successors to maintain friendly relations with Emperor of China but codified the foreign policy threat to be large from the Company.⁷⁰

However, as a growing nation, acknowledging the fragility of the newly unified nation, thought to balance relations with the Company. The Company as well looking at the benefits with the Gorkhalis for the trade maintained good relations with Nepal.⁷¹ This helped Nepal to conquer principalities in the west. As Nepal was economically weak because of the ongoing unification campaign, King Prithvi Narayan Shah wanted to establish trade routes for the traders through India via Kathmandu on the Tibetan borders where Nepalese merchants would conduct purchasing and logistic functions.⁷² This was rejected by the Tibetans and all the routes to Nepal were closed in 1770 suspending any commercial activities.⁷³ This distrust was fuelled among Tibetans when King Prithvi Narayan Shah adopted Hinduism as the element of state.⁷⁴ King Prithvi Narayan Shah sent emissaries to Lhasa with

freshly minted coins but Tibetans wanted Nepal to accommodate them for the previous coins.⁷⁵ When Nepal refused to do so, Tibetans imposed a salt embargo.⁷⁶

With ongoing Nepal-Tibet tensions, the British sought to find an alternative route to Tibet. Bhutan stood obstacle to the Company because of the country's growing assertiveness in the region.⁷⁷ Bhutan controlled the passes through Sikkim. When Governor of the Company, Warren Hastings, received help against Bhutan, he prepared assistances against Bhutan.⁷⁸ Realising the Company's assertiveness in the eastern part of Nepal, King Prithvi Narayan Shah seek help from the Panchen Lama for mediation between Bhutan and the Company.⁷⁹ This led to Bhutan signing a treaty in 1774 as well as the Company interest towards the Tibet for trade and strategic positions. This mediation between Bhutan and the Company by the Panchen Lama increased relations between Tibet and the Company.⁸⁰ George Bogle, a close aide to Governor Hastings, was sent to Tibet in 1774.⁸¹ However, because of large influence of Qing in Tibet, he could not conclude any commercial treaties with Tibet, but the Panchen Lama took this opportunity state his discontent with Nepal.⁸² The Lama was more confident later when he was presented with the news of the death of King Prithvi Narayan Shah in 1775.⁸³

King Pratap Singh Shah, the son of King Prithvi Narayan Shah, signed a treaty with Lhasa in 1775 establishing the exchange rate of gold and silver, maintaining Nepal's role in sending coins to Tibet, privileged position of Newar merchants, and establishing Kerung and Kuti as designated passes trade with Bengal.⁸⁴ However, the treaty failed to resolve the initial dispute over the debased Malla currency or establish clear trading arrangements, leading to new conflicts.⁸⁵ During the deliberations, a Sikkim's representative helped fix the Nepal-Sikkim boundary, while Tibet agreed to pay Nepal 4,000 rupees for the death of four emissaries and Kathmandu pledged to cease aggression against Sikkim and sever ties with Bhutan.⁸⁶ Privately, Kathmandu resented Tibetan intervention on Sikkim's behalf and was infuriated by the Panchen Lama's pressure to return recently acquired territories.⁸⁷ King Pratap Singh Shah's decision to move troops further into Sikkim exacerbated tensions with Tibet.⁸⁸ The British, meanwhile, found the route to Tibet through Bhutan more promising and the Bhutanese more cooperative after their military defeat.⁸⁹ The internal conflicts in the Gorkhali court, highlighted by Nepalese King's exile of his brother Bahadur Shah, piqued British interest in Nepal.⁹⁰ After King Pratap Singh Shah's unexpected death in 1777, his infant son Rana Bahadur ascended the throne, and his mother Rajendra Laxmi, as regent, recalled Bahadur Shah from exile.⁹¹ Power struggles ensued, with Bahadur Shah briefly imprisoning Rajendra Laxmi before she regained power and exiled him again. This factionalism in Kathmandu increased British eagerness to reopen trade routes, seeking four trading posts in Nepal to facilitate access to Tibet while continuing to explore a direct route through Bhutan.⁹²

The Company was not satisfied by Kathmandu's attempt to monopolise Tibetan trade, the Company faced increasing ambivalence from the Tibetans. The Panchen Lama, who had warmly welcomed Bogle, denied entry to another British officer at Tashilhunpo due to opposition from Lhasa and Beijing.⁹³ After the Panchen Lama's interactions with the British, the Chinese emperor repeatedly invited him to

Beijing, and he accepted an invitation coinciding with Qianlong's 70th birthday in 1779.⁹⁴ Before departing, he emphasised to Nepal the need to reopen trade routes. Encouraged by Bogle's mission, Governor Hastings saw the Panchen Lama as a potential mediator with Beijing, attributing the failure to secure a trade agreement with Shigatse in 1775 to Qing opposition.⁹⁵ Hastings planned to send Bogle to Beijing during the Panchen Lama's visit, but the effort was abandoned due to his mysterious death in 1780, followed by Bogle's death in Calcutta six months later.⁹⁶ In 1783, Governor Hastings dispatched Lieutenant Samuel Turner to attend the installation of the new Panchen Lama, but Turner found that power had shifted to Lhasa, preventing him from proceeding. Turner advised Hastings to focus on the Kuti route instead.⁹⁷ Gorkhali suspicions of potential British support for western states, combined with court instability, discouraged foreign traders from travelling through Nepal, violating the 1775 treaty.⁹⁸ Consequently, Tibetans began exploring alternative routes through Sikkim and Bhutan, which Kathmandu viewed as a treaty violation.

Unfortunate Necessity of War: Nepal's Small State Efforts with Arms

Queen Regent Rajendra Laxmi's death in 1785, prior to King Rana Bahadur reaching maturity, facilitated his uncle Bahadur Shah's return as regent.⁹⁹ With Pratap Singh Shah's initiatives failing, Tibetan affairs had been sidelined, but new military demands on the treasury prompted Bahadur Shah to refocus on trade and coinage issues.¹⁰⁰ In Tibet, the Eighth Dalai Lama had assumed political power after the Panchen Lama's death, jointly ruling with the Chinese *ambans*. Perceiving a toughening stance from Lhasa, Nepal accused Tibet of adulterating salt exports and imposing heavy taxes on flour. Bahadur Shah's proposal for talks was rejected, with Tibet reportedly inviting Nepal to war. The tensions escalated when the Tenth Shamarpa Lama, a half-brother of the late Panchen Lama and involved in a dispute over Qianlong's gifts, fled Tibet and arrived in Kathmandu.¹⁰¹ Bahadur Shah appointed him as an advisor on Tibetan affairs, infuriating Lhasa. Using the Shamarpa Lama's presence to pressure Tibet, Bahadur Shah threatened to occupy Kuti and Kerung, leading Lhasa to close trade routes.¹⁰² Nepal appealed to the Chinese emperor, but the ambans did not forward the complaint.¹⁰³ In 1788, Bahadur Shah launched a two-pronged assault on Tsang province: 6,000 troops backed by 3,200 porters advanced from the Kerung corridor towards Tashilhunpo, while on the eastern Kuti front 11,000 soldiers and 3,000 porters progressed more smoothly.¹⁰⁴

Tashilhunpo urgently sought assistance from both China and the East India Company during the conflict.¹⁰⁵ The Panchen Lama's regent appealed to British Governor-General Charles Cornwallis, urging confidentiality regarding their correspondence.¹⁰⁶ Concurrently, the Dalai Lama pressured the ruler of Jumla in western Nepal to resume hostilities against the Gorkhalis, resulting in temporary territorial gains before a counteroffensive brought Jumla under Kathmandu's control, with its ruler fleeing to Tibet.¹⁰⁷ Governor Cornwallis, weighing the potential economic and political ramifications of intervention, chose caution.¹⁰⁸ Despite his military reputation and the impeachment trial of his predecessor, Warren Hastings, Cornwallis

declined to intervene.¹⁰⁹ He cited the high costs of deploying an army to Shigatse and the lack of provocation from Nepal, while also considering the potential displeasure of the Chinese emperor over uninvited British interference in Tibet.¹¹⁰ Cornwallis assured the Panchen Lama that the British would not aid Nepal but refused to keep the matter secret due to the Company's extensive commercial ties with China.¹¹¹ The British traders in Canton, grappling with restrictive local edicts and seeking better trade rights, were lobbying for an audience with the emperor to request improved facilities.¹¹²

Upon learning of the Nepalese invasion, Qianlong dispatched three senior officials to investigate.¹¹³ While most Tibetans favoured a military response, the imperial officers, leading 2,000 Chinese troops into Tibet, were uncertain of success and urged negotiations.¹¹⁴ As the Nepalese advanced on Tashilhunpo, Tibet agreed to negotiate.¹¹⁵ Simultaneously, Nepalese forces attacked Sikkim to control the Chumbi Valley trade route, driving the Sikkimese ruler into exile and occupying western Sikkim.¹¹⁶ Qing investigators blamed the Tibetan government and *ambans* for the conflict and suggested resolving it by sending a high-level Nepalese mission to Beijing with gifts.¹¹⁷ Hoping for favourable terms through Qing mediation, Nepal agreed, leading to the 1789 Kerung Treaty.¹¹⁸ This treaty granted Nepal territory, commercial concessions, an exchange rate of one pure coin for two debased ones and an annual payment of 50,000 rupees from Tibet.¹¹⁹ The Nepalese believed they had won the war, regaining control of Kuti and securing acknowledgement of their succession to the Mallas' authority over Kathmandu Valley.¹²⁰ The imperial mediators did not scrutinise the treaty but were satisfied with Nepal's willingness to send a mission to Beijing.¹²¹ They reported to Beijing that they had driven out the Nepalese without any Chinese casualties, claiming the invaders would now pay tribute to the Qing court, although the Nepalese saw it differently.¹²² The chief investigator reported a Nepalese pledge never to attack Tibet again and described Tibet's annual payments as "land rent" rather than tribute, leading Beijing to celebrate a perceived victory.¹²³

The Tibetans initially complied with the first instalment to ensure the Nepalese withdrawal. However, the Dalai Lama soon sought to reduce these payments, claiming the treaty allowed for a reduction if a senior Tibetan official visited Nepal and formally requested it.¹²⁴ Nevertheless, the Tibetans believed they had grounds to stop payments altogether, arguing that since Nepal had become a Qing tributary with the king's acceptance of a Chinese feudatory title, the obligation to pay was no longer valid.¹²⁵ Kathmandu, accusing Lhasa of bad faith, intensified its threats. Tibet suggested talks in Kuti, and Nepal sent the Shamarpa Lama as a delegate. The Tibetans claimed the Nepalese came ready for battle, while the Nepalese accused the Tibetans of attempting to arrest the Shamarpa Lama to provoke war.¹²⁶ Consequently, an 18,000-strong Nepalese Army advanced to Tashilhunpo from Kering, Kuti and Kharta in far eastern Nepal, facing virtually no resistance.¹²⁷ The regent fled to Lhasa with the infant Panchen Lama, and the Tibetans urgently requested assistance from Beijing.¹²⁸

Upon learning of the second Nepalese invasion, Emperor Qianlong summoned the chief Qing official who had investigated the first attack, only to discover he had

since committed suicide.¹²⁹ Reacting swiftly, Qianlong punished the commanders from the initial campaign and sought new military leaders for a decisive operation against the Nepalese, especially as troubling reports emerged from Shigatse. Nepalese commanders, demanding 120 kg of gold and 100,000 rupees from the lamas as per the peace treaty, had sacked the Tashilhunpo monastery after being refused.¹³⁰ Qianlong, wary of the threat to Beijing's regional influence and suspecting potential British involvement, appointed Fukangan to lead the punitive expedition.¹³¹ Fukangan, an experienced and effective yet unscrupulous military commander, had a notable record of quelling rebellions in Sichuan and Gansu and pacifying Taiwan.¹³² Assembling a force of 10,000 troops from the Eight Banners, the Army of the Green Standard and border military colonies, the army marched into Tibet from Qinghai during the harsh winter of 1791–1792, with local officials providing logistical support throughout their arduous journey.¹³³

Furthermore, Emperor Qianlong offered the Nepalese a chance for diplomatic resolution. He sent an emissary to Kathmandu demanding the return of the Tashilhunpo plunder and the surrender of the Shamarpa Lama.¹³⁴ Privately, the Chinese also encouraged Newar traders in Tibet to incite their counterparts in the Kathmandu Valley against the Gorkhalis. Bahadur Shah, sceptical about the likelihood of a costly trans-Himalayan Qing expedition, nonetheless prepared for the worst.¹³⁵ When the Chinese envoy arrived in Kathmandu in January 1792, he found that a British delegate had just preceded him on a trade mission.¹³⁶ Bahadur Shah believed he could secure political and military support from the British through a commercial treaty, a notion the British East India Company encouraged.¹³⁷ He garnered enough support to sign the treaty on 1 March 1792, despite traditional suspicion of the Company within the court. Meanwhile, the Chinese envoy noted Bahadur Shah's indifference.¹³⁸ After arresting a Newar trader attempting to cross the border and personally interrogating him, Bahadur Shah, upon learning of Fukangan's arrival in Tibet, released the trader and sent him to the Chinese general with a letter outlining Nepal's grievances.¹³⁹ Bahadur Shah hinted that Nepal had restrained the British, who had long designs on Tibet. Abandoning the strategy of secrecy, Fukangan wrote to the British, detailing his plan to invade Nepal and seeking the support of neighbouring powers.¹⁴⁰

By the summer of 1792, the main Chinese force arrived in central Tibet, prompting the Nepalese to retreat from Tashilhunpo to the Dingri Plains.¹⁴¹ Appointing Damodar Pande as commander, the Nepalese faced a series of battles on the Kuti front, where they initially maintained strong defensive positions but were eventually pushed back by the Chinese.¹⁴² Despite securing positions along the Betrawati River, they faced a deadlock near Kathmandu.¹⁴³ Bahadur Shah's appeal for British military aid was declined by Governor-General Cornwallis, citing the East India Company's commercial interests with China.¹⁴⁴ This refusal coincided with increased Chinese military pressure, raising concerns in Britain about potential border disputes and commercial relations if Chinese troops maintained a permanent presence in Nepal.¹⁴⁵

Governor-General Cornwallis proposed mediation between China and Nepal, aiming to establish direct contacts with the Chinese commander Fukangan while

collecting intelligence.¹⁴⁶ The Nepalese War account indicated significant Chinese losses, but the Chinese, overextended and facing logistical challenges, sought to negotiate after capturing Nuwakot.¹⁴⁷ The Treaty of Betrawati required Nepal to restore plundered goods, pay annual tribute, send embassies to Beijing every five years and withdraw from Tibet.¹⁴⁸ Nepal agreed, while China promised assistance if Nepal faced foreign invasion.¹⁴⁹ The British, seen as betraying Nepal, faced suspicion during the subsequent Kirkpatrick mission, which aimed to enforce the 1792 commercial treaty and promote the wool trade.¹⁵⁰ Bahadur Shah expressed disappointment over the lack of British military support, leading to the mission's eventual return to Bengal.¹⁵¹

For Qianlong, the Treaty of Betrawati marked the end of his ten glorious military campaigns, though it did not devastate Nepal.¹⁵² Despite losing Kerung and Kuti, Nepal retained territories south of the Himalayas and commercial privileges in Tibet without adopting Chinese coinage or conscription.¹⁵³ The Qing's invasion displayed their military might, but it strained their supply lines and finances, costing over 10 million taels and taxing Qing resources.¹⁵⁴ British neutrality did not fully appease China, leading to suspicions and diplomatic tensions.¹⁵⁵ Ultimately, the Qing strengthened control over Tibet, instituting stricter measures for selecting top lamas and blaming abuses by the Tibetan Buddhist monastic establishment for the conflict.¹⁵⁶

The war's aftermath proved ruinous for Nepalese regent Bahadur Shah. King Rana Bahadur Shah's ascension to power led to political strife, with Bahadur Shah eventually forced out and placed under house arrest.¹⁵⁷ Although a subsequent mission to China in 1795 aimed to strengthen ties, it largely occurred on Beijing's terms.¹⁵⁸ Rana Bahadur Shah accused Bahadur Shah of plotting a coup with Chinese assistance, resulting in Bahadur Shah's imprisonment and death under suspicious circumstances.¹⁵⁹ Bahadur Shah's nine-year regency saw significant territorial expansion, elevating Nepal's status in the Indian sub-continent, yet he met a tragic end amid allegations of submission to foreign powers, betraying his father's legacy.¹⁶⁰

Nepal's Geographical Limitations to Expansionism: Internal Factionalism and External Influence

Even after Bahadur Shah's death, King Rana Bahadur Shah faced challenges in consolidating power due to unwavering support for his late regent within the influential army. Being concerned about his courtiers' loyalty, Rana Bahadur Shah abdicated in March 1799, placing infant Girban Yuddha Shah on the throne and seeking royal recognition from the Chinese Emperor Jiajing.¹⁶¹ Jiajing granted this request on the condition that Rana Bahadur Shah's name also appear in official correspondence due to the young age of the new ruler.¹⁶² Rana Bahadur Shah then went into exile in Banaras with his senior queen and supporters in May 1800, leaving his another queen Subarnaprabha as regent.¹⁶³ Despite his departure, fears of his potential return among rivals persisted, prompting both internal Nepalese factions and the British East India Company to manoeuvre for advantageous positions, with the

Company seeking to renew trade agreements and establish a residency in Kathmandu despite political complexities resulting from the Himalayan war's impact on Tibetan trade routes.¹⁶⁴ Rana Bahadur Shah's departure disconcerted his rivals, who feared he could rally exiled dissidents and negotiate with the British to regain power.¹⁶⁵ The British, seeking to exploit Nepalese factionalism, aimed to revive the 1792 commercial treaty and establish a residency in Kathmandu, judging lucrative trade opportunities despite the closure of Tibet.¹⁶⁶ To counter British influence, Damodar Pande and allies sought Chinese support, informing the ambans that Rana Bahadur sought British aid for his return.¹⁶⁷ The Chinese, however, advised the courtiers to persuade Rana Bahadur to come back.¹⁶⁸

The third tribute mission to Beijing, due in 1800, was delayed due to political turmoil in Nepal, with the ambans allowing a senior Nepalese official to deliver the tribute to the Tibetan border.¹⁶⁹ Damodar Pande, recognising that concessions to the British would alienate the Nepalese, eventually cooperated with the British, who saw fewer benefits in supporting Rana Bahadur Shah.¹⁷⁰ Governor-General Richard Wellesley, after defeating Tipu Sultan, valued independent native states as allies and recognised the risks of restoring Rana Bahadur Shah.¹⁷¹ A controversial new treaty established a British residency in Kathmandu, led by Captain W.D. Knox, who was secretly instructed to gather intelligence.¹⁷² However, Nepal viewed this as a threat to its independence, leading to Knox's return to India and the treaty's abrogation in 1804, setting the stage for Rana Bahadur's return and Damodar Pande's execution.¹⁷³ Rana Bahadur's focus on strengthening the army and his crackdown on rivals culminated in his assassination in 1806 by his half-brother Sher Bahadur Shah, leading to Bhimsen Thapa's rise to power, a bloody purge of rivals and the regency of Lalita Tripurasundari.¹⁷⁴

Bhimsen Thapa, a vigorous and bold leader who viewed the British with disdain and hoped for Chinese protection, escalated military campaigns beyond Kumaon, securing control over routes into Tibet.¹⁷⁵ The British, now emphasising border sanctity, abandoned Warren Hastings' trade appeasement policy with Nepal. Simultaneously, China was dealing with the White Lotus Society rebellion, which had shattered the myth of Manchu invincibility.¹⁷⁶ The Qing, wary of instability, allowed Nepal to send a tribute mission to Tibet instead of Beijing in 1807.¹⁷⁷ By 1808, Maharaja Ranjit Singh of Punjab not only grew wary of Nepal's territorial expansion and intervened in Kangra but also saw potential alliance benefits.¹⁷⁸ Nepal's western conquests led to disputes with the British, and Colonel David Ochterlony instructed Nepalese forces to confine themselves to the hills, leading to Nepal's withdrawal from disputed areas.¹⁷⁹ By 1812, Nepal, apprehensive of British intentions, attempted to send another tribute mission to Tibet, pleading the king's minority, but the ambans insisted on a full mission to Beijing.¹⁸⁰ The Nepalese mission, the first since 1795, reached Beijing, appealing for Chinese assistance against the British but received a call for harmony instead.¹⁸¹ Undeterred, Kathmandu sought alliances with various Indian states against the British.¹⁸² When a commission's report on territorial disputes favoured the British, Bhimsen Thapa decided to challenge the Company, setting the stage for further conflict.¹⁸³

During the early nineteenth century, the British East India Company avoided war with Nepal largely to prevent antagonising China.¹⁸⁴ Additionally, British military

commitments in central India, Punjab and Europe contributed to this cautious approach.¹⁸⁵ In London, there was growing concern that the Company's expanding Indian empire was becoming overextended.¹⁸⁶ However, over time, British experts began to downplay the potential impact of a war with Nepal on relations with China. In the spring of 1814, Governor-General Francis Rawdon-Hastings demanded Nepal evacuate disputed territories.¹⁸⁷ When the Company reoccupied the districts in April, Nepal offered no resistance.¹⁸⁸ However, Nepalese troops later raided the territory, killing several police officers, which led the Company to issue an ultimatum for a settlement. Nepal rejected this, and with the threat of a British invasion looming, Kathmandu sought Chinese assistance, citing the 1792 treaty and claiming the British aimed to invade Tibet.¹⁸⁹

The ambans, sceptical of Nepal's request for assistance, forwarded a summary to Beijing but ultimately rejected the appeal.¹⁹⁰ Meanwhile, the king of Sikkim sided with the British East India Company, fearing Nepalese expansion, while Bhutan sympathised with Nepal due to its wariness of the British. Despite some Tibetan officials urging China to help Nepal, the Dalai Lama's regent advised Kathmandu to settle the dispute on favourable terms.¹⁹¹ On 1 November 1814, Governor-General Hastings declared war on Nepal, dividing British forces into four armies.¹⁹² The British faced several early setbacks, except for David Ochterlony's successful campaign in the west against General Amar Singh Thapa.¹⁹³ In response to British aggression, Nepal sent multiple appeals to Lhasa for financial assistance, as the situation in the western hills and Terai worsened.¹⁹⁴ Despite using the terrain to their advantage, Nepalese forces were outmanoeuvred by General Ochterlony's superior logistics and artillery.¹⁹⁵ By early 1815, Kathmandu considered peace, but Amar Singh Thapa warned that the British would use a settlement to subjugate Nepal.¹⁹⁶ For the British, a decisive victory was crucial to avoid further unrest.¹⁹⁷ By May, with the fall of Kumaon and other territories, General Amar Singh surrendered, leading to Nepal ceding a third of its territory and accepting a British residency as terms of peace.¹⁹⁸

In a letter to the ambans, Bhimsen Thapa expressed Nepal's frustration with Beijing's indifference, warning that continued neglect might force Nepal into a submissive relationship with the British.¹⁹⁹ The annexation of Kumaon provided British India with a border adjacent to Tibet for the first time, sparking British interest in direct commerce with Tibet amid rumours of Russian merchants there.²⁰⁰ Despite the annexation occurring after 1792, the British believed China would not oppose their control over these territories.²⁰¹ However, they sought to avoid antagonising China, particularly as they pursued commercial concessions through Lord Amherst's mission. Amidst growing Sikh and Maratha assertiveness in India, Nepal delayed and eventually rejected terms proposed by General Amar Singh Thapa.²⁰² General Ochterlony warned Nepal that acceptance of a British resident or facing renewed conflict were the only options. In January 1816, British forces made a renewed push towards Kathmandu.²⁰³ Following a valiant but futile defence, Nepal ratified the Treaty of Sugauli on 4 March 1816, marking the end of hostilities.²⁰⁴

These events marked Nepal's end of geographical ambitions as well as initiation of physical smallness. The wars, previously, had helped Nepal to grow as a state and achieve some interests for the country but the Anglo-Nepal War led to

Nepal's geographical smallness. Notably, it is interesting to note that the internal factionalism among Nepal's rulers opened up the windows for external influence. The Nepalese courtiers juggling between China and the Company for consolidation of power marked another strand of smallness in Nepal. Many argue that it helped for survival of the country but it should equally be accepted that it installed smallness in Nepal as a country.

Jung Bahadur and Ranas: Great Power for Sustenance

Following the Nepalese War, King Girban Yuddha became increasingly frustrated with Bhimsen Thapa's reluctance to relinquish full authority.²⁰⁵ However, Girban Yuddha tragically succumbed to smallpox, leaving his three-year-old son, Rajendra Bikram Shah, as the heir to the throne.²⁰⁶ Bhimsen Thapa adopted a dual strategy, outwardly adhering to the terms of the Treaty of Sugauli while positioning himself to the British as the key to maintaining peace.²⁰⁷ Meanwhile, internal strife grew as Queen Samrajya Lakshmi and Brahmins at court undermined Bhimsen Thapa's influence.²⁰⁸ The reports surfaced suggesting a secret pact between Rajendra Bikram Shah and Punjab's Maharaja Ranjit Singh, complicating relations with the British, especially amid suspicions of potential Russian aggression in India.²⁰⁹ Bhimsen Thapa's authority suffered further setbacks in 1837 when Rajendra Shah curtailed his power to appoint the leader of the Chinese mission, eventually leading to Bhimsen Thapa's imprisonment following rumours spread by the Pande clan implicating him in a scandal.²¹⁰

In the aftermath of China's setbacks during the Opium War, Nepal speculated that Beijing might be more open to a military alliance.²¹¹ However, Beijing firmly rejected Nepal's offer of assistance, stating it was not their policy to intervene in the affairs of foreign nations.²¹² Despite the British's decisive victory over the Qing, concerns lingered about China's future intentions in Nepal.²¹³ Meanwhile, internal tensions within Nepal escalated following the death of senior queen Samrajya Laxmi and concerns over Crown Prince Surendra's unpredictable behaviour, prompting demands from nobles to curb his authority and empower junior queen Rajya Laxmi.²¹⁴ In response to these demands, Mathabar Singh Thapa, who had returned from exile in India, assumed the premiership, attempting to navigate between competing court factions.²¹⁵

However, his efforts to balance these factions led to his tragic demise when he was assassinated during a late-night meeting at the palace in May 1845.²¹⁶ Initially, there were reports implicating King Rajendra in the assassination, but it was widely believed that Jang Bahadur Kunwar, Mathabar Singh Thapa's nephew, carried out the murder on royal orders.²¹⁷ After months of internal strife, a coalition government was finally formed in September 1845, with Fateh Jang Shah assuming leadership once again.²¹⁸ By autumn 1846, Jang Bahadur Kunwar had risen swiftly through the ranks of the army and court, while Gagan Singh led a dominant faction close to the queen.²¹⁹ On the night of September 14, Gagan Singh was assassinated while praying in his private temple.²²⁰ In response to the news, the queen summoned leading nobles to the palace courtyard in the middle of the night,

demanding to uncover the murderer.²²¹ Amid escalating accusations among factions, Jang Bahadur's loyalists, armed and prepared, took aggressive action.²²² In the ensuing violence, 32 prominent nobles and over 100 others were killed, known as "Kot Parva."²²³ Following the chaos, the Kunwar brothers emerged as the sole surviving faction. Seizing the opportunity, the queen appointed Jang Bahadur as prime minister and commander-in-chief.²²⁴

With remnants of opposition still present in the Indian sub-continent, the East India Company retained the ability to undermine Jang Bahadur's government, particularly given his precarious position.²²⁵ When Queen Rajya Laxmi realised she lacked Jang's support to appoint her own son as crown prince, she began plotting against him. Jang uncovered the conspiracy, leading to the arrest and execution of key conspirators.²²⁶ He then stripped the queen of all authority and exiled her to Benares.²²⁷ Accusing Rajendra of plotting to assassinate him, Jang removed him from the throne and installed Surendra Bikram Shah as king.²²⁸ Despite this, King Rajendra raised an army and returned to Nepalese territory, aiming to reclaim his throne.²²⁹ Accusing the monarch of plotting to assassinate him, Jang ousted King Rajendra and enthroned King Surendra.²³⁰ Undaunted, the deposed king raised an army and headed back into Nepalese territory to regain his throne.²³¹

Jang Bahadur, feeling secure in his position, embarked on a bold journey to England in 1850, defying traditional Hindu taboos about crossing the seas.²³² His goal was to gain recognition from Queen Victoria and British officials, hoping this would bolster his authority back in Nepal.²³³ Despite meeting with Queen Victoria, senior politicians and Company officials, Jang failed to establish direct communication with the key decision-makers in London.²³⁴ On his return journey, he insisted on visiting France against British advice, where he was received by Prince Louis Napoleon. Upon his return to Kathmandu in 1851, Jang faced resentment from traditionalists who viewed his overseas travels as sacrilegious. They plotted a coup, which Jang easily thwarted.²³⁵ Despite these challenges, Jang remained attentive to regional developments. He offered troops to aid the Qing dynasty during the Taiping Rebellion, which was politely declined.²³⁶ In 1852, when Jang sent a tribute mission to China, it included commodities for trade, including opium under diplomatic cover, which raised suspicions and caused diplomatic tensions with China.²³⁷

In the aftermath of a tumultuous period marked by the deaths of key officials and tensions with Tibet, Jang Bahadur, sensing an opportune moment amid distractions caused by the Taiping Rebellion and the Crimean War, declared war on Tibet in 1855.²³⁸ The initial phase saw Nepalese forces occupying strategic positions, but peace talks initially failed, prompting a second series of Nepalese offensives.²³⁹ Eventually, both sides sought peace, leading to the Treaty of Thapathali in March 1856.²⁴⁰ This agreement widened commercial opportunities for Nepal and granted certain rights, but it did not resolve all grievances, such as territorial disputes or compensation for war expenses.²⁴¹ Following the conflict, Jang Bahadur resigned as premier, elevating his brother to succeed him. He was granted the title of Maharaja and significant powers, but the British, while acknowledging his influence, reiterated their stance of recognising only the Nepalese monarch as the sovereign authority.²⁴²

In the midst of shifting geopolitical dynamics, Jang Bahadur's leadership brought stability to British-Nepalese relations, which benefitted from his understanding of British power and resources. The weakening of China during the Tibet war highlighted Beijing's inability to influence regional conflicts, contrasting sharply with its role in earlier conflicts.²⁴³ Jang Bahadur capitalised on this situation, aligning more closely with British interests during critical moments, such as the Indian Mutiny, where he dispatched troops to aid the British.²⁴⁴ After securing territorial concessions from the British in 1860 and receiving Chinese recognition for his leadership, Jang Bahadur navigated Nepal's relations with both powers strategically.²⁴⁵ However, tensions with Tibet over trade privileges and territorial disputes continued to simmer, exacerbated by British expansion near southern Tibet.²⁴⁶ Despite initial setbacks, Jang Bahadur and Nepal persisted in seeking recognition and honour from China, although their efforts faced challenges, such as the Panthay Rebellion and Chinese reluctance to permit Nepalese missions to Beijing.²⁴⁷ Ultimately, Jang Bahadur's diplomacy and military acumen during this period reshaped Nepal's position in the region, balancing between British and Chinese interests while solidifying his own authority at home.²⁴⁸

The rise of a new aristocracy in Nepal in 1846 marked a period of improved relations with British India, although challenges persisted. Nepal's continued tributary relationship with China aimed to prevent formal absorption into the British Empire, leveraging China's diminishing influence in the region.²⁴⁹ However, Nepal's assertiveness in its territorial and commercial claims on Tibet during the third war with Tibet raised concerns for the British, fearing Chinese misinterpretation of Nepalese ambitions as aligned with British imperialism, potentially impacting Anglo-Chinese commercial interests.²⁵⁰ Amidst these dynamics, the Qing Empire's decline allowed Nepal greater manoeuvrability in managing its foreign affairs across the Himalayas.²⁵¹ The establishment of the 13th Dalai Lama's authority in Tibet further shifted regional politics, contributing to a climate of political distrust and competition in the region.²⁵²

In the early twentieth century, as new powers like Russia, Japan and Germany emerged, the British attempted to use Nepal's connections with China to advance their own interests.²⁵³ Nepal, however, focused on enhancing its influence in Tibet to strengthen its regional standing. It mediated between the British and Tibetans, and later between Tibetans and the Chinese, navigating a complex geopolitical landscape. Lord Curzon's assertive policies inadvertently created opportunities for the Chinese to exploit European rivalries and assert control over Tibet within their provincial framework.²⁵⁴ Under pressure from the British, Nepal eventually ended its tributary relationship with China. The British, aiming to prevent other powers from gaining influence, sought to acknowledge Chinese suzerainty over Tibet while maintaining Tibetan autonomy.²⁵⁵ Despite these shifts, the British refrained from interfering in Nepal's internal affairs and gradually recognised its formal independence. The Rana oligarchy in Nepal maintained the narrative of historical ties with China, even as Republican China continued ceremonial exchanges with Nepalese leaders after the fall of the Qing dynasty.²⁵⁶ By the mid-twentieth century, the landscape changed dramatically with two World Wars, the Chinese Civil

War, India's independence movement and British withdrawal from the region.²⁵⁷ Independent India viewed Nepal as integral to its security interests in the Himalayan frontier, leading to the 1950 Peace and Friendship Treaty that affirmed a close political and security relationship between the two countries, reflecting the evolving geopolitical realities of the time.

Conclusion

The historical trajectory of Nepal from the late eighteenth century to the mid-twentieth century demonstrates a subtle and strategic approach to managing relations with major regional powers, particularly Tibet, China and the British East India Company. The rulers of Nepal from ancient period to modern times had carefully interacted with neighbours from north and south. As advised by King Prithvi Narayan Shah in *Dibya Upadesh*, rulers have tried to manage relationship with neighbours with cautiousness. However, Nepal faced several challenges and choices were needed to be made which led to smallness in the country. King Rana Bahadur Shah faced the dual challenge of internal factionalism and external pressures. The abdication of Rana Bahadur and the subsequent power struggles underscored the fragility of Nepal's internal political landscape. However, the ability of Nepalese leaders to pivot between seeking Chinese support and negotiating with the British East India Company illustrated a keen awareness of geopolitical dynamics. The Anglo-Nepal War and the resulting Treaty of Sugauli in 1816 were pivotal, not only leading to significant territorial losses but also a strategic realignment that saw subsequent leaders leveraging British power to maintain peace and stability within Nepal.

Under Jang Bahadur Rana's leadership, Nepal further refined its diplomatic strategies, aligning more closely with British interests while also managing a different shade of relationship with China. Jang Bahadur's dispatch of troops to support the British during the Indian Mutiny not only solidified his position domestically but also garnered British favour, leading to territorial concessions and formal recognition of his leadership. This period highlighted Nepal's adeptness at using military support and diplomatic negotiations to enhance its standing with a powerful neighbour. Simultaneously, Jang Bahadur's interactions with China during the Tibet war of 1855–1856 demonstrated his ability to capitalise on China's weakening influence in the region. By securing Chinese recognition and leveraging this to balance British influence, Nepal effectively navigated the complexities of regional power politics.

The early twentieth century brought new challenges and opportunities as global power dynamics shifted with the rise of Japan, Russia and Germany, alongside the decline of the Qing Empire. Nepal's mediation between British and Tibetan interests, as well as its eventual end to the tributary relationship with China under British pressure, reflected its continued strategic manoeuvring. The 1950 Peace and Friendship Treaty with India marked a culmination of Nepal's diplomatic efforts to maintain sovereignty and regional stability by a small state amidst changing geopolitical realities. Throughout this period, Nepal's ability to balance relations

with powerful neighbours, manage internal factions and adapt to shifting external pressures underscored its resilience and strategic acumen, a lesson for other small states. The Rana oligarchy's support to the British in the First and Second World Wars as well as maintenance of historical ties with China, even as Republican China continued ceremonial exchanges, exemplified Nepal's long-term commitment to leveraging its historical and geopolitical position to ensure its survival and autonomy.

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5 Nepal's Small State Strategy during the Cold War

When pondering upon the hot episodes of the Cold War, a conflict between the USA and USSR comes into one's imagination. There are several popular instances of the Cold War which takes core places in its study. However, the Cold War is characterised by decolonisation and democratisation processes throughout the world which led to the increase in the number of newer and small states. Overall, the presence of small states has been absent in the study of the Cold War too—forgotten in the rivalry of two power blocs. One could pop a question—"What were small states dealing with the Cold War rivalry?" or "How did the small states *survive* the Cold War?" The questions of survival for the small states come to the centre of discussions. The answer could have been simple—"they [small states] aligned to one of the blocs." The study of many small states would have given similar answers; nevertheless, the puzzle of how they survived and sustained during the blistering events of the Cold War for many small states is not that simple to answer.

Among many, Nepal as small state had a different way of dealing with the power blocs during the Cold War. As there were many developments in the world, Nepal, too, experienced internal and external altercations in its way. Nepal transitioned from autocratic Rana regime to democracy, which again was snatched away with the direct rule from the King; the country had to deal with the newly independent and established Asian powers—namely India and China, and several wars between them deal with the development politics and encounter the heat waves of the Cold War. Thus, this chapter attempts to elucidate Nepal's unique way of survival and sustenance in the Cold War. It highlights introduction of democracy to Nepal, her position and strategy during the annexation of Tibet by China and Khampa rebellion, the 1962 Sino-Indian War, international development politics, the *Panchayat* regime in Nepal, the clashes of personalities and the formation of the nuclear neighbourhood. This chapter is the overall discussion of unique experiences for each small state and strategies employed by them to deal it.

Democracy in Nepal at the Dawn of Cold War

The incidents occurred simultaneously as King Tribhuvan took asylum in the Indian Embassy a month after the Chinese moved into Tibet. The foreign intervention began when King Tribhuvan's grandson, Gyanendra, was enthroned as the King

of Nepal by Ranas and urged for recognition of the new King by India, the UK and the USA. It is a typical, but at the same time a unique way, through which democracy were installed into small states during the Cold War—a relatively powerful nation pressurising the existing autocratic government and harbouring the democratic movements with the help of the USA. For Nepal, Indian Prime Minister Jawaharlal Nehru pressurised Nepalese Prime Minister Mohan Shumsher to let King Tribhuvan and his family fly to India.¹ At the same time, Nepali Congress established bases on Indian territory.² The Cold War creates Nepal as a frontier for India against aggressive China by Jawaharlal Nehru with his proclamation in the Indian parliament about “Himalayas as frontiers.”³

India continued to recognise King Tribhuvan as legitimate monarch as London and Americans followed New Delhi. A compromise—“Delhi Agreement” was reached on 7 February 1951 between the King, Nepali Congress and Ranas where the latter two would form coalition government under supervision by the monarch.⁴ This placed Nepalese monarch after centuries at the position to exercise the sovereign powers. Nevertheless, this agreement did not root out the century-old Rana regime but reinstalled Mohan Shumsher as Prime Minister. Since the agreement was done under the auspices of India, the parties to the agreement became highly dependent on the southern neighbour. This opened up the window for India to openly involve in the internal affairs of Nepal. However, due to internal contractions within the coalition government, the Rana-Congress government collapsed in November.⁵

The King appointed Matrika Prasad Koirala as the next Prime Minister.⁶ The Indian ambassador became highly influential and interfering in the day-to-day politics of the country.⁷ This over-domineering behaviour by India pushed few ruling elites to find alternatives to the north. Dr. K.I. Singh became the commander of the Raksha Dal—a paramilitary organisation consisting of former anti-Rana insurgents.⁸ He was resolute for diplomatic support from other countries and renouncement of any *special relationship* inferring Nepal's ties with India.⁹ As Nepal Army moved to placate the rebels, the rebel commander, K.I. Singh, fled to Tibet.¹⁰ His flee to Tibet put Nepal into the crossroads of Cold War in Asia.

With the introduction of democracy to Nepal, a newly democratised small state with limited capacity, plunged into the influence of its southern neighbour. The political dependence and influence India desired in Nepal by India against China show the geostrategic vulnerability of Nepal during the Cold War. The interventionist colonial attitude by India led dissatisfied groups within the movement to find alternative balance to which China has played its role in supporting them for its own purpose. However, the situations changed drastically for Nepal with annexation of Tibet by PRC, the continued influence of India in domestic politics of Nepal and the rising American interest in Nepal to counter China. The case of Nepal shows a typical precarious situation for a small state during the Cold War. Nevertheless, Nepal's case elucidates how survival and sustenance of the country were secured.

Nepal's Introduction to Cold War: Annexation of Tibet by China

There is no doubt that the Nepal-Tibet relationship has been historical. The two lands separated by the Himalayas have been connected through myths and magic,

people and politics, wars and worries, and economy and ecology. However, the circumstances change for both, when Mao Zedong sent People's Liberation Army (PLA) to Tibet in late 1949 and annexed it to China in 1951.¹¹ Before the introduction of democracy in Nepal and when PLA had just entered Tibet, the chief of the General Office of the Communist Party of China Yang Shangkun had expressed solidarity with Nepal for defending Asia and preserving world peace sensing intervention from India and West in democratic movement in Nepal.¹² With annexation of Tibet by Mao, what were the choices left for Nepal at that time? The traditional scholars of small states would have recommended Nepal to bandwagon with the powerful state. However, the geostrategic position of Nepal was such that China recognised Nepal's significance.

To this, Mao deployed a diplomat named Yang Gongsu to manage relations with Nepal.¹³ The Chinese archives present that diplomat Gongsu has mentioned Nepal as "India."¹⁴ This exposes Nepal to multiple explanations for that particular situation, where a diplomat's disregard to Nepal's sovereignty could be condemned but at the same time ask questions on immense Indian influence in the country. A dilemmatic Chinese view towards Nepal could be seen during the conversations between Chinese Premier Zhou Enlai with Indian ambassador to Beijing, K.M. Panikkar, about Nepal's position in military assistance to Tibet.¹⁵ Although PRC had warned Dalai Lama of sending any missions to other countries and cautioned other neighbours from receiving them, Lhasa sent annual tribute mission to Nepal for three years.¹⁶ Also, flight of K.I. Singh to Tibet and refusal by Lhasa to extradite put Nepal at a difficult position vis-à-vis a giant neighbour.¹⁷

The situational analysis of Tibet's annexation by China with reference to Nepal boils down to China's fear of Tibet gaining Nepal's support and favour. The physical threat for Nepal, although seen as an eminent threat during the annexation of Tibet, Nepal's proximity to India seems to have averted the situation. This consequential state for Nepal arises with the 1950 Peace and Friendship Treaty between Nepal and India signed by the out-going Rana oligarchs, and later, neglectfully disregarded to emend by the democratic forces.¹⁸ After the annexation of Tibet, Chinese began to restrict Nepalese traders and pilgrims, however, had offered to establish diplomatic ties which were declined by Nepal considering deference to Indian sensitivities.¹⁹

With no doubt there was momentarily a threat from China which was further multiplied by India by mirror-imaging the potential threat to their sphere of influence. A newly democratic Nepal's diplomatic strategy seemed to have been taken aback when Prime Minister Matrika Prasad Koirala agreed to downsize the military of Nepal to 8,000 from 24,000 as well as establishment of 20 check posts manned by Indian military with communication sets coupled with the Indian Intelligence Bureau agents and a section of the Nepali Army along the Nepal-China border by 9 June 1952.²⁰ This does not seem to be a futuristic decision taken, but a hastily made conclusion under influence. This reflects Nepal as a newly formed democracy and the challenge that it poses from newly independent southern neighbour with colonial mentality. A frightful psychological situation was created by India in Nepal about how China could use K.I. Singh to start communist guerrilla war

in Nepal; and to this fire, fuels were added when Chinese officials called him the “potential leader of a Free Nepal.”²¹ In August 1952, the government under Prime Minister Matrika Prasad Koirala collapses.²² Indian influence in Nepal increases more along with Chinese interest—when Chinese Premier Zhou Enlai suggested a Tripartite conference between Nepal, India and China.²³

The situation changes developed for Nepal when India and China signed an agreement on 29 April 1954 under the “principles of peaceful co-existence” or known as *Panchsheel*.²⁴ Two days later, King Tribhuvan visited New Delhi and was advised by Indian establishment to conduct relations with China in line with the Sino-Indian Treaty which was reiterated in the Indian parliament by Nehru.²⁵ Similarly, Premier Zhou Enlai announced at the first National People’s Congress in 1954 about the normalisation of relations with Nepal.²⁶ However, the hot winds of Cold War kept on affecting Nepal when Indian Prime Minister Nehru after his return from China proclaimed that Beijing recognised Nepal as India’s sphere of influence.²⁷ Also, the USA considered Nepal as an outpost in the Himalayas to contain China and communism.

When King Mahendra came to power, he put forward an assertive and independent foreign policy. His resentment towards Indian influence and intervention in the internal business of Nepal was known. He was clear about China as a counterweight to Indian influence in Nepal.²⁸ He appointed Tanka Prasad Acharya as the Prime Minister who was known for his sceptic attitude towards Indian influence in Nepal and advocate of diplomatic relationship with China.²⁹ The invited Chinese delegation led by Vice-Premier Ulanfu to King Mahendra’s coronation in 1956 expressed willingness to help Nepal’s economic development.³⁰ In September, Nepal and China sign an agreement basing its relations on *Panchsheel*.³¹ China also renounced all the claims to Nepal which they held. Amidst concerns raised by India, Prime Minister Acharya visited China the following month which followed economic assistance to Nepal.³² A reciprocal visit was conducted in February 1957 by Premier Zhou Enlai.³³

This brief but crucial moment for Nepal arose with mixed challenges. It presented a physical threat to sovereignty and territorial integrity of Nepal along with immense Indian influence in the internal affairs hidden by “special relationship.” A security threat was recognised from China along with few voices to counterweight Indian influence. However, a sudden realisation by the ruling class in Nepal about the externalities that this relationship with India, China and the USA could pose led to maintaining a balanced relationship—an alternative to Indian interventions. A unique approach by Nepal was ignited by the annexation of Tibet and events that followed. The historiography of survival strategy for Nepal encounters with this unique technique of soft balancing, complex engagement, and enmeshment technique which starts with the annexation of Tibet by China.

Khampa Rebellion and Nepal’s Amendment of Relations

The annexation of Tibet saga follows Nepal throughout the Cold War and still hunts in the present day. From Tibetan perspective, the invasion of their land by

PLA composed jointly a threat to their independence and sovereignty as well as immensely to Buddhism represented by the Dalai Lama. After the invasion, the Tibetan negotiators were sent to Beijing who signed the Agreement of the Central People's Government and the Local Government of Tibet on Measures for Peaceful Liberation of Tibet on 23 May 1951.³⁴ It allowed the Tibetans to reform themselves within their own pace allowing religious freedom and becoming the part of China.³⁵ The agreement was ratified by the 14th Dalai Lama on 24 October 1951.³⁶ There were oppositions to the agreement between PRC and Tibet. However, the tensions arose when Tibetan militias vehemently opposed the land reforms introduced by PRC.³⁷ The strife continued between the militias and PRC, but the climax of the conflict came when an anti-religious legislation was introduced by PRC against Tibet and many prominent monks were imprisoned.³⁸ In response, a resistance movement started in Tibet, the Khampas of Kham region waged guerrilla warfare against PLA, the Dalai Lama repudiated the agreement and fled to India on 17 March 1959 and established a government-in-exile.³⁹

The situations developing in Tibet had been of concern for the Americans. The USA had been eager from the beginning about how it could support the resistance with military aid.⁴⁰ In the late 1950s, Tibetans were brought to Colorado and given trainings in high-altitude communications and guerrilla warfare techniques.⁴¹ Although the resistance against the Chinese occupation of Tibet continued, it faced several setbacks. Therefore, in the early 1960s, the resistance movement proposed Mustang, a semi-autonomous kingdom within Nepal, as their safe heaven.⁴² On 16 December 1960, King Mahendra began the direct rule in Nepal. By this time, the Tibet issue had placed Nepal into the arena of the Cold War.

On this backdrop, it has been reported that, in 1960, the PLA invaded Lo-Manthang area of Mustang district of Nepal killing one of the Nepalese soldiers.⁴³ Amidst the growing ideological battles during the Cold War, the USA saw an opportunity in funding Khampas against PRC. The US President John F. Kennedy's administration decided to support CIA-backed Khampa rebels in Mustang against their struggle with PRC.⁴⁴ The Nepalese Himalayan borders with Tibet became a place of contention and engagement of Khampa supported by CIA with PLA. The CIA-supplied two parachute supply drops were conducted within the 10KM inside the Tibetan territory from April to December 1961.⁴⁵ This airdrop might have been intended by the Americans to initiate the infiltration. Notably, the guerrilla tactics by Khampa rebels were being conducted from Nepalese territory. Several infiltrations were purported by the CIA inciting and training Khampa rebels. It continued for years, with some of the operation unknown to the Indians as well.

As concerns growing inside Nepal about the Indian and American disregard for Nepal's sovereignty and independence were growing, King Mahendra visited China in 1961.⁴⁶ The border demarcation was settled during the visit with enhancement of economic aid. King Mahendra decided to adopt a neutral and non-aligned foreign policy following 1962 Sino-Indian War. Although resolute to resolve the Khampa rebellion, he was pressurised by India and USA to let rebels reside on humanitarian ground.⁴⁷ However, King Mahendra was successful in withdrawing

Indian military check posts established in 1952 in two phases by August 1970.⁴⁸ This step by Nepal when Chinese rapprochement was considered necessary was not welcomed by the USA and India. When King Birendra came into power in 1972, his visit to China a-year later became crucial in suppressing the rebellion.⁴⁹ During his visit, Chinese Premier Zhou Enlai requested King Birendra to control Khampa residing in the northern borders of Nepal.⁵⁰ To this request, a covert operation in dealing with Khampa leaders and military operation was prepared.⁵¹ Later in July 1974, it was decided bilaterally that Khampas were to peacefully handover the weapons to Royal Nepal Army.⁵² However, the delay in handover led to the initiating the military operation—to which the remaining rebels surrendered peacefully. Many Khampas were arrested at different locations including Gey Wangdi, the Khampa leader.⁵³ The whole operation in dealing with Khampa rebellion by Nepal was appreciated by China.

Isolating the Khampa rebellion, in study of Nepal's small state strategy during the Cold War, indicates a difficult situation of foreign interventions in the country. It was further embroiled by the 1962 Sino-India War. A tumultuous situation for Nepal's independence is observed concerning the intervention of the USA and India. Nepal navigated a complex geopolitical landscape by hosting Tibetan refugees and CIA-backed rebels while simultaneously affirming Chinese sovereignty over Tibet. During this period, US-China relations improved as Washington courted Beijing, while Moscow and New Delhi strengthened their military ties, enabling India to assist in the creation of Bangladesh following Pakistan's division. China's passive stance during these events contrasted with the shifting regional dynamics. King Mahendra's sudden death amid these significant changes in China's and India's roles in the region heightened domestic and international uncertainties.

1962 Sino-India War and Nepal's Equidistance

The 1962 Sino-India War became the litmus test for Nepal's foreign policy. In the winter of 1962 when Chinese military forces moved across the Indian border at the eastern and western ends of the frontier.⁵⁴ The disputed region in the Ladakh region was captured by Chinese forces, and the Indian military in the north-eastern region was attacked virtually seizing the areas.⁵⁵ This accomplished the objectives of China who unilaterally declared ceasefire which was also accepted by the India.⁵⁶ It was a short war which had reached peace by the end of December. Nepal adopted a neutral stance in the war; however, it would put tremendous pressure on Nepal.

For New Delhi, Nepal's neutral stance became a complete repudiation of the 1950 Peace and Friendship between the two countries.⁵⁷ Nevertheless, the 1962 war made New Delhi realise that it needed a friendly buffer with China. At personal level, Indian Prime Minister Nehru also realised his personal limits in steering the outcomes of the regional politics.⁵⁸ Additionally, this has been described as the China's ambition beyond the Himalayas detaching the Himalayan states—Nepal, Bhutan and Sikkim—from the Indian influence.⁵⁹ This was also a representation of China's assertion and control of Tibet. The war also led the USA to rethink about its South Asia policy.⁶⁰ The White House, after the war, seemed

more determined to counter communist challenges in the Himalayan states. The Kennedy administration deployed its new Peace Corps, and Nepal was the first to receive them.⁶¹ Eventually, India also toned-down Kathmandu's criticism.⁶² To this end, the ousted political parties, especially the Nepali Congress, in the direct takeover of the power by the King also terminated the insurgency in the backdrop of war.⁶³ India has seriously considered, after the war, that Nepal needs to be an ally; thus, the Indian condemnation of Nepalese monarch by India was drastically reduced. Nepal, too, took a drastic step in 1962 by affirming China's sovereignty over the Tibet—thus, designating a consul-general to Lhasa.⁶⁴

Nepal has consistently balanced its relations with neighbouring powers, China and India, through a foreign policy centred on neutrality, non-alignment and equidistance. These principles reflect the survival strategies employed by small states to navigate the challenges of an anarchic international system. Many anticipated that the 1962 war between India and China could be taken as an opportunity for Nepal. This direct military confrontation between the two giant neighbours in South Asia presented Nepal with security challenges. As a small state, Nepal opted to change an equidistance relationship between the two giant neighbours. Although taken as hostile stance by India, Nepal's position has to be justified from the small state perspective on how to sustain when two powers, who are neighbours, are in direct hostility.

Nepal's neutral stance during the war drew criticism from India, particularly as it was seen as a departure from the 1950 Treaty of Peace and Friendship. However, this position must be understood in the context of Nepal's precarious geopolitical position between two powerful neighbours. The war's aftermath highlighted Nepal's diplomatic balancing act—affirming China's sovereignty over Tibet while managing to ease India's criticism and maintaining stability domestically. The conflict also reshaped regional dynamics, with India reassessing Nepal's strategic importance as a buffer state and the USA recalibrating its South Asia policy to counter communist influences in the Himalayas. Ultimately, Nepal's approach demonstrated the delicate and complex calculations required for a small state to navigate the competing interests of its larger neighbours in an anarchic international system.

Development Aid Politics in Nepal: Communism in Cab

After Nepal became of democratic country, it naturally had ambitions for economic development. However, with the Cold War looming large in South Asia, Nepal became the arena of ideological contestation. During the Cold War, the foreign aid was basically a diplomatic instrument for the superpowers to influence the countries and was core to the US foreign policy. Before Chinese economic assistances started to enter Nepal, it was the USA who had economically supported the country for its economic ambitions. Nepal was among the first countries to receive aid since the 1950s, which increased when Nepal signed the General Agreement for Technical Cooperation on 23 January 1951.⁶⁵ The aid motivation by the USA boils down to the preservation of democratic ideology. The USA believed that it could employ

aid to prevent Nepal from becoming a hot spot of rivalry between China and India, and Nepalese people turning towards the radical ideology as a way of addressing fundamental problems.⁶⁶ Although altruistic motivations cannot be denied, overall, the USA's aid politics aimed to counter outside influence, especially from China.

The geopolitical situation of Nepal, coupled with the communist threat looming large with annexation of Tibet by China, has put the country into the aid radar of the USA. Not only China, but also the USA feared that a strong Soviet influence could penetrate through the small states in the Himalayas.⁶⁷ A strong justification for US interest during the Cold War was the increased Soviet and Chinese Communist interest in the Himalayan periphery of Nepal.⁶⁸ Notably, the USA's interest was to establish a channel of information through Kathmandu about Tibet and China. For USA, India, during the early days of the Cold War, was not a reliable partner in South Asia.⁶⁹ Hence, Nepal became an ideal candidate for countering any possible communist threat to both Nepal and the Indian subcontinent.

As US Ambassador to India Ellsworth Baker described Nepal as a "stone in the arch of world freedom and progress," the containment of possible attacks from China remained vital till the late 1960s. The USA provided a minor arms assistance to Nepal in the mid-1960s.⁷⁰ With physical aggression becoming less possible, the ideological containment of communism in Nepal became the priority. Even during the Khampa rebellion, the Americans were concerned about the economic condition of Nepal which could easily come into communist subjugation.⁷¹ Nevertheless, the warming up of relations between the USA and China, which resulted in the formulation of Nixon Doctrine, contributed to the weakening of the containment objectives, thus, a relative decline in the aid can be observed. Gradually, the strategic importance of Nepal for the USA does not remain the same as in the 1950s or early 1960s. This did not mean that the aid from the USA stopped pouring into Nepal, but the strategic objectives declined and socio-economic objectives became more prominent.

Amidst the USA's aid diplomacy to contain communism in South Asia through Nepal, China's motive for its aid to Nepal starts with realisation of China for Nepal's support to counter Khampa rebellion. In 1961, a Chinese delegation was sent to discuss aid projects in Nepal where China agreed to provide 10 million Indian Rupees and commodities worth of 25 million rupees as grant.⁷² The Chinese aid was aimed at making Nepal self-reliant, that is, independent from its southern neighbour and the USA. After the visit of King Mahendra to China as well, an economic assistance to build roads linking Kathmandu and Tibet worth USD 9.8 million was provided.⁷³ Technical assistance was also planned to be provided to Nepal; however, Nepal insisted on taking assistance if it was needed.⁷⁴ Aid, which was extended to Nepal by China during the Cold War, emerged as a means of preserving the balance of power on the subcontinent.

This proposal of the road to be made from the Chinese aid became so discussed in the Indian and Western media, that India viewed it as Nepal's bargaining chip against them. The strategic and political significance of the road was disregarded by Nepal which made India apprehensive towards Nepal. Indian Prime Minister Jawaharlal Nehru spoke in the Indian parliament about the strategic threat that

the road posed to India suggesting Chinese military might use the road to enter Nepal.⁷⁵ However, a (in)famous reply from King Mahendra resonates with all the aid politics that were being played in Nepal. Indicating the construction of road, he had stated that *communism would not enter Nepal "in a taxi cab."*⁷⁶ This would be summarised in Mao's terms that the India would be *respectful* towards Nepal.⁷⁷

During the Cold War, Nepal was among the countries that would receive the largest aid from China. China's aid objective to Nepal, and to an extent, Nepal's then ruling elites' motive was to counterbalance India and its influence. Following the Sino-Soviet split, its effect was felt in Nepal too when it was anticipated that Soviet aid strategies were also designed to offset Chinese successes.⁷⁸ Nevertheless, when China dropped few projects committed to Nepal, then the question of efficacy and value of the Chinese aid was questioned.⁷⁹ Moreover, a question arises to the construction of the highway linking Kathmandu to Tibet when it opened to one-way traffic in 1964, and an engineer defected to Taiwan asserting the bridges and road could carry tanks.⁸⁰

Overall, the perception of Chinese aid to Nepal has been observed as highly worrisome by India, and the USA has equally asserted it as a way of influencing Nepal towards communism, as well as Soviet attempt to counter Chinese aid, seen during the Cold War. Nevertheless, it is to be focused that Chinese aid and trade were limited and had demonstrative value. It would be just to point out that the ruling elites of Nepal have used it as a counterweight to India. To an extent, this has been justified through the equidistance foreign policy and has benefitted Nepal too.

Furthermore, Indian economic aid to Nepal and other Himalayan states during the start of the Cold War can be observed as an extension to stronghold the existing influence in the region. India was the largest economic aid provider to Nepal and post-Cold War for decades. Indian aid to Nepal ranges from infrastructural development to training Nepalese administrative personnel. The long-term committed Indian aid to Nepal for different highways and other schemes including electricity and irrigation projects secured its influential position in the development of Nepal. The scepticism has always been present during the Cold War and latter days about India's strategy to asymmetrically make Nepal dependent on aid and trade towards its southern neighbour.⁸¹

The 1950 Peace and Friendship Treaty between Nepal and India precluded the element of independent aid, trade and economic policy. Similarly, the development support to Nepal by India is characterised by several apprehensive treaties. For example, the Koshi Agreement signed in April 1954 allowed India to build a barrage on Nepalese territory.⁸² This is one of the examples where Nepal has been manoeuvred into signing away this *so-called* development project. The initial days of development politics by India towards Nepal have been the policy of extracting maximum terms from Nepal undermining trust. The initial phases can be characterised by an aggressive development aid politics by India. In 1959, Gandak Agreement was signed which allowed India to use waters of the Gandaki River for irrigation in Bihar and Uttar Pradesh.⁸³ The strategic advantage of highwater surface has been clearly given-up Nepal through the treaties.

In the early 1960s, for Indian aid to Nepal, it has been a balance to Chinese aid. The aid diplomacy for India seems to have taken a back after King Mahendra took absolute power in Nepal. The development aid politics was largely submerged under the new resurgence of nationalism during King Mahendra's direct rule with bitter animosity between the two countries. The decade of 1960s for Nepal made it clear about the difference between Indian aid agreements and their implementation.⁸⁴ In 1963/1964, Indian aid was 20% of the total aid received by Nepal; by 1967/1968, India had become the major aid donor, providing 60% of all aid received by Nepal.⁸⁵ Although aware of the aid motivations, the closeness to southern neighbour in different facets led Nepal to highly depend on it for its economic development. Also, Indian Prime Minister Indira Gandhi during her visit to Nepal in 1966 emphasised the parity of the relationship by changing the Aid Mission's name to Indian Cooperation Mission (Table 5.1).⁸⁶

During the Cold War, Nepal emerged as a critical arena for geopolitical contestation among the USA, China, the Soviet Union and India, with foreign aid serving as a tool for influence. The USA's aid aimed to preserve democracy, counter communism and maintain strategic relevance in South Asia, leveraging Nepal as a buffer against potential communist expansion. China's aid objectives, on the other hand, revolved around countering Indian dominance and maintaining regional influence, notably through infrastructure projects such as the Kathmandu-Tibet highway. Meanwhile, India pursued an aggressive development aid strategy to assert its influence, often tying Nepal into asymmetric agreements that reinforced economic dependency. Despite the varying motivations, Nepal's ruling elites strategically leveraged foreign aid to balance external powers and secure economic benefits, demonstrating the nuanced role of Nepal as both a recipient and a strategic actor in Cold War-era aid politics.

Annexation of Sikkim by India: Threat to all Himalayan States

The study of the Himalayan states in the small state's academia is understudied. Many in the *international* may not know about the history or fate of the Sikkim as a small state. There are different political developments that led to, some say merger and others mention it as annexation, of Sikkim in 1975; however, what is it to do with Nepal? Sikkim as a small state, before its annexation, is geographically surrounded by Nepal, Bhutan, China and India. And, Nepal's interaction with Sikkim is crucial in understanding the threat that the annexation posed to Nepal. From the days of unification of Nepal, Nepal-Sikkim relations have been based on conflicts and control—either it for the territorial expansion or the control of trade routes. Nepal's position in maintaining an influential position on Sikkim resulted in British support to the later rewarding Sikkim with territories and a guarantee of security from external aggression through the Treaty of Titalia (1817).⁸⁷ Throughout the Rana regime in Nepal characterised by a British-centric foreign policy, the Sikkim-issue for Nepal was strategic in maintaining its crucial position in the Indo-Tibetan trade routes. The annexation of Sikkim to India in 1975 came with similar background.

Table 5.1 Foreign Aid to Nepal (Rs in 0.000)

Country	India	USA	China	USSR	UK	Others	Total
1951/1952	70,018	24,951	^d	^d	^d	^d	94,969
To							
1955/1956 ^a							
1956/1957	14,570	12,723	^d	^d	^d	^d	27,293
1957/1958	9,605	48,473	^d	^d	^d	^d	58,078
1958/1959	17,102	17,951	^d	^d	^d	^d	35,053
1959/1960	18,450	56,225	32,135	^d	^d	18,530	125,340
1960/1961	22,355	86,997	^d	8,456	^d	19,291	137,099
1961/1962			<i>Data Not Available</i>				^b 69,568
1962/1963	13,600	46,800	3,200	15,000	^d	5,100	83,700
1963/1964	34,000	74,400	14,700	33,400	^d	9,400	165,900
1964/1965 ^c	62,736	65,530	12,144	463	^d	174	141,047
1965/1966	93,000	57,900	16,200	5,000	^d	3,200	175,300
1966/1967	77,633	34,926	24,583	4,875	^d	219	142,236
1967/1968	95,867	32,226	26,135	3,069	250	537	158,114
1968/1969	106,482	38,532	37,556	1,250	1,300	778	185,898
1969/1970	140,482	43,781	72,510	4,500	5,110	2,467	268,429
1970/1971	150,192	67,200	65,300	3,500	17,100	3,650	332,756
						(+25,814) ^d	

Source: Pashupati Shumsher J. B. Rana. (1971). India and Nepal: The Political Economy of a Relationship. *Asian Survey*, 11(7), 645–660. <https://doi.org/10.2307/2642972>

^a Year-wise breakdowns are not available.

^b Data for non-budgetary expenditure for the year 1961/1962 are not available.

^c Actuals of the foreign aid included in the budget as published in the Budget Speech 1966/1967.

^d Aid from UN Development Fund.

The annexation came with physical threat to Nepal; however, the contentious Chinese position near Sikkim, after the annexation, closer to the Nepalese border, put India and China on a brink of another confrontation. This shattered the Himalayan Frontier theory proposed by Indian Prime Minister Jawaharlal Nehru—which broke the mirage of buffer state for Nepal continuing to exist as such. The never-ending situation of geopolitical and military conflict-scenario that came along with the Sikkim's annexation is what Nepal faces till today. An unceasing dual risk that Nepal inherited is the consequence of this precarious scenario. This is an untold anecdote from the Himalayas during the Cold War which continues to place Nepal in a precarious scenario as a part of physical and geopolitical risk.

This reiteration of the Cold War relic is significant for Nepal because of its continuous success in maintaining its sovereign and independent status. Unlike Sikkim or Bhutan, Nepal remained a crucial piece in the Himalayan chessboard of geopolitics which has actually been reluctant to fall completely under the India's zone of influence. Moreover, the Sikkim intrigue, for Nepal, comes along with King Birendra's proposal of Zone of Peace for Nepal.⁸⁸ It was a foreign policy strategy by Nepal to assert its neutral and non-aligned state along with promotion of values of world peace—as well as a symbolic expression of independence and autonomy from the influences from India during the Cold War. This proposal was rightly rejected by Prime Minister Indira Gandhi.⁸⁹ Therefore, Sikkim's annexation comes as a threat to other Himalayan states when they try to seek greater independence from India's zone of influence—in this case, Sikkim was already an Indian protectorate from 1950.⁹⁰

The annexation by Chinese media was represented as a direct threat to Nepal which was followed by Pakistani media outlets as well. There were demonstrations and protests in Nepal regarding India's action towards Sikkim.⁹¹ When the Indian parliament decided to absorb the state, the protestors in Kathmandu attacked the Indian embassy, cultural centre and shops.⁹² New Delhi responded that these vehement attacks had official backings from Kathmandu.⁹³ This was viewed by challenge by New Delhi which had recently won war with Pakistan and developed nuclear capabilities. However, the Cold War politics had turned speculations in South Asia—a difficult scenario for Nepal as a small state—with divergent views of Americans relative to India, possible involvement of India in overthrowing monarchy in Afghanistan in support of Soviets and state of emergency by Prime Minister Indira Gandhi.⁹⁴

The Sikkim intrigues for Nepal started before the annexation in 1975 when Sikkim's *Chogyal* to his coronation which irked Indian Prime Minister Gandhi.⁹⁵ Although the Zone of Peace Proposal failed for Nepal, King Birendra with constitutional changes in the country posed him as a reformer convincing western partner of Nepal's potential to change with changing international environment. Nepal became at the centre of world attention, for the USA and China, with India siding with the Soviets and the world's most populous democracy in threat due to hard-line elements. Therefore, the annexation of Sikkim impelled Nepal to try to break out of the stifling embrace of India and veer towards a balanced approach to the outside world other than China and India.

Clashes of Individuals: Personality Collisions in the Cold War for Nepal

The interpretation of Cold War has been done on different levels and dimensions. However, many agree that the Cold War discussion has not been particularly focused at the individual level. The Cold War era was among the periods in the international politics when the discussions from King had been shifted to the leaders of the world. It is the timeframe in which the policies and strategies were being named after individual leaders—from Truman and Churchill to Mao and Stalin. There have been instances of individual preferences or hatred that turned the tide of decisions in the Cold War. Many events beyond geopolitical or geostrategic explanations boil down to the individual level—the likes or dislikes and enmity or favourites.

For small states and the question of personalities/individuals amidst the discussions on great leaders of the superpowers, Rothstein (1968) sees small state's situation as state leader's view of its weakness as unalterable and Keohane (1969) asserts that small states as country whose leaders believe that they cannot alone exercise some impact.⁹⁶ This psychological dimension on the definition on *smallness* of small states centres the discussion on significance of individuals. As the individual analysis of small states and the Cold War's emphasis on individuals, for Nepal as a small state, provides a crucial juncture to analyse it from personality collisions of different leaders. There are different accounts of individuals like Mao and King Mahendra, King Mahendra and Indian Prime Minister Indira Gandhi and King Birendra and Rajiv Gandhi who are important for Nepal during the Cold War days.

There are different shades of dark accounts of relationship between King Mahendra and Prime Minister Indira Gandhi; however, it would be difficult to validate if those accounts are completely real. Nonetheless, the personality collision between two leaders was easily visible. King Mahendra of Nepal was an ambitious and visionary leader, a devout nationalist and noble and headstrong. Similarly, Prime Minister Indira Gandhi was assertive and confident character, and Henry Kissinger described her as an "Iron Lady," a nickname that became associated with her tough personality.⁹⁷ Rather than going along with each other, the 1960s was marked by tensions stemming from their distinct political visions and strategic goals for their respective countries. King Mahendra always had repercussions about the India's influence in Nepal through the 1950 treaty and pursued equidistance foreign policy balancing relationships with China, the USA and the Soviet Union; or whether it be direct rule by the King during *Panchayat* regime; use of China by King Mahendra for counterbalancing India and his actions on withdrawal of Indian Military Liaison Mission and Indian security check posts stationed in Nepal since the 1950s; additionally, King Mahendra's active participation in the Non-Aligned Movement (NAM), using it as a platform to emphasise Nepal's sovereignty and neutral foreign policy—Prime Minister Gandhi had repercussions or divergent views with King Mahendra. The personality clash between King Mahendra and PM Indira Gandhi stemmed from deeper geopolitical and ideological divides. King Mahendra's desire to assert Nepalese sovereignty and minimise Indian influence conflicted with Indira's efforts to ensure India's strategic dominance in the region.

Unlike the relationship with PM Gandhi, King Mahendra had a different kind of relationship with Mao Zedong, although this is not an ideological alignment but a pragmatic convergence of thoughts. King Mahendra's defiance of India's influence in Nepal was pivotal in their individual level of relationship.⁹⁸ King Mahendra's style of governance might have been viewed by Mao as a localised, independent political experiment that eschewed Western-style democracy.⁹⁹ Mao seems to have admired Mahendra's assertion of Nepal's sovereignty and his willingness to challenge India's influence. For Mahendra, engagement with Mao and China was a strategic choice to balance India and enhance Nepal's diplomatic leverage.¹⁰⁰ This symbolic respect for one another led to the border agreement between two as well as acted as a diplomatic tool for Nepal's foreign policy.

In contrast, the tussle between King Mahendra and PM Gandhi seemed to continue with his son King Birendra. This again boils down to the view of divergent towards their respective national priorities. An instance between PM Gandhi and King Birendra can be cited when she had been displeased when Sikkim's Chogyal was invited to his coronation in 1975.¹⁰¹ A response PM Gandhi sent India's Vice-President to Kathmandu for the occasion, despite the fact that the Indian President had personally attended the coronation of Bhutan's King Singye Wangchuk few months before.¹⁰² To make matters worse, the Ministry of External Affairs instructed the Nepali Ambassador, K. B. Malla, that no sovereign courtesies should be extended to the Chogyal under any circumstances.¹⁰³ While King Birendra sought to assert Nepal's sovereignty through policies like the Zone of Peace proposal and equidistance diplomacy, Indira Gandhi was focused on maintaining India's strategic dominance in South Asia. Altogether, King Birendra was known for his calm, composed and diplomatic approach; and Indira Gandhi, on the other hand, was assertive and pragmatic, with a firm belief in India's role as the dominant power in South Asia. These differences in personality and approach led to friction, as King Birendra's insistence on Nepal's neutrality was at odds with Indira's expectations of compliance from a smaller neighbour.

The personality tension continues for King Birendra with Prime Minister Rajiv Gandhi. The tensions sparked by the 1988–89 blockade due to Nepal's purchase of weapons from China significantly strained relations between King Birendra and Rajiv Gandhi, with Nepal perceiving India's actions as coercive and a direct challenge to its sovereignty.¹⁰⁴ The relationship between King Birendra and Rajiv Gandhi was marked by mistrust and strategic divergence. The 1989 blockade was a particularly low point in their relationship, highlighting the challenges of balancing Nepal's independence with India's regional ambitions.

During the Cold War, Nepal's geopolitical positioning between India and China made its leadership's personalities pivotal in shaping its foreign policy. King Mahendra's assertive and pragmatic diplomacy emphasised Nepal's sovereignty, balancing relations with both China and India while leveraging Cold War dynamics to attract international aid. His successor, King Birendra, pursued a more idealistic vision with his "Zone of Peace" proposal, reflecting a cautious and neutral stance that aimed to shield Nepal from superpower rivalries. Meanwhile, Indian leaders

like Indira Gandhi and Rajiv Gandhi, with their strong-willed and strategic focus on maintaining regional dominance, often clashed with Nepal's leadership over issues like sovereignty, trade and Nepal's growing ties with China. These individual approaches intensified diplomatic tensions, as Nepal's quest for autonomy frequently conflicted with India's security concerns, underscoring how leadership styles significantly influenced Nepal's role in Cold War geopolitics.

The *Panchayat*, the USA, China and India

The Cold War in Nepal is largely characterised by the direct-rule from the King of Nepal. In contrast to the initial days of democracy's introduction in Nepal, King Mahendra citing political instability and poor governance dissolved the democratically elected government, imprisoned the cabinet ministers and large number of party workers and banned political parties altogether.¹⁰⁵ With such huge change in the governance structure of a Himalayan state with utmost geopolitical sensitivities, it must have raised eyebrows among the great powers. The Cold War studies have mostly focused on events than perceptions and positions. Amidst the making of the American-led liberal international order, China's rising prowess in Asia and India's growth as regional power, the power and governance of a single person—the King—in Nepal must have had some concerns among India, China and the USA.

As the USA's strategic objective in Nepal is mainly focused on strategic imperatives of containing communism and maintaining stability in South Asia, the *Panchayat* system, introduced by King Mahendra in 1960, ensured Nepal's political stability as well as resisted leftist political movements which aligned with the USA's anti-communist objectives, leading to tacit acceptance and, at times, support for the regime.¹⁰⁶ However, the sensitivities of the Cold War have not always positioned this rule with same perspectives. The USA maintained close diplomatic ties with King Mahendra and later King Birendra, providing substantial economic and military aid.¹⁰⁷ For instance, the USA's development assistance targeted infrastructure, education and health, which were seen as tools for bolstering the regime's legitimacy and reducing the appeal of communist ideologies.¹⁰⁸ The programmes like the Peace Corps were active in Nepal during this time, symbolising US soft power engagement under the *Panchayat* framework. The declassified archives suggest that while the USA was aware of the authoritarian nature of the system, it prioritised geopolitical stability over democratic reform.

The strategic importance of Nepal lay in its location between India and China, two pivotal players in Cold War geopolitics and carried risks. By supporting an autocratic regime, the USA inadvertently alienated pro-democracy forces in Nepal, which could have long-term implications for Nepalese politics. The suppression of political freedoms and the centralisation of power under the monarchy created underlying discontent, which would later fuel pro-democracy movements.¹⁰⁹ This tension highlights the contradictions in American policy, where the promotion of stability often came at the expense of democratic principles. Nonetheless, the attitudes towards the *Panchayat* system began to shift in the late 1980s, reflecting broader

global changes following the decline of the Cold War. As democracy movements gained momentum worldwide, including in Eastern Europe and Asia, the USA started reassessing its support for authoritarian regimes. The pro-democracy movement in Nepal in 1990, which culminated in the restoration of multiparty democracy, was seen by the USA as a positive development.¹¹⁰ In hindsight, the USA's policy towards the Panchayat system underscores the complexities of balancing strategic interests with ideological commitments, revealing both the strengths and contradictions of its Cold War-era diplomacy in South Asia.

Moreover, China's perception of the Panchayat system is shaped mainly by its rivalry with India and global strategic competition with USA—especially in terms of Tibetan issues. While officially neutral about Nepal's internal governance, China pragmatically viewed the Panchayat system as an opportunity to extend its influence and counterbalance Indian dominance in the region. The autocratic system under King Mahendra and King Birendra provided a stable partner for China to engage with, particularly as Nepal sought to leverage Sino-Indian rivalry to maintain its sovereignty and neutrality.¹¹¹ China viewed the Panchayat system as conducive to maintaining Nepal's political stability, which was essential for safeguarding its southern frontier and countering India's growing influence.¹¹² China's support for Nepal during this period was evident in its endorsement of King Mahendra's foreign policy of non-alignment and neutrality. The 1960 Sino-Nepal Treaty of Peace and Friendship and subsequent agreements on trade and transit symbolised China's willingness to strengthen ties with Nepal under the Panchayat regime. King Mahendra's overtures to China, including his visit to Beijing in 1961, were met with warmth, as they aligned with Mao Zedong's strategy of encircling India and reducing its sphere of influence.

One of the most visible aspects of China's engagement was its investment in infrastructure projects in Nepal. The construction of the Araniko Highway, linking Kathmandu to Tibet, was a landmark project initiated during the Panchayat period. Meanwhile, King Birendra's proposal to declare Nepal a "Zone of Peace" was enthusiastically supported by China.¹¹³ Nepal's procurement of Chinese weapons in 1988, bypassing India, was a significant episode that highlighted China's growing role as a security partner for Nepal.¹¹⁴ During the Panchayat era, Nepalese leaders also leveraged China's support to resist Indian pressures. This strategic balancing act benefited China, as it prevented Nepal from the Indian sphere of influence. In retrospect, China's relationship with the Panchayat system underscores the interplay of ideology, strategy and pragmatism in its Cold War diplomacy. While it leveraged the system for short-term gains, its broader engagement with Nepal reflected a nuanced understanding of regional power dynamics and a flexible approach to achieving its strategic objectives.

Nonetheless, when it comes to India—Nepal's crucial partner with regard to everything during the Cold War—is followed by bilateral tensions and conflicts, with competing visions of sovereignty and influence in the region. While India initially sought to preserve its traditional influence over Nepal, the autocratic and nationalist nature of the Panchayat system, combined with Nepal's growing alignment with

China, frequently strained relations.¹¹⁵ India viewed King Mahendra's dissolution of Nepal's parliamentary democracy in 1960 with suspicion.¹¹⁶ The establishment of the Panchayat system was seen as a move by the monarchy to consolidate power and diminish India's influence, which had grown significantly after Nepal's democratic experiment in the 1950s. From New Delhi's perspective, the Panchayat system allowed King Mahendra to suppress pro-Indian democratic forces in Nepal while using nationalism to consolidate his power and justify closer ties with Beijing.¹¹⁷

India's strategic interests in Nepal during the Cold War were deeply tied to its security concerns, particularly after the 1962 Sino-Indian War. Nepal's Panchayat system, with its emphasis on sovereignty and neutrality, was seen as a double-edged sword. On one hand, India valued Nepal's stability under the monarchy, as it reduced the risk of communist infiltration or political turmoil that could spill over into Indian territory.¹¹⁸ On the other hand, the monarchy's pursuit of an independent foreign policy, particularly its engagement with China and its rejection of Indian dominance, was a constant source of tension.¹¹⁹ India also sought to exert influence through economic means, such as controlling trade and transit routes. The 1989 trade and transit crisis, when India imposed an economic blockade on Nepal, was a culmination of long-standing frustrations with the Panchayat regime.¹²⁰

India's engagement with the Panchayat system evolved over time, particularly as the Cold War waned and domestic and regional dynamics shifted. By the late 1980s, India was grappling with internal economic and political challenges, which, combined with the changing global order, led to a more pragmatic approach towards Nepal.¹²¹ While India continued to view the Panchayat system as an obstacle to its influence, it became increasingly attuned to the growing pro-democracy movement in Nepal. During Nepal's 1990 People's Movement (Jana Andolan), which led to the downfall of the Panchayat system, India played a quiet but significant role.¹²² While it refrained from overt intervention, India's diplomatic support for democratic forces signalled a shift in its policy, aligning with the global wave of democratisation. This transition reflected India's recognition that the monarchy's autocratic rule was unsustainable and that a democratic Nepal might offer a more cooperative partner in the long term.

Overall, the USA, China and India each approached Nepal's Panchayat system through lenses shaped by their respective strategic priorities and geopolitical considerations during the Cold War. The USA, while initially ambivalent, largely saw the system as an opportunity to maintain Nepal's alignment with the West and to counterbalance the rising influence of communist ideologies in South Asia. China, on the other hand, embraced the Panchayat as a means to secure Nepal as a neutral buffer state in its rivalry with India, offering strategic support while largely refraining from promoting ideological change. India, however, viewed the system with growing unease, as it represented a challenge to its traditional dominance in Nepal and a potential shift towards Chinese influence. While India's policy was at times coercive, it gradually adjusted its stance as Nepal's domestic political landscape shifted. Thus, these three powers' responses to Nepal's Panchayat system reflect a complex interplay of security concerns, regional rivalry and pragmatic diplomacy,

revealing how domestic political arrangements in smaller states can reverberate on the international stage, influencing broader geopolitical dynamics.

The Cold War Era: Formation of Nuclear Neighbourhood for Nepal

Another major development for Nepal as a small state during the Cold War is the formation of nuclear neighbourhood. Nepal is surrounded by three nuclear states, namely China, India and Pakistan, and China and India developed their nuclear weapons during the Cold War. The nuclear neighbourhood for Nepal is worsened by the rivalry and conflict between the nuclear states. First, the nuclear development was accomplished by China in 1964, followed by India in 1974.¹²³ This put Nepal in a precarious position during the Cold War when India and China, at several times, had entered into conflict. Although the nuclear weapon was not chosen by either side during the Cold War era, the security threat that it has increased compounded with proliferation of nuclear weapons throughout the timeframe.

China's pursuit of nuclear power originates with USA's "nuclear blackmail" in the 1950s, when US President Harry Truman ordered ten nuclear-configured B-29s to the Pacific at the beginning of the Korean War.¹²⁴ This was meant to be a deterrent against China to repel its involvement in the war. China began its nuclear weapons' development from 1954 and continuously for years with the help of the Soviets, it successfully tested its first atomic bomb on 16 October 1964.¹²⁵ China pursued its nuclear modernisation in the 1980s and 1990s as well as the Treaty on the Non-Proliferation of Nuclear Weapons as imbalanced and discriminatory.¹²⁶ Although it has signed the Comprehensive Nuclear Test Ban Treaty (CTBT), it supported Pakistan to develop nuclear weapon has been unacceptable by international community.¹²⁷ The nuclear policy of China is ambiguous and elusive in nature from the days of its first test.

Furthermore, India became a nuclear state in 1974; its quest for nuclear arms began with the establishment of the Atomic Energy Commission, with Homi Bhabha as the chairman in 1948.¹²⁸ Later, the Department of Atomic Energy was created under the Office of the Prime Minister Jawaharlal Nehru and still remains under the direct personal authority of Indian Prime Minister.¹²⁹ Although India is the champion of the nuclear disarmament, India remained resolute in development of nuclear weapons coupled by its defeat in the 1962 Sino-India War and simultaneously China's nuclear development.¹³⁰ With similar attitude towards the Treaty of Non-Proliferation of Nuclear Weapons as China, Prime Minister Lal Bahadur Shastri decided in 1965 to go ahead with a subterranean nuclear explosion project.¹³¹ And, it was Prime Minister Indira Gandhi who completed it in 1974 by conducting the first underground nuclear test.¹³² However, with clandestine journey of Pakistan's nuclear weapon and China's support to it, as well as USA's strategic alliance with Pakistan made development of nuclear weapons for India ambiguous.¹³³

Therefore, Nepal as a small state, with regard to nuclear development in the region, has been ardent voice against the development of weapons of mass destruction from the Cold War till date. Nepal has been vocal towards the global arms

control and nuclear non-proliferation during the Cold War. Platforms like the NAM and the United Nations has been taken by Nepal to voice its concerns about the growing threat of nuclear weapons in the neighbourhood.¹³⁴ In 1961, Nepal was one of the founding members of the New Delhi-based International Conference on the NAM, which promoted disarmament and sought to reduce the global arms race, particularly nuclear weapons.¹³⁵ The Cold War became a crucial era for Nepal when its two large neighbours became nuclear powers. The foreign policy of neutrality and non-alignment has been crucial for Nepal to safeguard its non-involvement in any kind of nuclear confrontation.

To this, the Zone of Peace Proposal by King Birendra was significant. The proposal was in response to the nuclear weapons scenario being developed in Nepal's neighbourhood. As a small state and a landlocked state, the Zone of Peace Proposal was a strategy to safeguard Nepal's sovereignty and independence, but at the same time, a strategic outlook to maintain regional and global peace.¹³⁶ It was a hope by Nepal to create a peaceful and stable region which was already plagued by many complexities. This was a strategy by Nepal to take the nuclear threat from state perspective to human security. Also, Nepal's small state strategy has been the promotion of international law.¹³⁷ For this, Nepal's support and promotion of the Chemical Weapons Convention, the Nuclear Non-Proliferation Treaty and the CTBT have been crucial. Therefore, during the Cold War period, advocacy and diplomacy have been the tools for Nepal to deal with the nuclear neighbourhood. This continues to the present day.

Despite Nepal's strong advocacy for nuclear disarmament, the Cold War period and its position between nuclear-armed states like India and China made its policy delicate. While Nepal sought to maintain its stance of neutrality and peace, the political reality was that its regional neighbours were deeply entrenched in the nuclear arms race. Nepal continued to promote peace and nuclear disarmament at international forums but found itself constrained in terms of practical diplomacy due to the nuclear realities of its neighbours. Altogether, Nepal's advocacy against a nuclear neighbourhood during the Cold War was a consistent element of its foreign policy, with its support for global disarmament and the implementation of the "Zone of Peace" proposal serving as key instances. However, Nepal's idealism often clashed with the geopolitical realities of its nuclear-armed neighbours, leaving its efforts somewhat symbolic but still significant in the larger discourse on nuclear non-proliferation.

Conclusion

The chapter extensively analyses Nepal's strategies and experiences as a small state during the Cold War, focusing on its geopolitical manoeuvring amidst great-power rivalries and regional complexities. It illustrates how Nepal's unique position as a landlocked Himalayan state, wedged between two rising powers—India and China—shaped its political, diplomatic and security strategies. From leveraging the Sino-Indian conflict and the annexation of Tibet to navigating Cold War tensions through non-alignment and balancing aid diplomacy from the USA, China

and India, Nepal exemplified pragmatic survival strategies typical of small states. Its efforts to assert sovereignty, such as through the “Zone of Peace” proposal, and its strategic balancing of relationships reflect Nepal’s delicate and nuanced approach to preserving autonomy in a turbulent international system.

The study highlights the challenges posed by external pressures, such as India’s dominance, China’s growing assertiveness and the USA’s ideological interventions, which compounded Nepal’s vulnerability as a newly democratised and politically unstable small state. Despite these challenges, Nepal successfully maintained a degree of independence through its equidistant foreign policy and adept utilisation of regional and global tensions. Its handling of key crises, such as the Khampa rebellion, annexation of Sikkim and the Sino-Indian War, underscores the interplay of local agency and international pressures, showcasing Nepal’s ability to adapt its strategies to shifting geopolitical landscapes. However, Nepal’s reliance on external powers for economic and political support often exposed its internal vulnerabilities, particularly in managing domestic dissent and external perceptions of sovereignty.

In conclusion, Nepal’s Cold War experiences underscore the complex interplay of small state diplomacy, regional rivalries and global power politics. Its pragmatic balancing acts, strategic alignments and advocacy for peace and non-alignment positioned Nepal as a critical actor in Cold War geopolitics, despite its limited power. The study of Nepal during this period enriches the broader understanding of small state strategies in international relations, illustrating how such states navigate survival amidst competing interests of larger powers. Moreover, Nepal’s emphasis on neutrality and its contributions to international forums highlight its agency in shaping its geopolitical narrative, even as it contended with significant external and internal challenges.

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6 Nepal's Small State Diplomacy in the International Platforms

The primary objective of any state, whether it be Great Powers or small states, is survival or existence.¹ This may be hardly debated by any strand of theoretical scholars. However, the Great Powers may not have much focus about if they are going to be wiped out soon or easily; but, small states, with their limited capacity and opportunities, have concerns about their continuous existence as their conditions and possibilities within any international system is vulnerable.² Before international liberal institutionalism came into practical discussions, small states do exist and alliances were formed. The study of small states' presence in international organisations or platforms gives us different questions on academic discussions in international relations (IR). First, this kind of study helps us to navigate the flow of realist notion of balance of power in an anarchic world to the liberal faith in international organisation to maintain world peace. And in this natural drift of worldview, the small states have seemingly adapted. Second, it helps to answer the notion of *why* small states participate in international platforms and *why* international platforms encourage small states to play a part. The latter question may not be pertinent to our study, but the former holds critical place in the discussion.

The answer to the curiosities that small states' diplomacy to actively engage in international organisations or platforms shall be discussed through the case of Nepal as a small state and its participation in international platforms. It is not to generalise the answers to all the small states in the international domain but to understand the similarities and uniqueness that each small state has in relation to the other. Different thoughts have been put forward by scholars studying small states about their participation in international platforms including international organisations. The common speculation of their participation would be *interest*, but whose interest they are serving might appear as a conundrum.³ Other assumptions fall under realist domain of power and influence, and liberal area of cooperation and mutual benefits.⁴ This chapter is, again, a response to the discussions which have tried to quantify *size* and behaviour of small states through one ontological and epistemological lens, rather than calling it a limitation. With Nepal's engagement in the international platforms of different numbers and characters, it will be an opportunity to scrutinise small states' diplomacy in the evolving dynamics of international engagement.

Small States and International Platforms

Most scholarly discussion revolves around small states' incapability to influence. It would be unfair to the small states to be dumped into this category of non-influential, as small states do matter to the Great Powers and their whole identity as such is because of existence of the *small*.⁵ Consequently, these discussions bring small states' participation in the international platforms to two different conclusions: first is the disproportionate actions where small states confer international platforms as a stage for seeking legitimate status, cooperation and rhetoric approval of international norms and principles; and second is the active participation to gain influence and control in agenda-setting, implementation and collaboration. These have provided a dilemmatic condition for analysing the behaviour of small states.

It is well known that compulsion for international platforms to be an effective actor is to be inclusive and member-driven.⁶ But the fate of inclusion is that a greater number of participants increase the difficulty in reaching to a consensus among all.⁷ While small states participate in the international platforms with *leap of faith* on liberal values for their survival and prosperity, the cost of participation for small states bring opportunities and vulnerabilities. Foremost, whatever the dilemma may arise for the small states, the internal structural constraints for the small states remain constant.⁸ Nevertheless, an attractive standard of almost all international platform is the "principle of sovereign equality" for small states.⁹ This becomes highly attractive for the small states at the cognitive level to be recognised as equal to the Great Powers.¹⁰ In this way, the international platforms are also not blamed of unequal participation, treatment and ineffectiveness, and small states also acquire the status of equal among all—one state, one vote. This is among the primary reason for the United Nations (UN) when it was recently established in 1947 to be taken as a stage of affirming sovereign status.¹¹

Nonetheless, many have asserted that this attraction for small states in the primary days, being limited to UN and its agencies, was accused to be a "club model," especially during the Cold War.¹² With number of international platforms increasing rapidly after the Cold War, the likelihood of small states' greater participation and probable assertive influence also increased simultaneously.¹³ This was possible because of the change in the international power structure, proliferation of democratic norms and the readiness of international platforms to help small states in various ways.¹⁴ However, it is not to say that all the small states have greater participation and assertive intentions through international platforms; it would be wiser to admit that some small states often participate along with powerful states/allies in the international platforms to seek "shelter" and gain other functional benefits from their patrons.¹⁵ When accepting the structural inability of small states or assuming some small states as a client to their powerful patron(s), their participation of small states seems to be limited to adherence to international norms and principles which are deemed primary to their survival, upholding of rules and traditions, a moral stance, to pose amenable in the agenda-setting and supporting decision-making, and accepting *mutual* assistance and cooperation, which some refer to as "free-rider."¹⁶ These turn out to be heuristic devices for small states, primarily to avoid contingent interactions.¹⁷

Regarding the study of small states as influential actors in the international platforms, the European small states and Pacific Island states have been largely studied. These studies have prioritised the influential capacity of the small states for agenda setting, forum shopping, issue prioritisation and coalition building. Additionally, the military industrial complexes in some of the small states like Singapore, Qatar and others have raised eyebrows in considering the powerlessness of small states.¹⁸ However, when equating the capacity of European small states with other small states, the scholars tend to forget that they are high-income countries, developed, with high literacy, and importantly, their security alliances. These claims provide for few that the small states are different with contexts and relations, whereas, for many, it offers conformity to promote existence of opportunity for small states in this structural hierarchy.¹⁹ But, it would be appreciable to claim that the influential capacity generated by few small states in issues such as climate change and humanitarian crises have drawn attention to all vulnerable small states to secure their survival against non-state threats. They have been successful in carving out space for the small states in practices of norms and governance.

Moreover, they have invoked rhetorical actions, common among African states and small island states, to highlight unique existential threats or vulnerabilities to the whole world, positing that it requires collective action. An interesting pattern among small states, for example, in the Small Island Developing States (SIDS) in the UN or Small Vulnerable Economies in World Trade Organization (WTO), they have developed consensus to such a level that they act as a vote bloc, or sometimes act as norm entrepreneurs, which swags the decision-making of the powerful nations.²⁰ By menacing denial or promising votes, they have maximised influences in the international platforms.²¹ Also, active participations in the international platforms which include propositioning initiatives or motions; holding leadership spots; occupying positions on boards and other decision-making bodies; coordinating positions; drafting text; holding press conferences and issuing press releases; briefing ministerial groups, delegations and taskforces; and attending workshops, meetings and conferences, the small states have utilised or capitalised their participation in the international platforms to their full potential.²²

Thus, the small states and international platforms have been viewed in two different ways. The scholars have prioritised each case of vulnerabilities or opportunities according to the case they choose to analyse or from which epistemological background they hail from. No one could argue the extent of their correctness in explaining the role of small states in international platforms; however, generalising the scenario of one small state to another would be an academic exercise or confirming cognitive convenience. Thus, below section continues the case of Nepal as a small state with different international/regional platforms; it is part of analysing its behavioural trend in those areas.

Nepal's Participation in the International Platforms

Nepal's journey into the international platforms, unlike any other European small states, did not initiate with its tremendous faith in international liberal order. It

started merely with an attempt to adapt into the changing international environment with end of the Second World War in 1945 and declining strength of the UK, the country's strongest ally; the independence of India in 1947; the communist takeover of mainland China in 1949; and internal democratic movement in 1951.²³ It was very unusual for an independent nation like Nepal to have knowingly forbidden foreign relations except British India, Tibet and China.²⁴ Over one century, Rana hereditary prime ministership and captive monarch were characterised with limited foreign engagement.²⁵ The Rana Prime Ministers, whoever at different time frames in 100 years, wanted British recognition for themselves as legitimate rulers of Nepal and country as an independent and sovereign.²⁶ After situations started to change in the world, the Ranas extended to open communications with the USA and China.²⁷ Although no responses were given by Chiang Kai-Shek, the Americans signed Treaty of Friendship and Commerce with Nepal which was signed in April 1947.²⁸ However, the Ranas were too late in diversifying their relations, as they were swept of the power with democratic movements in 1950s.

However, these were the steps of Nepal in extending the foreign relationship, although bilateral. Nepal's history of multilateral engagement or any international platforms, except the two World Wars, is the Asian Relations Conference (1947) organised by the Indian Council for World Affairs and spearheaded by Jawaharlal Nehru²⁹; this conference was the first major international gathering of Asian countries in the post-Second World War era.³⁰ Nepal sent a delegation to this conference, marking one of its first significant participations in an international forum at a time when the influence of the Rana regime was waning. Additionally, Nepal's attempt to engage in international platforms as a sovereign nation was followed by application for the membership of the UN in 1949 citing its diplomatic relationship with major countries like the USA, the UK, France and India.³¹ The application for membership was rejected on 7 September 1949 as a consequence of veto by the Soviet Union.³²

Moreover, the diversification of foreign relations and increased participation in international platforms was initiated during the direct rule of King Mahendra Bir Bikram Shah.³³ Before formally becoming member of the UN in 1955, Nepal was member of UN agencies like the Food and Agriculture Organization (1951), the United Nations Educational, Scientific, and Cultural Organization (1952), the World Health Organization (1953), and the Economic Council for Asia and the Far East (1954).³⁴ Till date, Nepal is member of more than 50 international platforms including global organisations, regional organisations, international groupings and specialised agencies and agreements. Also, Nepal is party to more than 160 multilateral agreements and signatory to more than 25 multilateral treaties. Nonetheless, Nepal's engagement in international platforms is guided by the principles of non-alignment, peaceful coexistence and mutual respect for sovereignty and territorial integrity.³⁵ The country adheres to a policy of non-interference in the internal affairs of other states while promoting regional and international cooperation through multilateral diplomacy.³⁶ Additionally, Nepal emphasises neutrality and the pursuit of balanced relations with all nations, particularly focusing on maintaining harmonious ties with its neighbours.³⁷

Overall, Nepal's journey into multilateral engagement has been mixed. The Himalayan small state, primarily, enjoyed isolation from the other parts of the world after the conclusion of Anglo-Nepal war in 1816.³⁸ Nepal's foreign engagement was limited to the British India in south and Tibet and China in the north.³⁹ Nepal, too, enjoyed excellent trade relations due to its strategic positioning; however, the strategic location of Nepal has always been a challenge to survival.⁴⁰ Nepal's British-centric foreign policy during the Rana regime for more than 100 years of its independent survival led to the country's involvement in the British affairs beyond the region as well. Hitler's men even came to Kathmandu before the start of the Second World War likely to gain Nepalese support, but Nepal only responded to the British call for help.⁴¹ This act of Nepal of isolation or non-engagement multilaterally cannot be put into trial; the only thing that can be said to the policy at that time is that it made Nepal independent and sovereign.

Furthermore, Nepal's start of engagement in international platform, foremost, through the UN, is an attempt to make a worldwide recognition of Nepal's independence and sovereignty realising the changing international circumstances. However, Nepal's attempt for internationalisation started with geopolitical scepticism and ended up being vetoed by the Soviet Union.⁴² Nepal after being admitted to the UN has indulged into the international platform actively but being non-aligned and neutral.⁴³ The influential or derivative powers that scholars discuss the small states had been practised by Nepal as a small state during the Cold War in the UN. Not only geopolitics had been focusing on Nepal in the international platform, but also the collaboration and assistances through the international financial institutions for the development of the country were priority.⁴⁴ Also, Nepal's proactive engagement in the international affair can be observed through its strong commitment to the Non-Aligned Movement (NAM). It has been associated with Nepal's strategy for survival in the bipolar world structure, but through this platform, the country has raised voices for different issues in the international politics.⁴⁵ Thus, Nepal's first half of engagement in the international platform can be identified as legitimate status seeking, active participation and collaborations.

Nevertheless, Nepal's internal structural constraints, political instability, corruption and subsequently civil war led to a dark phase of country's engagement in the international platform.⁴⁶ The active participation and profound collaboration at multi-sectorial areas at the international level reduced to mere presence, inaction and decreasing international clout. Although multilateral engagement remains the cornerstone of Nepal's foreign policy, Nepal's small state diplomacy through international platforms has been highly normative in nature, primarily characterised by adherence and commitment to international principles and charters. The regional or sub-regional platforms also do not seem to be functioning at its best for Nepal due to intra-regional conflicts.⁴⁷ The rise of two Asian giants, India and China, has placed Nepal into a dilemmatic situation: whether to capitalise on the opportunities of the neighbour's rise or counter the geopolitical or geo-economic challenges. The reduced engagement in the international platform for Nepal has put the country as a small state into difficult scenario with no tool at its disposal to reap the functional benefits and counter the vulnerabilities. Nepal has been forced to deal with this

geopolitical opportunity and risk at the bilateral level. Therefore, further discussion on Nepal's engagement in the international platform shall be done in the following sections.

Nepal in United Nations: From Legitimacy to Action and to Inaction

Nepal joined the UN in 1955 along with other 14 nations.⁴⁸ This year is marked as a glorious juncture in history as Nepal embarked upon the journey in international organisation and global governance. While historians, diplomats and scholars glorify this year of Nepal's acceptance of membership to the UN, but as Nepal celebrates itself as one of the oldest, independent and never-colonised nation, it took the country a decade to get the membership. There had been an attempt in 1949 to join the UN but Nepal was rejected following a veto from the Soviet Union.⁴⁹ Thus, it is necessary for Nepal as a small state to evaluate those ten years of trying to attain the membership of the UN. In studying Nepal's participation in the UN, there can be found few strands of discussions. First, Nepal holds different key positions in the UN Security Council, General Assembly and other specialised agencies. These discussions argue about Nepal's historical presence in the key UN bodies. Although these representations are important, but hardly researchers elucidate Nepal's active participation along with skilfully non-aligned posture in the key issues happening around the world in those periods; or how Nepal landed in that key position inside the UN; or the key geopolitical game that the country had to engage in. Second, the peacekeeping missions by Nepal have been largely cited when it comes to Nepal's participation in the UN. Nepal's commitment to international security and world peace is undoubtedly represented through the peacekeeping mission, but rarely these missions have been viewed through a different lens, which is important. Notably, the missing argument in this context is the self-evaluation of Nepal's decreasing inaction and influential clout in the UN as a small state when other small states have been successfully raising concerns on collective actions, for instance, on humanitarian crises.

First, the drastic events surrounding Nepal in the aftermath of the Second World War, left the country with no choice but to seek legitimacy approval from nations other than British.⁵⁰ The idea of legitimacy and recognition, not only for Nepal, are crucial in international politics to be deemed as a state—an independent, sovereign, territorially integral entity and capable enough to maintain diplomatic relationship.⁵¹ The circumstances changed for Nepal when British left the Indian sub-continent and India became independent in 1947. The British-centric foreign policy of Nepal for a century became problematic, when the only ally was distant entangled with the problems of itself leaving Nepal with no proximal Great Powers to support, and India as a newly independent nation concerned with its strategic enclosure and security maximisation, had a patronising view towards Nepal.⁵² Thus, Nepal wanted legitimacy of its independent and sovereign status from other actors. Consequently, Nepal established diplomatic relationship with the USA, France and India.⁵³

However, Nepal seemed to have been attracted with the principle of “sovereign equality” of the UN and wanted to be its member. Hence, there are several factors for evaluation of Nepal’s loss of one decade in attaining the membership of the UN. It is the typical case of a small state, and it should not be forgotten that Nepal was an autocracy. First, Nepal’s prior foreign policy limited Nepal’s engagement in the international level. Similarly, there was no doubt among other international actors about Nepal’s support to British in the Second World War which after the end of the war labelled the country to be an ally of Western powers, which further empowered the country’s initiation of diplomatic relationship with the USA and France.⁵⁴ Moreover, the ruling Ranas were much concerned with internal power control and limited international engagement which led them towards misjudging the changing international situation, importantly, geopolitical considerations related to Cold War dynamics.⁵⁵ At that time, the Soviet Union was concerned about the influence of Western powers, particularly the USA and its allies, in the UN and globally.⁵⁶ Nepal, with its close ties to India and the West, was seen as being within the Western sphere of influence. The Soviets used its veto power to block Nepal’s membership as part of its broader strategy to counterbalance Western influence in international organisations.⁵⁷ This was a period when the Soviet Union frequently exercised its veto to limit the expansion of UN membership to states it perceived as aligned with the West.⁵⁸

After being the member of the UN in 1955, Nepal’s engagement in the UN can be characterised as an active one. Many in Nepal agree to the fact that this was possible because of the international and ambitious views of King Mahendra. The series of events in the neighbourhood led Nepal to actively capitalise its presence in the UN. The direct rule of King Mahendra in Nepal, and seemingly, securitised view of the country by India, pushed Nepal to northern sides of the Himalayas.⁵⁹ Nepal actively supported China’s bid to be recognised as the legitimate government and to replace Taiwan (the Republic of China) as the permanent member of the United Nations Security Council (UNSC) during the 1960s and early 1970s. Nepal was one of the early countries to recognise the People’s Republic of China (PRC) after the Chinese Communist Party’s victory in 1949.⁶⁰ Nepal voiced its support for the PRC’s representation in the UN at various international forums, including the United Nations General Assembly (UNGA).⁶¹ To this end, Nepal was among the 76 countries that voted in favour of UN General Assembly Resolution 2758 in 1971 to which the USA voted against, which recognised the PRC as “the only legitimate representative of China to the United Nations” and expelled the representatives of Chiang Kai-shek (Taiwan) from the organisation.⁶² Nepal’s support for China’s UN membership reflected a proactive diplomatic stance and asserted its independence on the global stage competently demonstrating non-aligned posture being involved in geopolitical affairs.

Nepal has consistently advocated for the rights of weak, vulnerable and marginalised nations within the UN. The country has twice been elected as a non-permanent member of the UNSC (1969-1970 and 1988-1989) and has been a member of the United Nations Human Rights Council since 2018.⁶³ Nepal’s role as Vice-President of the UNGA on several occasions further underscores its active

participation in the leadership of the General Assembly. In some instances, Nepal's actions have been issue-specific, while in others, its interests have aligned with the interests of major powers. On matters such as decolonisation, human rights, refugees, international trade, apartheid, self-determination, disarmament, terrorism, sustainable development, nuclear non-proliferation, racial discrimination, narcotic drugs, maritime law, religious intolerance and disaster prevention, Nepal's foreign policy has consistently aimed to promote global peace, harmony, stability and international security.⁶⁴ In these areas, Nepal has upheld the United Nations Charter, showing strong adherence to its core foreign policy principles.

However, a noticeable deviation from these objectives has occurred in certain situations, revealing a shift that may be attributed to the small state syndrome. Nepal's voting patterns in the UNGA reflect this. On critical issues, including the Palestine question, the situation in the Middle East, non-self-governing territories, territories occupied by Israel, the Namibia question, Cuba-US relations, the Afghan crisis, the Russia-Ukraine crisis, the Syrian crisis, the Kampuchea situation, the Bosnia and Herzegovina situation and the Iraq-Israel situation, Nepal's voting behaviour has often aligned with the interests of major powers rather than strictly following its foreign policy principles.⁶⁵ This indicates the small state syndrome as a coping strategy. For instance, in the eight General Assembly Resolutions concerning the Afghanistan situation, Nepal's voting pattern was entirely in line with the USA but not with Russia.⁶⁶ Despite India's decision to abstain from five resolutions, Nepal voted in favour of all eight resolutions on the Afghanistan situation.⁶⁷ Similarly, in 29 General Assembly Resolutions regarding the Cuba-US situation, Nepal's voting pattern has often conflicted with that of the USA, aligning more frequently with the USSR/Russia (approximately 80%) than with China and India.⁶⁸ Additionally, Nepal abstained from some of these resolutions.⁶⁹ In the 1956 General Assembly resolutions concerning the Hungarian situation (anti-communist Hungarian revolution), Nepal's voting pattern was inconsistent with that of the USSR.⁷⁰

Overall, unlike other typical small states, Nepal's behaviour in the UN has been different. Nepal has indulged in the geopolitical affairs and bargaining while maintaining non-aligned and neutral foreign policy, as well as, the country has been issue-specific at several instances. Analysing the voting patterns of Nepal in the UN, regarding some matters it has aligned with the Great Powers, whereas at several occasions, Nepal has diverged from the voting patterns. This shows a unique style of diplomacy than other small states. Asserting its independent and sovereign status in the UN, Nepal has presented atypical character of small state diplomacy. Nevertheless, this active participation of Nepal in the UN has experienced inaction in the recent decades. The participation has been limited to presence and voting along the Great Powers. This can be characterised as inaction of Nepal in the UN.

There are several reasons for Nepal as a small state for not being as active as in the previous days. The structural constraints followed by internal challenges plagued Nepal with its performance at the international level.⁷¹ The political instabilities in the countries followed after the restoration of democracy in Nepal in 1990, the bureaucratic constraints with huge corruption scandals and, importantly,

the decade-long civil war in the country paralysed its international behaviour, as a whole, not only the UN.⁷² With the changes in the globe with the end of the Cold War, globalisation, liberalisation, technological advancements, alteration in power structures, rise of non-state actors and various global issues such as climate change, terrorism and others, Nepal could not be *smart* enough to leverage its position. Unlike African small states or SIDS or Small Pacific Island Developing States, Nepal could not leverage its position as small state into the forums inside the UN. Nepal is the member of the Forum of Small States with more than 100 members in the UN headed by Singapore,⁷³ but small island states have developed a niche and small group which have made them easy in agenda setting, forum shopping, prioritisation of issues and coalition building. In the different categorisation of small states, Nepal has been falling behind to make its place in the forums inside the UN. It cannot be the categories that can be blamed, but insufficient diplomatic efforts are one among many.

Furthermore, the UN Peacekeeping mission and Nepal's contribution to it are largely discussed when it comes to country's contribution to the global organisation. Without doubt, Nepal's contribution and commitment to world peace and international security through peacekeeping missions is praiseworthy. Nepal is the largest troop contributor to different conflict-ridden parts of the world, specifically across 11 missions worldwide, for peacekeeping purposes.⁷⁴ Nonetheless, Nepal's peacekeeping missions should not only be observed through the lens of global peace and international security. Nepal's extensive involvement in UN Peacekeeping missions, particularly in African countries with which Nepal does not have diplomatic relation like Central African Republic, has served as a significant avenue for the country's presence on the African continent, contributing to its public diplomacy, image enhancement and civil-military relations. By consistently deploying troops and police personnel to some of the most challenging conflict zones in Africa and the Middle East, Nepal has established itself as a reliable and committed actor in global peacekeeping efforts.⁷⁵ This active participation has enhanced Nepal's international image as a peace-loving and responsible state, bolstering its soft power on the world stage. Moreover, Nepal's peacekeepers have engaged with local communities, fostering goodwill and demonstrating the principles of humanitarianism and conflict resolution that align with Nepal's foreign policy values.⁷⁶ These missions have also facilitated civil-military cooperation, both within the missions themselves and back home, where returning peacekeepers bring valuable experience and skills that contribute to individual quality of the soldiers and their family, further strengthening Nepal's civil-military relations and its global standing as a contributor to international peace and security.

Non-Aligned Movement (NAM): Nepal's Prerequisite Small State Diplomacy

Non-alignment has historically been a cornerstone of small state diplomacy, serving as a strategic approach for small states to navigate the complexities of IR without becoming entangled in the rivalries of major powers.⁷⁷ Initially formalised during the Cold War, non-alignment emerged as a deliberate choice for newly independent small states seeking to preserve their sovereignty and avoid being drawn

into the geopolitical conflicts between the USA and the Soviet Union.⁷⁸ For these states, non-alignment offered a way to assert their independence, promote peace and engage in international cooperation on their terms.⁷⁹ This approach allowed small states to leverage their collective voice within the NAM, advocating for issues like decolonisation, disarmament and economic development.⁸⁰ In the present day, non-alignment continues to be a vital strategy for small states, allowing them to maintain flexibility in their foreign policy, avoid the pressures of aligning with powerful blocs and focus on their national interests.⁸¹ The principles of non-alignment—neutrality, independence, and peaceful coexistence—remain relevant as small states seek to navigate a multipolar world, ensuring that they can engage with all major powers while avoiding the risks of dependency or becoming proxies in larger geopolitical contests.⁸²

The movement embarked its journey during the early days of the Cold War by the countries willing to resist the bloc politics. It was not primarily designed to be for the small states, but gradually, it became part of the small state's diplomacy. The normative principles and practical flexibility that NAM holds have ideologically incorporated the spirit of *Panchasheel* (five principles of peaceful coexistence) after the Bandung Conference in 1955, which was the second international conference that Nepal had attended.⁸³ During the formulative days of NAM, it also provided states including the small ones to cope with failing traditional structure and emerging IR. Today, the NAM comprises politically, economically and culturally diverse nations, making it an inclusive international platform. And, Nepal has been one of the founding members of the NAM and non-alignment is the cornerstone of Nepalese foreign policy.⁸⁴ With commitment to the NAM principles, Nepal has been navigating opportunities and countering geopolitical challenges for decades.⁸⁵

Nepal's pathway to non-alignment as a small state reflects before the formal establishment of the NAM, when King Tribhuvan in 1954 stated that,

[...] all nations, big and small, must draw close and contribute to the welfare of humanity as a whole. It follows that we must develop good and friendly relations with nations of the world without attaching ourselves to any particular power group.⁸⁶

Nepal's effective presence in the non-alignment movement began with the First Conference of Heads of State or Government of Non-Aligned Countries held in Belgrade in 1961, where the Nepali delegation was led by King Mahendra.⁸⁷ NAM has been a platform through which Nepalese statecraft has always derived balancing policy to go beyond any polarity at regional or international level.⁸⁸ His focus through NAM was the collective unity of the developing countries along with political and military non-alignment with any powers or formation of blocs.⁸⁹ The NAM has provided Nepal with a crucial platform to assert its sovereignty and independence, allowing it to navigate IR without aligning with major power blocs.⁹⁰ As a small state, Nepal has used NAM to voice its concerns on global issues such as peace, development and decolonisation, aligning its foreign policy with the principles of neutrality and non-interference.⁹¹ Additionally, NAM has enabled Nepal to

collaborate with other like-minded states, enhancing its diplomatic influence and ensuring its interests are represented on the global stage.⁹²

Nepal's commitment to the principles of the NAM has been instrumental in managing its delicate position during conflicts between India and China, particularly during the 1962 Sino-Indian War and the more recent border tensions.⁹³ As a small state situated between these two major powers, Nepal has strategically maintained a neutral stance, refusing to align with either side, thereby avoiding entanglement in their disputes.⁹⁴ During the 1962 conflict, Nepal refrained from openly supporting either India or China, instead advocating for peaceful resolution through diplomacy, which aligned with NAM's emphasis on non-interference and peaceful coexistence.⁹⁵ Similarly, during the Doklam standoff in 2017 and subsequent border tensions, Nepal continued to uphold its non-aligned policy, calling for dialogue and emphasising the importance of regional peace and stability.⁹⁶ This approach has allowed Nepal to safeguard its sovereignty and maintain balanced relations with both neighbours, demonstrating how small states can use non-alignment as a diplomatic tool to navigate conflicts involving more powerful states while promoting their own national interests and regional harmony.

Nepal viewed the NAM as offering two significant opportunities: a path to globalism through collective resistance and a means to maintain geopolitical balance in the neighbourhood following the 1962 war between India and China, as well as beyond the region in the context of the global Cold War.⁹⁷ However, the absence of a formal charter outlining the aims and objectives of NAM limited its impact to the speeches and declarations of its leaders.⁹⁸ As a result, member countries interpreted the essence of NAM according to their unique situations and circumstances, given its non-binding nature and its focus on the exchange of ideas among states.⁹⁹ Consequently, the lack of institutionalisation, policy divergences among member countries, escalating geopolitical and territorial conflicts and a weakening of multilateralism have led to serious questions about the relevance and applicability of NAM in today's multipolar world.¹⁰⁰

Nepal's commitment to the principles of the NAM has allowed it to strategically navigate the complex geopolitical landscape shaped by the rise of India and China, as well as the growing influence of initiatives like the Belt and Road Initiative (BRI), the Quadrilateral Security Dialogue (QUAD) and the Indo-Pacific strategy. As India and China expand their global influence and intensify their strategic rivalry, Nepal, situated between these two major powers, has leveraged its non-aligned stance to maintain a delicate balance in its foreign policy.¹⁰¹ Through NAM, Nepal continues to uphold its principles of neutrality and non-interference, allowing it to engage with both India and China on economic and developmental fronts without becoming entangled in their geopolitical contestations.¹⁰² For instance, while Nepal has joined China's BRI to enhance its infrastructure and connectivity, it has simultaneously maintained strong ties with India, recognising the historical importance of its relationship in almost every sector with its southern neighbour. By avoiding alignment with either power bloc, Nepal has preserved its autonomy in decision-making, ensuring that its participation in regional initiatives serves its national interests without compromising its sovereignty.

In the context of the QUAD and the broader Indo-Pacific strategy, Nepal's non-aligned position has enabled it to navigate the strategic competition between the USA, its allies and China. The Indo-Pacific strategy, which seeks to counter-balance China's influence in the region, presents a complex challenge for Nepal, given its geographic and economic ties with both China and India. By adhering to NAM principles, Nepal has managed to engage in diplomatic relations with all major powers involved, advocating for regional stability and cooperation without explicitly aligning with any military or strategic alliance.¹⁰³ This approach has allowed Nepal to maintain its strategic autonomy, avoiding the risks associated with being drawn into great power rivalries. Furthermore, Nepal's active participation in NAM provides a platform to voice its concerns about the implications of these geopolitical shifts, particularly in terms of regional security and economic development, thereby reinforcing its position as a small state that prioritises peace, neutrality and development over alignment with any particular power.¹⁰⁴

In addition to managing the challenges posed by rising powers and their competing initiatives, NAM has also offered Nepal opportunities to enhance its diplomatic reach and engage with a broader range of international partners. By remaining non-aligned, Nepal has been able to pursue diversified foreign relations, strengthening its ties with other small- and medium-sized states that share similar concerns about preserving their sovereignty and independence in a multipolar world. This strategy not only helps Nepal mitigate the pressures of great power competition but also positions it as a neutral mediator in regional and international conflicts, thereby enhancing its diplomatic stature. Through NAM, Nepal has continued to advocate for multilateralism, peaceful coexistence and respect for international law, principles that are increasingly vital in an era of geopolitical uncertainty. As a result, Nepal's non-aligned foreign policy, rooted in the legacy of NAM, remains a critical tool for navigating the opportunities and challenges of the contemporary global order.

Nepal's Tumultuous Participation in Regional Organisation: SAARC, BIMSTEC, BBIN and SCO

Small states in international politics often leverage regional organisations as crucial platforms for advancing their economic, political and security interests. Theoretically, small states face significant constraints in the anarchic international system due to their limited material capabilities. However, by participating in regional organisations, they can amplify their influence through collective action and multilateral diplomacy.¹⁰⁵ Regional organisations provide small states with access to larger markets, enhancing their economic prospects through trade agreements and economic cooperation.¹⁰⁶ Politically, these organisations offer small states a voice in regional governance, allowing them to shape norms, standards and policies that might otherwise be dictated by more powerful states.¹⁰⁷ Security-wise, small states often use regional organisations to mitigate vulnerabilities by engaging in collective security arrangements or confidence-building measures.¹⁰⁸ For instance, the Baltic States' membership in the European Union and NATO provides them

with economic integration and security guarantees, balancing their geopolitical position vis-à-vis larger neighbouring powers like Russia.¹⁰⁹ Similarly, the Association of Southeast Asian Nations enables small Southeast Asian countries to pursue a shared security agenda and economic collaboration, reinforcing their regional standing while preventing domination by external powers.¹¹⁰ Thus, regional organisations are instrumental in enabling small states to punch above their weight in international affairs.

In this regard, Nepal's participation in regional organisations as a small state reflects its strategic approach to enhancing its foreign policy objectives, promoting economic growth and ensuring security within a complex geopolitical landscape. As a founding member of the South Asian Association for Regional Cooperation (SAARC), Nepal has actively engaged in fostering regional cooperation, recognising that collective efforts can address common challenges and promote stability in South Asia.¹¹¹ Through its membership in the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC), Nepal seeks to diversify its economic partnerships beyond South Asia, leveraging the organisation's broader geographical reach that includes Southeast Asia.¹¹² Similarly, Nepal's involvement in sub-regional platforms like the Bangladesh-Bhutan-India-Nepal (BBIN) initiative underscores its focus on enhancing connectivity and economic integration at a more localised level, addressing specific regional needs.¹¹³ As an observer in the Shanghai Cooperation Organisation (SCO), Nepal aims to balance its diplomatic relations with major powers while exploring avenues for cooperation in political, economic and cultural domains.¹¹⁴ Nepal's active participation in these regional organisations is guided by its foreign policy priorities of maintaining sovereignty, fostering regional stability and securing economic benefits through multilateral engagements.

Beneath the foreign policy goals and interests of Nepal to participate in numerous regional or sub-regional organisation, there are successes, incapacities, inactions and small state syndromes. Certainly, multilateralism and regional organisations are the cornerstones of Nepalese foreign policy to achieve multifaceted interests; the country has not been able to achieve the required results.¹¹⁵ Hence, the participations in the regional organisations have been applaudable but confusion and inaction lies at the centre of analysis for Nepal as a small state. It seems that regional organisations are supposed to be a platform to enhance the interests of the country, but the material and diplomatic incapacity of the country does not make the participation always an asset. Small states, like Nepal, often join regional organisations as part of a strategy to amplify their influence and development, reflecting a small state syndrome where they seek collective political and economic strength. However, they frequently struggle to fully capitalise on these memberships due to limited resources, marginalisation by larger members and the challenges of aligning regional agendas with their national interests.¹¹⁶ As a result, their participation often yields fewer tangible benefits than anticipated, highlighting the disparities in power and influence within such organisations.¹¹⁷

Nepal played a pivotal role in the establishment of the SAARC in 1985, demonstrating its commitment to fostering regional collaboration in South Asia. As one

of the founding members, Nepal actively participated in the discussions that led to SAARC's formation, driven by its foreign policy emphasis on regionalism and collective development.¹¹⁸ The idea of SAARC, first proposed by Bangladesh in 1980, resonated with Nepal's strategic interests in promoting regional cooperation and stability, and Nepal quickly became an advocate for the initiative. Nepal's diplomacy was instrumental in addressing the concerns of larger and more powerful states in the region, particularly India and Pakistan, and in facilitating a consensus among all prospective member states.¹¹⁹ Beyond its role in the establishment, Nepal has remained an active participant in SAARC's specialised bodies and initiatives. The country has hosted several important events, including the SAARC Summits, which it last hosted in 2014.¹²⁰ Additionally, Nepal has contributed to SAARC's socio-cultural and economic agenda. Nepal's has demonstrated an enduring commitment to regional cooperation, even as the organisation faces challenges due to the ongoing India-Pakistan conflict and other geopolitical constraints.¹²¹ Through its engagement with SAARC, Nepal has consistently leveraged its small state diplomacy to promote peace, development and cultural exchange in South Asia.

Nepal has been an adept player in the political bargains within the SAARC, leveraging its position as a founding member and a small state to secure strategic advantages. One of Nepal's significant achievements was the successful negotiation to establish the SAARC Secretariat in Kathmandu, marking the city as a central hub for regional diplomacy in South Asia.¹²² This decision not only elevated Nepal's status within the organisation but also underscored its role in fostering regional cooperation. Another notable instance of political bargaining occurred during King Gyanendra's rule, particularly in relation to Afghanistan's entry into SAARC. Nepal played a crucial mediating role, balancing the interests of India, which supported Afghanistan's membership, with those Nepal's interest during the difficult internal situation, ensuring that Afghanistan's inclusion in 2007 was smooth and consensual.¹²³ Furthermore, Nepal's strategic diplomacy was evident when it supported China's inclusion as an observer state in SAARC in 2005.¹²⁴ This move was part of Nepal's broader foreign policy strategy to maintain a balanced relationship with both India and China, its two powerful neighbours. Also, the "handshake diplomacy" during the 2014 SAARC Summit in Kathmandu, where Indian Prime Minister Narendra Modi and Pakistani Prime Minister Nawaz Sharif exchanged a public handshake amidst rising tensions, highlighted Nepal's role as a mediator and peace broker within the region.¹²⁵ These political bargains and diplomatic efforts reflect Nepal's active engagement in SAARC, using the platform to advance its national interests and contribute to regional stability.

However, India-Pakistan conflict has profoundly impacted the functioning of the SAARC, creating significant roadblocks to its progress and effectiveness. This long-standing rivalry has often overshadowed the organisation's potential to foster regional cooperation.¹²⁶ The tension between these two nuclear-armed states has led to frequent postponements and cancellations of SAARC summits, including the most recent one, which has been stalled since 2016.¹²⁷ Despite Nepal's position as the incumbent chair, it has been unable to convene the summit due to the persistent bilateral hostilities. However, during the COVID-19 pandemic, there was

a brief moment of optimism when SAARC member states came together for a collaborative effort to address the crisis. The creation of the SAARC COVID-19 Emergency Fund, initiated by India, saw contributions from all member states, signalling a potential renewal of SAARC's collaborative spirit.¹²⁸ Despite this, the fundamental issues rooted in the India-Pakistan conflict have continued to impede the organisation's progress. Nepal, as the chair, faces the challenge of navigating these geopolitical tensions while striving to keep SAARC relevant in promoting regional cooperation.

The SAARC faces significant structural constraints embedded within its charter, which contribute to its limited effectiveness as a regional organisation. One of the primary structural issues is the requirement for unanimity in decision-making, which often leads to gridlock, particularly when member states have conflicting interests.¹²⁹ This unanimity clause has hampered the ability of SAARC to implement policies or take collective action on regional issues, as even a single dissenting country can block progress.¹³⁰ Furthermore, the SAARC charter lacks enforcement mechanisms, making it difficult to hold member states accountable for non-compliance with agreed-upon decisions or commitments.¹³¹ This structural weakness is exacerbated by the rivalry between India and Pakistan, two nuclear-armed states whose bilateral conflicts often paralyse the organisation.¹³² The ongoing disputes between these two countries have stalled initiatives like the South Asian Free Trade Area (SAFTA) and the South Asian Preferential Trading Arrangement (SAPTA), both of which have the potential to enhance economic cooperation and integration within the region but remain largely underutilised due to the political deadlock.¹³³

Despite these challenges, Nepal has effectively utilised SAARC as a platform for small state diplomacy, particularly in promoting its cultural and tourism sectors. Through SAARC, Nepal has been able to project its national identity and heritage on a regional stage, fostering cultural exchanges and tourism initiatives that benefit its economy.¹³⁴ For instance, Nepal has hosted SAARC cultural events that highlight its historical and cultural significance, thereby attracting regional attention and boosting tourism.¹³⁵ Additionally, Nepal has leveraged SAARC to advocate for regional cooperation in areas such as disaster management and environmental sustainability, aligning these initiatives with its national interests.¹³⁶ Economically, Nepal has also sought to use SAARC as a means to enhance trade ties with other member states, although the full potential of these efforts is often curtailed by the broader geopolitical tensions within the region. Nonetheless, SAARC remains a critical forum for Nepal, providing opportunities to engage in multilateral diplomacy and advance its economic and cultural objectives within the constraints of its small state status.¹³⁷

Despite the apparent dysfunctionality of SAARC, it remains crucial for Nepal to stay focused on this regional organisation, as it is the only multilateral forum in South Asia that brings together all the countries of the region. For Nepal, a small, landlocked state with limited economic and military power, SAARC provides a vital platform for engaging in regional diplomacy and asserting its interests in a collective manner. The organisation allows Nepal to pursue its foreign policy

objectives in a multilateral setting, where the voices of smaller states can be amplified through collective action.¹³⁸ SAARC also offers opportunities for economic cooperation, cultural exchange and the addressing of transnational issues such as climate change, counterterrorism and disaster management, which are particularly important for Nepal given its geographical vulnerabilities.¹³⁹ By staying engaged in SAARC, Nepal can continue to advocate for regional integration and cooperation, which are essential for its economic development and political stability.

However, the effectiveness of SAARC is severely limited by the geopolitical tensions between its two largest members, India and Pakistan, whose conflicts have often paralysed the organisation. This presents a significant challenge for small states like Nepal, which are caught in the crossfire of these rivalries and have little influence over the outcomes.¹⁴⁰ The inability of SAARC to move forward on critical issues such as trade liberalisation, as envisioned in agreements like SAFTA and SAPTA, highlights the structural incapacities that small states face within the organisation. Additionally, the broader geopolitical landscape, marked by the rise of China and its growing influence in South Asia, further complicates Nepal's position. While China remains an observer in SAARC, its presence exerts a subtle yet significant pressure on the regional dynamics, influencing how member states interact within the organisation.¹⁴¹ Despite these constraints, Nepal's continued focus on SAARC is vital, as it remains the only existing regional mechanism where Nepal can engage with all its South Asian neighbours collectively, thereby seeking to mitigate the adverse effects of regional conflicts while promoting its own national interests.

Moreover, Nepal's membership in the BIMSTEC is an integral part of its small state diplomacy, aimed at expanding its diplomatic and economic relationships beyond its immediate South Asian neighbourhood to include Southeast Asia and the Bay of Bengal region.¹⁴² This strategic move reflects Nepal's broader foreign policy objective of diversifying its international engagements and reducing its reliance on its immediate neighbours, India and China.¹⁴³ By joining BIMSTEC in 1997, Nepal sought to strengthen its ties with both South and Southeast Asian countries, recognising the potential for enhanced regional cooperation in areas such as trade, energy, transport and tourism.¹⁴⁴ BIMSTEC also provided Nepal with a platform to participate in a regional organisation that includes major economies like India and Thailand, thereby offering a counterbalance to its reliance on SAARC, which has been hindered by political tensions between its larger members.¹⁴⁵

However, Nepal's engagement with BIMSTEC has been significantly constrained by structural limitations, both within the organisation and within Nepal itself. One of the primary challenges has been the lack of strong institutional frameworks within BIMSTEC, which has resulted in slow progress in implementing regional initiatives and agreements.¹⁴⁶ This institutional weakness, coupled with Nepal's limited resources and administrative capacity, has hindered the country's ability to effectively contribute to and benefit from BIMSTEC's initiatives.¹⁴⁷ As a small state with limited economic and political clout, Nepal often finds itself on the periphery of discussions dominated by larger and more influential member states. This has restricted Nepal's ability to assert its interests and to play a more proactive

role within the organisation. Consequently, Nepal's participation in BIMSTEC has been more about maintaining a presence in regional dialogues rather than shaping or driving the organisation's agenda.

The Blue Economy, which emphasises the sustainable use of ocean resources for economic growth, is one area where Nepal has significant potential but has yet to fully capitalise. Although Nepal is a landlocked country, its membership in BIMSTEC offers indirect access to the maritime resources of the Bay of Bengal, which could be leveraged for economic development.¹⁴⁸ However, the structural challenges within BIMSTEC, such as the lack of cohesive strategies and the slow pace of project implementation, have limited Nepal's ability to benefit from the Blue Economy.¹⁴⁹ Moreover, Nepal's own infrastructural and economic constraints, including its limited access to the sea and inadequate logistical capabilities, have further restricted its ability to engage in meaningful economic activities with Southeast Asian nations.¹⁵⁰ As a result, Nepal's economic interaction with Southeast Asia through BIMSTEC has remained limited, and the country has not been able to fully explore the opportunities presented by the Blue Economy.

Nepal's participation in BIMSTEC, in alignment with India's Act East Policy as discussed and recommended by many scholars, exemplifies the cautious and calculated approach but is a typical of small state behaviour in IR.¹⁵¹ By engaging with BIMSTEC, Nepal seeks to balance its relations with its powerful neighbours while extending its diplomatic reach into Southeast Asia. However, its low influence within the organisation reflects the broader challenges that small states face in multilateral settings, where larger powers often dominate decision-making processes. Nepal's limited capacity to shape outcomes within BIMSTEC underscores the psychological aspect of small state behaviour, where the primary focus is on maintaining sovereignty, ensuring security and seeking opportunities for economic development within the constraints imposed by larger regional dynamics. While Nepal's engagement in BIMSTEC is consistent with its strategic objective of diversifying its foreign relations, the structural limitations of both the organisation and Nepal itself have resulted in a cautious and reactive approach, characteristic of small states navigating complex regional and international environments.¹⁵²

Furthermore, Nepal's participation in the BBIN initiative, as a sub-regional organisation, reflects its strategic engagement as a small state within a complex regional framework. The BBIN Motor Vehicles Agreement (MVA) signed on 15 June 2015 at the BBIN transport ministers meeting in Thimpu, which was intended to facilitate seamless cross-border movement of vehicles, has been a focal point of this participation.¹⁵³ Despite Nepal ratifying the BBIN MVA, the implementation of the MVA has been stalled primarily due to Bhutan's refusal to ratify the agreement, citing environmental concerns.¹⁵⁴ This delay in operationalising the MVA has limited the effectiveness of BBIN as a platform for regional cooperation, particularly in terms of enhancing cross-border trade and connectivity. For Nepal, the stalled MVA underscores the challenges small states face in regional organisations where progress can be hindered by the internal politics of other member states. While Nepal remains committed to the principles of the BBIN framework, its ability to capitalise on potential benefits has been constrained by factors beyond its

control, reflecting the vulnerabilities and limitations inherent in small state participation in regional initiatives.

Critically analysing Nepal's involvement in BBIN through the lens of small state psychology reveals the complexities of its engagement in sub-regional cooperation. Nepal's role has been largely supportive, but the lack of progress in key initiatives like the MVA has reduced its participation to a more symbolic level, rather than translating into tangible benefits. This inaction highlights a broader issue where small states like Nepal often find themselves at the mercy of decisions made by larger or more influential member states within regional organisations. The stalled progress within BBIN illustrates how small states can be constrained by the dynamics of the broader group, resulting in limited agency and influence. Nepal's participation, while consistent with its strategic objectives, reflects the challenges of being a small state in a regional organisation, where its contributions and potential gains are often overshadowed by the geopolitical and domestic considerations of its neighbours.

Interestingly, Nepal started its collaboration with SCO as a dialogue partner after signing a Memorandum of Understanding with the SCO Secretariat on 22 March 2016, a status that aligns with its small state diplomacy aimed at expanding its international presence and ensuring strategic partnerships.¹⁵⁵ As a dialogue partner, Nepal is supposed to engage in the fields of trade, transit and investment, energy, agriculture, small and medium businesses, security, legal and custom affairs, transport and communications, science and technology, education, health, culture and tourism and disasters, where it has been able to engage with major regional powers like India, China, Russia and Pakistan.¹⁵⁶ Nepal was promoted to the observer status in the SCO in August 2022 from a dialogue partner considering Nepal's growing international organisation.¹⁵⁷

However, Nepal's absence from certain summits, particularly when it was not invited in the 18th Summit in 2018, has sent negative signals about its standing within the organisation.¹⁵⁸ This exclusion highlights the vulnerabilities small states face in such forums, where their participation can be side-lined due to the interests and decisions of larger member states. While Nepal sees the SCO as an opportunity to enhance its diplomatic clout and secure its strategic interests in a multipolar world, its desire to become a full member also reflects a form of small state anxiety—an eagerness to join as many international organisations as possible to create a buffer against geopolitical pressures. However, this drive for membership might not necessarily translate into substantial influence within the SCO, where the agendas are largely driven by the larger powers. Thus, while the SCO offers Nepal opportunities for strategic engagement, it also poses the risk of Nepal being overshadowed and its interests being marginalised, underscoring the complex dynamics of small state participation in large multilateral organisations.

Nepal and Bretton Woods Institutions

The Bretton Woods institutions, primarily the International Monetary Fund (IMF) and the World Bank, were established in 1944 during the United Nations Monetary

and Financial Conference held in Bretton Woods, New Hampshire, USA.¹⁵⁹ These institutions were created to rebuild the international economic system post-Second World War, with the aim of promoting global monetary cooperation, ensuring financial stability, facilitating international trade and fostering sustainable economic growth.¹⁶⁰ The policies and principles of these institutions—such as the provision of financial resources to stabilise economies, support for development projects and advice on economic reforms—are particularly beneficial to small states. For small states, which often lack access to large financial markets and face challenges in sustaining stable economies, the IMF and World Bank offer critical support through concessional loans, technical assistance and policy guidance tailored to their unique economic vulnerabilities.

Small states, recognising the importance of integrating into the global economy, have leveraged the Bretton Woods institutions to achieve their development and economic objectives. Through engagement with these institutions, small states can access much-needed funding for infrastructure development, poverty reduction and capacity building, which are often beyond their domestic financial capabilities.¹⁶¹ Moreover, the policy advice and technical assistance provided by these institutions help small states navigate the complexities of global economic governance, ensuring they can implement sound economic policies and participate in global trade.¹⁶² From the perspective of small state behaviour, this engagement with the Bretton Woods institutions is a strategic approach to mitigate their inherent vulnerabilities, such as limited economic diversification and susceptibility to external shocks. By aligning themselves with the principles and resources of these institutions, small states can bolster their economic resilience, enhance their development prospects and secure a more stable position in the global economy.

In this regard, the World Bank Group (WBG) initiated its involvement in Nepal with an economic mission in 1963, aimed at evaluating the country's development prospects and challenges.¹⁶³ This engagement led to the approval of the first credit in 1969 for a telecommunications project, marking the beginning of a long-standing partnership.¹⁶⁴ In Nepal, the WBG operates through several key arms: the International Development Association (IDA), which provides concessional lending; the International Finance Corporation (IFC), focused on private sector development; and the Multilateral Investment Guarantee Agency (MIGA), which offers investment risk insurance.¹⁶⁵ Currently, the World Bank supports 25 active investment projects in Nepal, amounting to USD 2.4 billion in commitments from IDA and various trust funds, with a significant focus on policy reforms in areas such as fiscal decentralisation, the financial sector and energy.¹⁶⁶ For the period of FY2018–2020, IDA18 [period (FY2018–2020)] allocated approximately USD 1.39 billion, including USD 300 million from the IDA Risk Mitigation Regime, while IFC aims to commit between USD 800 million to USD 1.2 billion over FY19 to FY23.¹⁶⁷ MIGA is actively exploring opportunities to facilitate foreign private investment in Nepal.¹⁶⁸

Beyond financing, the World Bank has been instrumental in supporting Nepal's government in implementing critical policy reforms, particularly in fiscal management and the financial sector. Through development policy financing, the Bank

has played a key role in restructuring the banking sector, enhancing the legal and regulatory frameworks and improving transparency within the financial system.¹⁶⁹ The World Bank's involvement also extends to healthcare reforms, education development and providing analytical and advisory support to inform policy reforms and economic strategies.¹⁷⁰ One notable report, "Climbing Higher: Toward a Middle-Income Nepal," offered crucial policy recommendations for escaping the low-growth trap. In collaboration with the IFC, the World Bank is working to strengthen the environment for private sector investment and promote sustainable private sector growth.¹⁷¹ In 2018, the WBG launched its Country Partnership Framework for Nepal, covering FY2019–2023, with the overarching goal of supporting Nepal's transition to a federal system capable of delivering sustained economic growth, poverty reduction, inclusive development and shared prosperity.¹⁷²

Similarly, the IMF has played a significant role in Nepal's economic development since the country became a member in 1961.¹⁷³ As a part of its mandate to ensure global financial stability, the IMF has provided financial assistance, policy advice and technical support to help Nepal navigate economic challenges and achieve sustainable growth.¹⁷⁴ Over the decades, the IMF's engagement in Nepal has focused on addressing macroeconomic imbalances, supporting structural reforms and enhancing the country's capacity to manage its economy effectively.¹⁷⁵ The relationship between Nepal and the IMF has been characterised by various financial arrangements, including Stand-By Arrangements and Extended Credit Facility programmes, which have provided the country with critical funding during periods of economic distress, such as in the aftermath of natural disasters or during global financial crises.¹⁷⁶

The IMF's contributions to Nepal have been multifaceted, extending beyond mere financial assistance. The Fund has actively worked with the Nepali government on reforms in key sectors such as fiscal management, monetary policy and financial sector stability. For instance, the IMF has supported efforts to improve revenue mobilisation, enhance public financial management and strengthen the banking sector's resilience.¹⁷⁷ The IMF has also been involved in providing technical assistance and capacity-building programmes aimed at improving the government's ability to formulate and implement sound economic policies.¹⁷⁸ In recent years, the IMF's focus in Nepal has included helping the country manage the economic impact of the COVID-19 pandemic, with support provided through rapid financial assistance under the Rapid Credit Facility.¹⁷⁹ Overall, the IMF's role in Nepal has been instrumental in stabilising the economy, promoting sustainable growth and fostering resilience against both domestic and external shocks.

Therefore, for a small state like Nepal, the Bretton Woods institutions have been both a lifeline and a complex challenge. Nepal, with limited economic power and geopolitical influence, has relied on the IMF and the World Bank for financial assistance, policy advice and technical support to stabilise its economy and pursue development goals. However, this dependency also reflects the vulnerabilities and constraints typical of small states within the global economic system. While these institutions have provided critical support, they often come with conditions that may not always align with Nepal's domestic priorities or long-term interests.

Nepal's engagement with the Bretton Woods system highlights the broader challenges faced by small states: navigating the pressures of global financial norms and expectations while striving to maintain economic sovereignty and pursue independent development paths.¹⁸⁰ The power dynamics inherent in the Bretton Woods system mean that Nepal, like many small states, must continuously balance its need for external support with the imperative to protect its national interests and development objectives.

Nepal in the World Trade Regime through WTO

Small states, with their limited economic power and often narrow market base, face unique challenges in the global economy. The international trade regime, particularly through the WTO, has provided a structured framework that allows these states to engage in global trade on a more equal footing.¹⁸¹ The WTO, established in 1995 as the successor to the General Agreement on Tariffs and Trade, has been instrumental in creating a rules-based trading system that promotes non-discrimination, transparency and fair competition.¹⁸² For small states, the WTO's multilateral agreements ensure that their products and services can access larger markets without facing prohibitive trade barriers.¹⁸³ Additionally, the dispute resolution mechanism of the WTO offers small states a platform to address trade grievances with more powerful nations, levelling the playing field in a way that bilateral negotiations might not.¹⁸⁴ Historically, small states have capitalised on these mechanisms to protect their trade interests, negotiate better terms and integrate more effectively into the global economy.

Moreover, small states use their participation in the international trade regime as a key element of their diplomatic strategy. By actively engaging in WTO negotiations and aligning with like-minded countries, small states can exert collective influence, often forming coalitions to amplify their voices on critical issues such as trade facilitation, agriculture and special and differential treatment.¹⁸⁵ For instance, small states in the Caribbean and the Pacific have leveraged WTO rules to secure trade preferences and safeguard their economies against the volatility of global markets.¹⁸⁶ Furthermore, small states often use their participation in the WTO as a means to attract foreign investment, signalling to potential investors that their trade policies are stable, transparent and compliant with international norms.¹⁸⁷ This not only enhances their economic prospects but also strengthens their global standing.¹⁸⁸ Thus, the international trade regime and the WTO have not only facilitated the economic integration of small states into the global market but have also become crucial tools in their broader foreign policy and diplomacy, enabling them to navigate the complexities of international trade with greater confidence and security.

Nepal, as a small state, faces unique challenges and opportunities within the international trade regime, particularly through its participation in the WTO. Nepal joined the WTO in 2004 after a lengthy accession process that began in 1989.¹⁸⁹ The primary motivation behind Nepal's membership was to ensure non-discriminatory access to global markets, diversify its trade beyond India and secure its transit

rights.¹⁹⁰ For a small, landlocked and least-developed country (LDC) like Nepal, the WTO offered a structured and predictable trading environment, which was crucial for its external trade expansion.¹⁹¹ However, the benefits of WTO membership have been mixed. While Nepal has seen some success in diversifying its exports and improving its trade laws, the actual impact has been limited by challenges such as non-tariff measures (NTMs) and the erosion of trade preferences as it prepares to graduate from LDC status in 2026.¹⁹² The Doha Round of negotiations, which held particular significance for LDCs like Nepal by introducing duty-free and quota-free market access, has yet to be concluded, leaving the full potential of these benefits unrealised.¹⁹³

Critically, Nepal's experience in the WTO also underscores the broader challenges faced by small states within the global trade regime. While the WTO provides a forum for small states to voice their concerns and benefit from multilateral agreements, these states often struggle with limited negotiating power and the ability to fully capitalise on the opportunities available.¹⁹⁴ For Nepal, the need to reform its trade policies and improve trade efficiency is paramount, especially in light of growing protectionism and the ongoing credibility crisis within the multilateral trading system.¹⁹⁵ Furthermore, Nepal's reliance on preferential treatment, which will diminish with its graduation from LDC status, raises concerns about its future trade prospects.¹⁹⁶ The necessity of revising bilateral agreements and addressing domestic trade barriers remains critical if Nepal is to fully leverage its WTO membership for sustainable economic growth and development.¹⁹⁷

Furthermore, the trade policy review (TPR) for Nepal, conducted by the WTO, is a critical tool in assessing Nepal's trade policies and their alignment with WTO regulations. The latest review, which took place in 2022, emphasised the need for Nepal to enhance its trade facilitation measures, particularly in light of its upcoming graduation from LDC status.¹⁹⁸ The review noted that while Nepal has made strides in streamlining customs procedures and adopting trade-friendly measures, significant challenges remain, particularly in terms of infrastructure, technical capacity and regulatory alignment.¹⁹⁹ The review also highlighted Nepal's efforts in implementing sanitary and phytosanitary (SPS) measures and technical barriers to trade (TBT), which are vital for protecting human, animal and plant life while facilitating trade.²⁰⁰ The WTO review stressed the importance of continued reforms in these areas to ensure Nepal's integration into the global trading system and to support its development goals.

In recent years, Nepal has issued several notifications to the WTO's Committee on SPS Measures and TBT, including those concerning recent regulation of Chhurpi (a traditional hard cheese) and woven laminated sacks for packaging 50 kg cement.²⁰¹ These notifications are part of Nepal's ongoing efforts to comply with international standards and to ensure that its domestic regulations do not unnecessarily hinder trade. Additionally, specific trade concerns have been raised against Nepal, such as the National Alcohol Regulation and Control Policy, which mandates graphic warnings on alcoholic beverages and the import ban on energy drinks.²⁰² These measures have been scrutinised under TBT and SPS agreements, reflecting the complexities that Nepal faces in balancing public health objectives

with trade commitments. Furthermore, Nepal's participation in regional trade agreements among South Asian states continues to be a focal point in its trade policy, as the country seeks to leverage regional integration for economic growth.²⁰³ The challenges and opportunities presented by these agreements are significant, particularly as Nepal navigates its dual commitments to the WTO and regional trade blocs.

Thus, as a small state Nepal faces unique challenges and opportunities in the international trade regime. Despite its limited influence, Nepal leverages the WTO framework to safeguard its trade interests, particularly through participation in negotiations, committees and TPRs. The WTO offers Nepal a structured environment to voice its concerns and seek equitable treatment, essential for small states navigating complex global trade dynamics.²⁰⁴ However, the effectiveness of Nepal's engagement is often constrained by its limited resources and technical capacity, highlighting the need for continued support and capacity-building initiatives to fully capitalise on the benefits of WTO membership. Additionally, the challenges posed by Nepal's geographical and economic vulnerabilities necessitate a cautious approach to balancing domestic priorities with international trade obligations.

Zone of Peace Proposal: Nepal's Act of Creating an International Platform

Small states often adopt creative and strategic approaches to establish and sustain their presence in the international arena, compensating for their limited power and resources. One common strategy involves declaring certain areas under a unique designation that aligns with their national interests and identity.²⁰⁵ For instance, the concept of Exclusive Economic Zones (EEZs) has been utilised effectively by small island nations in the Pacific and Caribbean to assert control over vast maritime areas, turning their geographic limitations into strategic advantages.²⁰⁶ These states have leveraged their EEZs to gain economic benefits from marine resources, secure international recognition of their sovereignty and increase their geopolitical relevance by shaping global maritime norms.²⁰⁷

Another strategic approach used by small states is the promotion of specific international norms or policies that reflect their values or strategic interests, allowing them to gain influence disproportionate to their size.²⁰⁸ For example, the Nordic countries, though small, have been successful in advocating for global environmental protection, human rights, and peacebuilding initiatives, thereby positioning themselves as moral leaders on these issues.²⁰⁹ Similarly, Bhutan's advocacy for Gross National Happiness as an alternative development paradigm has garnered international attention and respect, distinguishing Bhutan from other nations and allowing it to influence global discussions on sustainable development.²¹⁰ These examples illustrate how small states, through the innovative use of norms and strategic designations, can carve out significant roles for themselves in the international system, ensuring their voices are heard and their interests protected in a world dominated by larger powers.

This unique act was part of the Nepal's small state strategy during the Cold War. The country consistently sought to carve out a distinct international space by

maintaining a stance of non-alignment and neutrality, rooted in its historical context and geopolitical realities. As a small state nestled between two major powers, India and China, Nepal has strategically pursued a foreign policy that emphasises non-alignment to avoid entanglement in regional conflicts and to safeguard its sovereignty.²¹¹ This approach has been complemented by Nepal's active promotion of peace and security, both regionally and globally. A significant manifestation of this commitment was Nepal's proposal of the "Zone of Peace" (ZoP) concept, which sought to designate Nepal as a neutral and peaceful zone, free from military conflicts and external interference.²¹² This proposal was intended not only to ensure Nepal's security but also to contribute to regional stability by reinforcing the principles of peace and non-interference.²¹³ Through such initiatives, Nepal has endeavoured to assert its role as a peace-promoting nation, while simultaneously navigating the complexities of IR in a volatile region.²¹⁴

Following his ascension to the throne in 1972, King Birendra Shah of Nepal embarked on a significant foreign policy initiative with the ZoP proposal, formally introduced during his coronation in 1975.²¹⁵ King Birendra's vision for this proposal was rooted in maintaining Nepal's neutrality and non-alignment in a geopolitically tense region, especially given the proximity to two major powers, India and China and the broader Cold War context.²¹⁶ The proposal aimed to establish Nepal as a ZoP, free from external military influence and committed to peaceful coexistence with all nations. It took several years for Nepal to articulate the specific components of the proposal, culminating in a seven-point definition released in 1982 by Prime Minister Surya Bahadur Thapa.²¹⁷ This definition emphasised principles such as non-aggression, peaceful dispute resolution and a commitment to non-alignment, echoing the *Panchasheel* principles of peaceful coexistence.²¹⁸

King Birendra's ZoP proposal also sought to redefine Nepal's traditionally unique relations with India on a more balanced footing, attempting to dilute India's dominant influence in the region. Nepal's efforts to garner international support for the proposal were met with a generally positive response, except from India, which viewed the initiative as unnecessary, given the existing treaties of peace and friendship between Nepal and its neighbours.²¹⁹ Despite India's reluctance, the proposal represented a bold assertion of Nepal's sovereignty and its desire to play a more autonomous role in regional and global affairs.²²⁰ The ZoP initiative thus encapsulates Nepal's strategy of leveraging its small state status to carve out an independent space in the international arena, promoting peace and security while navigating the complex dynamics of its geopolitical neighbourhood.²²¹

Moreover, India's rejection of Nepal's ZoP proposal can be understood through the lens of small state diplomacy and the evolving geopolitical landscape of South Asia. At the heart of Nepal's proposal was a desire to assert its sovereignty and neutrality amidst the pressures of being sandwiched between two regional powers, India and China. However, India's refusal to endorse the proposal stemmed from several strategic concerns. As the dominant power in South Asia, India viewed the proposal as a challenge to its sphere of influence, particularly because the ZoP implied the removal of military influence and the potential redefinition of Nepal's unique relationship with India.²²² From India's perspective, accepting the proposal

could have set a precedent for other smaller neighbours to seek similar neutralisation, thereby undermining India's regional security strategy during a period of Cold War tensions.²²³ Moreover, India was wary of external powers exploiting the proposal to gain a foothold in the region under the guise of promoting peace, which could destabilise the existing security dynamics. Thus, India's rejection was rooted in a desire to maintain its strategic depth and influence in the region, while Nepal's proposal highlighted the small state's attempts to navigate and redefine its geopolitical role in an environment dominated by larger, more powerful neighbours.

Conclusion

Overall, Nepal's small state diplomacy is emphasising how the country has navigated its foreign policy within various international and regional platforms. Nepal's strategic engagement with the UN, where it has consistently sought to assert its sovereignty and influence, is a prime example of its active participation despite internal and external challenges. The document highlights Nepal's early efforts in gaining legitimacy on the global stage through its involvement in peace-keeping missions and its commitment to the principles of non-alignment, as exemplified by its support for the NAM. However, the shift from active engagement to inaction in recent decades reflects the impact of internal political instability, corruption and external geopolitical pressures. This inaction is particularly evident in Nepal's participation in the UN, where its influence has waned, and its contributions have become more symbolic than substantial. Moreover, Nepal's regional diplomacy within organisations like SAARC, BIMSTEC, and BBIN, where structural limitations, the dominance of larger powers and Nepal's own resource constraints have often restricted its ability to fully capitalise on these platforms.

Nepal's small state diplomacy is further examined through its interactions with the Bretton Woods institutions, the WTO and its proposal of the ZoP. The document outlines how Nepal has leveraged its participation in these global economic frameworks to secure financial and technical assistance, albeit at the cost of navigating complex conditions that sometimes conflict with its national interests. The ZoP proposal, although ultimately unsuccessful, is highlighted as a strategic attempt by Nepal to assert its neutrality and carve out a distinct international identity. However, India's rejection of the proposal reveals the challenges small states face when their initiatives threaten the strategic interests of more powerful neighbours. Overall, the section presents a nuanced analysis of Nepal's diplomatic strategies, revealing a pattern of cautious engagement, where the country has balanced its aspirations for sovereignty and influence with the realities of its geopolitical position and internal vulnerabilities. Nepal's small state diplomacy, characterised by a blend of assertiveness, adaptation and compromise, reflects the broader challenges and opportunities that small states encounter in the international system.

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7 Evolution of Small State Strategy for Nepal after the Cold War

After the end of the Cold War, Nepal's journey as a small state experienced troubles and transitions from within the country as well as neighbourhood and around the globe. This chapter discusses how Nepal evolved its strategy after the Cold War. The initial steps for Nepal in the post-Cold War era started with its liberalisation process. Indeed, it was a necessary step for Nepal to change its economy which has to an extent helped the country to benefit from the global economy. It has come with different structural challenges for Nepal, which is a typical characteristic of a small state. Nepal experienced internal conflict, which led to political changes but stagnated different aspects including its national economy and socio-economic life of the people. Many small states, in the global north, have experienced civil war deteriorating every aspect of a small state's national life as well as inviting foreign interventions (in)directly. To this extent, Nepal underwent a huge political transition from a monarchy to a federal democratic republic state and from a Hindu nation to a secular one. This is a crucial change and adaptation of study for Nepal as a small state.

Furthermore, Nepal's constitution-building journey as a republic is also an interesting process which this chapter has considered including the yet to be settled transitional justice and peace process. These have been crucial for Nepal's status in the international community. There are several events confronting Nepal's capabilities as a small state, but the 2015 Earthquake which physically devastated the country and the efforts to rise back is the tale that needs praise when seen through the traditional lenses of small states. The earthquake was followed by the unofficial economic embargo by India because of its few ramifications towards the newly promulgated constitution by Nepal. This came as a huge shock from the southern neighbour during the time when the country was hit by a massive earthquake. This has been scrutinised in this chapter through the lenses of small states. Equally, the Belt and Road Initiative (BRI) and the Millennium Challenge Corporation (MCC) conundrum that Nepal has been in, a challenge for Nepal to balance the US-China rivalry in this century has been closely examined. Notably, Nepal's relations with its two neighbours—India and China—remain crucial for scrutiny after the Cold War which has been done in this chapter.

Nepal's Quest for Liberal Economy: Troublesome Pathway for a Small State

Nepal's journey for liberalisation started unilaterally from 1992.¹ Nepal's quest for a liberal economy emerged as a strategic response to internal economic stagnation, regional challenges and global shifts towards neoliberal economic policies in the late twentieth century.² As a small, landlocked state with limited resources, Nepal's approach to economic liberalisation reflects both its vulnerabilities and aspirations for modernisation and growth. This transition, formally marked by the announcement of the 1992 Industrial Policy and Foreign Investment and One Window Policy, was an ambitious endeavour to align Nepal with global economic trends and meet multilateral donors' conditions for economic reform.³

Domestically, Nepal faced an urgent need to address inefficiencies in its public sector. The burden of loss-making public enterprises, coupled with a lack of industrial dynamism, necessitated a shift towards privatisation and private-sector-led growth. The adoption of economic liberalisation aimed to reduce public expenditure, mobilise private savings and investments and create a more efficient economic framework. The 1992 policies explicitly assured the private sector of minimal government intervention, signalling a clear departure from the state-led development model that had characterised Nepal's economy until then.⁴ The establishment of a Privatisation Unit underscored the government's commitment to transferring public enterprises to private hands, fostering competition and encouraging innovation.⁵ At the same time, Nepal's limited domestic market posed a significant challenge to sustaining economic growth through internal demand. Recognising this, the government emphasised export-oriented growth, drawing inspiration from the success of Southeast Asian economies.⁶ The 1992 Trade Policy marked a pivotal shift towards outward-oriented strategies, aiming to integrate Nepal into global markets and reduce its economic dependence on subsistence agriculture.⁷ However, this transformation required substantial structural changes, including improving industrial competitiveness, fostering technological innovation and building institutional capacity—areas in which Nepal faced significant limitations.

Furthermore, Nepal's economic liberalisation must be viewed in the context of its geographic position and dependence on neighbouring India. As a landlocked state, Nepal's trade and transit heavily relied on India, which has historically shaped Nepal's economic policies and opportunities. The liberalisation drive of the early 1990s coincided with India's own economic reforms, initiated in 1991. This parallel trajectory created opportunities for Nepal to benefit from enhanced regional trade and investment flows.⁸ However, it also exposed Nepal to competitive pressures from Indian industries, given the asymmetry in economic capacities between the two countries. Nepal's liberalisation policies also sought to diversify its economic partnerships beyond India. The focus on attracting foreign direct investment (FDI) and fostering technology transfer was a deliberate attempt to reduce over-reliance on India and tap into global capital markets.⁹ Investment promotion delegations and the Nepal Investment Forum aimed to showcase Nepal's potential to international investors, leveraging its unique position as a gateway to

South Asia and the Himalayas.¹⁰ Yet, the regional geopolitical landscape posed constraints, as Nepal needed to carefully balance its economic aspirations with the sensitivities of its powerful neighbours, particularly India and China.

While Nepal's liberalisation policies were ambitious and were followed by assurance of minimal government intervention and the absence of nationalisation were designed to build investor confidence, but weak institutional capacity and bureaucratic inefficiencies often hindered effective policy execution. Nepal's structural constraints, shaped by its geography, historical trajectory and limited economic diversification, entrenched the country in a state of asymmetric dependence on India. This dependence manifests across trade, energy, transit and labour migration, exacerbating socio-economic challenges and limiting Nepal's ability to exercise agency in its foreign and domestic policies.¹¹ The interplay of these structural constraints has created a complex dependency that hinders Nepal's development prospects and its efforts to assert greater autonomy in regional and global affairs.

Primarily, Nepal's landlocked position between India and China has profoundly influenced its economic orientation. While China offers potential avenues for diversification, Nepal's rugged Himalayan terrain severely limits northward connectivity, leaving the country overwhelmingly reliant on India for trade and transit. Over 64% of Nepal's trade is conducted with India, facilitated by open border arrangements that allow the movement of goods, labour and services.¹² However, this dependence on India for access to seaports and essential imports—ranging from fuel to agricultural products—has made Nepal vulnerable to disruptions. For instance, during the 2015 unofficial blockade by India, Nepal experienced acute shortages of fuel, medicine and other critical supplies, causing widespread socio-economic hardships and exposing the risks of overreliance on a single partner.¹³

Historically, Nepal's economic policies have reinforced this dependency. The 1950 Treaty of Peace and Friendship between Nepal and India institutionalised open borders and preferential trade arrangements, but it also solidified India's dominant economic position.¹⁴ The treaty's provisions facilitated labour migration, with millions of Nepali workers seeking employment in India. While remittances from these workers, to India and other states, constitute a significant share of Nepal's GDP—approximately 23.1% of the country's GDP—the reliance on India and the Middle East as a destination for migrant labour underscores the limited domestic economic opportunities.¹⁵ Indian investments dominate Nepal's critical sectors, including energy and banking, which, while essential for development, deepen Nepal's economic reliance on its southern neighbour.

Nepal's lack of industrial diversification has further entrenched this asymmetric dependence. The country's economy remains heavily reliant on agriculture, which employs nearly 66% of the population but contributes less than one-third to GDP due to low productivity and a lack of modernisation.¹⁶ Industrial growth, while prioritised in policies such as the 1992 Industrial Policy to present budgets, has been constrained by inadequate infrastructure, political instability and bureaucratic inefficiencies. As a result, Nepal's export base is narrow, heavily reliant on low-value products such as carpets, textiles and tea, much of which finds its primary market

in India.¹⁷ This dependency on Indian markets and intermediaries reduces Nepal's bargaining power and exposes its economy to external shocks.

Energy dependency has also played a critical role in shaping Nepal's asymmetric relationship with India. Despite Nepal's immense hydropower potential—estimated at 83,000 MW—its inability to harness this resource effectively has left it reliant on India for electricity imports, particularly during peak demand seasons.¹⁸ While joint ventures between the two countries have sought to address this, such as the Arun III Hydropower Project, the dominance of Indian firms in Nepal's energy sector has raised concerns about sovereignty and equitable benefits.¹⁹ Additionally, delays in infrastructure development and domestic political hurdles have prevented Nepal from becoming a net energy exporter, further perpetuating its reliance on India.²⁰ Also, socio-economic challenges stemming from this dependency are multifaceted. The heavy reliance on remittances has created a consumption-driven economy, with limited investment in productive sectors such as manufacturing and technology. The “brain drain” caused by labour migration exacerbates domestic skill shortages, hindering economic transformation.²¹ Furthermore, Nepal's dependency on India for essential imports and investments has constrained its ability to diversify trade partners and leverage its strategic location between two emerging global powers. The trade deficit with India, which accounted for over 66% of Nepal's total trade deficit in recent years, reflects the structural imbalance in the bilateral relationship.²²

Politically, Nepal's dependence on India has often translated into perceived interference in its internal affairs, fuelling domestic resentment and complicating bilateral relations. India's influence in Nepal's political transitions, from the 1950s overthrow of the Rana regime to the recent republican movement, has shaped perceptions of Nepal as a state unable to fully assert its sovereignty.²³ This political dependency is compounded by Nepal's fragmented political landscape, which struggles to present a united front in negotiations with India or to implement policies that reduce reliance on external actors. The efforts to reduce dependency on India have faced significant challenges.²⁴ While China has emerged as an alternative partner in recent years, with investments in infrastructure projects under the BRI, the scale and accessibility of these projects remain limited compared to Nepal's engagements with India.²⁵ Moreover, Nepal's internal governance issues, including corruption, policy inconsistencies and weak institutions, have hampered its ability to capitalise on opportunities for diversification. For example, large-scale infrastructure projects often face delays and cost overruns, reducing their impact on reducing dependency or stimulating broader economic growth.

Altogether, Nepal's asymmetric dependence on India is the product of deep-rooted structural constraints that intertwine geography, history and economic vulnerabilities. While this relationship has provided critical opportunities for trade, labour migration and investment, it has also exposed Nepal to significant risks and challenges. Addressing these requires a multifaceted strategy that prioritises industrial diversification, investment in infrastructure and education and the development of balanced relationships with multiple international partners. Without such measures, Nepal's dependence on India will continue to limit its economic sovereignty and perpetuate socio-economic inequalities.

Small States and Civil Wars: Nepal's Decade-Long Violent Internal Conflict

Internal conflicts, especially the violent ones, in small states present unique challenges due to their limited resources, constrained geopolitical influence and often fragile institutions. Unlike larger states, small states lack the economic and military capacity to sustain prolonged conflicts without significant damage to their social and political fabric. Violent internal conflicts in these states often arise from deep-seated inequalities, governance failures or external interference and are exacerbated by their vulnerability to external pressures.²⁶ Small states are more susceptible to international interventions, as major powers and regional actors may exploit their conflicts for strategic gains.²⁷ Additionally, the economic repercussions are severe, as small states typically have less diversified economies, making recovery from war protracted and difficult. The intersection of internal fragility and external dependency often leaves small states struggling to rebuild after conflicts, with lingering instability and vulnerability to further crises.

Nepal's decade-long civil war (1996–2006) was a defining event in the country's modern history, fundamentally reshaping its political, economic and socio-cultural landscape.²⁸ Originating from deep-seated socio-economic inequalities and political marginalisation, the conflict was spearheaded by the Communist Party of Nepal-Maoist (CPN-M), which sought to establish a republican state by overthrowing the monarchy and addressing systemic injustices.²⁹ As a small state with limited resources and geopolitical constraints, Nepal's civil war had profound implications for its internal development and international standing. Furthermore, the global context, particularly after 9/11, significantly influenced the dynamics of the conflict and international interventions.

The civil war stemmed from Nepal's entrenched structural inequalities. Decades of political centralisation under the monarchy and later under the democratic system after 1990 failed to address widespread poverty, regional imbalances, caste-based discrimination and gender inequities.³⁰ The exclusion of marginalised groups, including Dalits, indigenous communities and women, created fertile ground for revolutionary ideologies.³¹ The Maoists capitalised on these grievances, articulating a narrative that combined class struggle with the demand for an inclusive federal system.³² The so-called "People's War" began on February 13, 1996, targeting state institutions, economic infrastructure and symbols of the monarchy.³³ What started as a localised insurgency in Nepal's rural midwestern hills quickly spread across the country, engulfing urban centres and destabilising the state.

Politically, the civil war dismantled Nepal's existing structures of governance. The conflict severely weakened the monarchy, which had traditionally been the central pillar of Nepal's statehood. King Gyanendra's authoritarian responses, including the dissolution of parliament in 2002 and direct rule from 2005 to 2006, alienated the democratic forces in the country.³⁴ This eroded public trust in the monarchy and led to its eventual abolition in 2008. The Maoists, despite their militarised approach, emerged as key political actors. The Comprehensive Peace Agreement (CPA) of 2006 facilitated their transition from insurgents to mainstream politicians, culminating in their electoral victory in 2008 and the establishment

of a republic.³⁵ However, the war also left a legacy of fragmented politics. Factionalism within political parties and an overemphasis on identity-based politics hindered Nepal's efforts at stable governance, prolonging political instability in the post-conflict period.

The civil war inflicted severe economic damages. The conflict disrupted economic activities across the country, particularly in rural areas where Maoist forces destroyed infrastructure and targeted businesses.³⁶ Tourism, one of Nepal's primary sources of foreign exchange, plummeted as international travellers avoided the war-torn nation.³⁷ Agricultural productivity declined due to the displacement of rural populations and insecurity, exacerbating poverty in already vulnerable regions.³⁸ The FDI and development aid were also adversely affected, as donors and investors hesitated to engage in an unstable environment.³⁹ The cumulative economic cost of the war has been estimated to exceed billions of dollars, further constraining Nepal's ability to invest in development and modernisation. The socio-cultural impacts of the civil war were equally significant. The conflict displaced people internally and drove many more to migrate abroad in search of safety and livelihoods. This displacement disrupted traditional social structures and contributed to urbanisation in Kathmandu and other major cities, often in unplanned and unsustainable ways.⁴⁰ The war also deepened societal polarisation along ideological, ethnic and regional lines. While the Maoist movement succeeded in bringing issues of social justice and inclusion to the forefront, the militarised nature of their struggle perpetuated cycles of violence and mistrust.⁴¹ Women and children were disproportionately affected, with many recruited into the Maoist forces or subjected to abuses by state and non-state actors.⁴²

Internationally, Nepal's small state status shaped its interactions with major powers and multilateral institutions during the civil war. Initially, the conflict drew limited international attention, as Nepal's strategic importance was overshadowed by other regional priorities, such as the India-Pakistan rivalry. However, the global context shifted dramatically after the September 11, 2001 terrorist attacks in the USA. The post-9/11 era, marked by the US-led Global War on Terror, reframed the Maoist insurgency as a potential terrorist threat, despite its localised goals and ideological roots.⁴³ This shift led to increased international support for Nepal's monarchy and security forces, particularly from the USA, India and the UK.⁴⁴ These powers provided military aid, training and intelligence-sharing, ostensibly to combat terrorism but also to contain the Maoists.⁴⁵

India's role during the civil war exemplified its dual strategy of intervention and mediation. While India supported Nepal's monarchy and democratic forces to prevent a Maoist takeover, it also maintained backchannel communications with the Maoists, recognising their growing influence.⁴⁶ India's strategic interests in Nepal, including concerns over border security and the potential for Chinese influence, shaped its cautious approach. Meanwhile, the United Nations played a pivotal role in the post-conflict period, with its Mission in Nepal (UNMIN) overseeing the disarmament, demobilisation and reintegration of Maoist combatants and the conduct of elections for the Constituent Assembly (CA).⁴⁷ The international community's engagement in Nepal's civil war highlighted the vulnerabilities of small

states in conflict situations. The external actors often pursued their own strategic interests rather than prioritising Nepal's long-term stability. For example, while foreign military aid bolstered the state's capacity to counter the Maoists, it also fuelled human rights abuses by security forces, including extrajudicial killings and disappearances.⁴⁸ The Maoists, in turn, sought to leverage international attention to their advantage, framing their struggle as a fight against inequality and oppression.⁴⁹ However, their association with global leftist movements and their designation as a terrorist organisation by the USA limited their ability to garner broader international sympathy.⁵⁰

Thus, Nepal's civil war was a watershed moment that transformed the country's political, economic and social fabric. The conflict exposed the deep structural inequalities and governance failures that had long plagued Nepal, while also highlighting the challenges small states face in navigating domestic crises within a globalised security environment. The post-9/11 global context, characterised by heightened counter-terrorism efforts, amplified international interventions in Nepal's civil war, often to mixed effect. While the peace process and subsequent political transitions offered opportunities for rebuilding, the legacies of the war—political instability, economic underdevelopment and social polarisation—continue to shape Nepal's trajectory as a small state striving for stability and self-determination.

Transition of Political System in a Small State: Nepal's Journey from Monarchy to Federal Republic and Hindu Nation to Secular

Small states often face significant challenges during political transitions, as their limited resources, fragile institutions and external dependencies make the process particularly precarious. Unlike larger states with diversified economies and robust governance structures, small states must navigate political transitions while maintaining stability, managing external influences and addressing domestic pressures.⁵¹ Political transitions in small states are further complicated by their geopolitical positions, as neighbouring powers and international actors frequently seek to influence the trajectory of change to align with their strategic interests.⁵² For small states, political transition is not merely a domestic process but a multifaceted challenge that requires careful balancing of internal reform and external diplomacy.

Nepal's transition from a monarchy to a federal democratic republic exemplifies the complexities of political transition in small states. For centuries, Nepal was governed under a centralised monarchy that resisted reforms and maintained a hierarchical socio-political order. The democratic movement of 1990 initiated a shift towards constitutional monarchy and multi-party democracy, but systemic inequalities and political exclusion persisted. The Maoist insurgency (1996–2006) and the royal massacre of 2001 further weakened the monarchy's legitimacy, creating fertile ground for structural change. King Gyanendra's autocratic move in 2005 to seize direct control of the government alienated political parties and civil society, culminating in the 2006 People's Movement (*Jana Andolan II*), which forced the monarchy to relinquish power. In 2008, Nepal was officially declared a federal democratic republic, marking a historic shift in its governance.⁵³

From a small state perspective, Nepal's transition was both internally driven and externally shaped. Domestically, Nepal's political actors demonstrated strategic pragmatism by forging the 12-point agreement in 2005 between the Seven Party Alliance (SPA) and the Maoists. This agreement facilitated a unified front against the monarchy and laid the groundwork for the CPA in 2006.⁵⁴ The transition was marked by efforts to decentralise power through federalism, an attempt to address the long-standing grievances of marginalised communities.⁵⁵ However, the process was fraught with challenges, including inter-party conflicts, bureaucratic inefficiencies and delays in drafting the new constitution. Nepal's limited institutional capacity as a small state made it reliant on external technical and financial support during this critical period. Nepal's transition from a Hindu nation to a secular state added another layer of complexity. Declaring secularism in the 2007 interim constitution and reaffirming it in the 2015 constitution was a bold move, reflecting the aspirations of Nepal's diverse religious and ethnic groups.⁵⁶ However, the decision was met with resistance from conservative factions and sections of the population who saw Nepal's Hindu identity as integral to its national identity. Secularism became a contentious issue, with protests and backlash in parts of the country, especially in the southern plains (Terai).⁵⁷ The challenge for Nepal as a small state lay in managing these internal divisions while adhering to the principles of inclusivity and modernity. The secular transition highlighted Nepal's strategic approach in balancing the demands of its heterogeneous society with the pressures of modern state-building.

Externally, Nepal's transition was heavily influenced by its geopolitical environment and the interests of major powers, particularly India and China. As a landlocked state situated between these two regional giants, Nepal's strategic importance increased during its political transition. India played a pivotal role in facilitating the 12-point agreement and supporting Nepal's democratic forces.⁵⁸ However, its perceived interference, such as during the constitution drafting process in 2015, drew criticism and led to anti-Indian sentiments in Nepal. India's imposition of an unofficial blockade in 2015, ostensibly due to its dissatisfaction with certain provisions of the constitution, underscored the asymmetric dependency of Nepal on its southern neighbour. China, on the other hand, adopted a more cautious approach, emphasising stability and non-interference while strengthening economic ties with Nepal.⁵⁹ Beijing's engagement grew during the transition period, as it sought to counterbalance India's influence and safeguard its strategic interests, particularly in Tibet. China's focus on infrastructure development and economic cooperation, such as under the BRI, provided Nepal with alternative avenues for external support, reducing its over-reliance on India.

International actors, including the United Nations and Western donors, also played significant roles in Nepal's transition. The UNMIN facilitated the peace process by overseeing the disarmament and integration of Maoist combatants.⁶⁰ Western donors supported Nepal's federalism and secularism agenda, linking financial aid to governance reforms and human rights standards.⁶¹ However, their involvement was often criticised for being prescriptive and not sufficiently attuned to Nepal's socio-cultural complexities. Political leaders in Nepal have

acknowledged the influence of external actors during the transition. Former Prime Minister Baburam Bhattarai, a key figure in the Maoist movement, noted in several interviews that India's involvement was critical in bringing the Maoists and democratic forces together against the monarchy. Similarly, leaders from the Nepali Congress and the CPN (Unified Marxist-Leninist) have emphasised the importance of balancing external influences to preserve Nepal's sovereignty and autonomy.

Nepal's political transition from a monarchy to a federal republic and secular state exemplifies the delicate balancing act required of small states during periods of significant change. Internally, Nepal's strategic approach to inclusivity and federalism aimed to address historical grievances and build a more representative state. Externally, Nepal demonstrated resilience by navigating the competing interests of major powers while leveraging international support for its peace process and development. However, the transition remains incomplete, with lingering political instability, socio-economic challenges and the enduring influence of external actors. Nepal's experience underscores the unique vulnerabilities and strategies of small states in managing political transitions, highlighting the need for a careful balance between internal reform and external diplomacy.

Constitution Promulgation, Peace Process and Transitional Justice

Nepal's constitution-making process, peace process and transitional justice reflect the broader struggles and strategies of a small state navigating profound political and social transformation while balancing internal pressures and external influences. The journey towards these milestones is marked by achievements, compromises and persistent challenges, highlighting the vulnerabilities and resilience of Nepal as a small state in a complex geopolitical and domestic environment.

The promulgation of Nepal's constitution in 2015 marked a significant milestone in its democratic transition. However, the process was fraught with delays, disagreements and external influences. Nepal's status as a small state significantly shaped its constitution-making journey, as the country had to navigate the complex interplay of domestic political dynamics and the competing interests of regional and global powers. Nepal's Interim Constitution of 2007 was a temporary arrangement to guide the country during its post-conflict transition. The CPA of 2006, which ended the decade-long Maoist insurgency, mandated the drafting of a new constitution through an elected CA.⁶² The first CA (2008–2012) dissolved without delivering a constitution due to disagreements over federalism, state restructuring and the representation of marginalised groups.⁶³ The second CA (2013–2015) finally succeeded in promulgating the constitution, but the process was rushed, driven by the urgency to avoid further political deadlock.⁶⁴

From a small state perspective, the constitution-making process highlighted Nepal's struggle to manage its internal diversity while maintaining stability. The contentious issues of federalism and identity-based state restructuring reflected Nepal's need to address the demands of historically marginalised groups, such as Madhesis, Janajatis and Dalits.⁶⁵ However, the final document was criticised for inadequately addressing these concerns, leading to protests, particularly in the

southern Terai region.⁶⁶ The asymmetric dependency on India exacerbated the situation, as India openly expressed dissatisfaction with the constitution and imposed an unofficial blockade in 2015.⁶⁷ This blockade highlighted Nepal's vulnerability as a landlocked small state, demonstrating how external actors can exploit such transitions for strategic leverage. Despite its challenges, Nepal's constitution represents a significant achievement in institutionalising democracy, secularism and federalism. It underscores the small state strategy of pragmatism and compromise in navigating domestic divisions and external pressures. However, unresolved grievances and the failure to ensure broader consensus reflect the limitations of Nepal's capacity as a small state to fully meet the aspirations of its diverse population.

Similarly, Nepal's peace process, initiated with the CPA in 2006, remains a critical component of its post-conflict transition. The agreement between the government and the Maoists ended the civil war, facilitated the Maoists' entry into mainstream politics and established mechanisms for disarmament, demobilisation and reintegration.⁶⁸ However, the implementation of these provisions has been inconsistent and incomplete, reflecting the challenges faced by a small state with limited resources and institutional capacity. The rehabilitation of Maoist combatants was a central aspect of the peace process. The process aimed to integrate eligible combatants into the Nepal Army or rehabilitate them through financial and vocational support. However, the integration process was marred by delays, political disputes and allegations of corruption.⁶⁹ Of the nearly 19,000 verified Maoist combatants, only around 1,400 were integrated into the Nepal Army, while others opted for voluntary retirement or financial packages.⁷⁰ This partial success left many former combatants disillusioned, raising concerns about their socio-economic reintegration and potential involvement in criminal activities.⁷¹ The human rights issues have also been a significant concern in Nepal's peace process. Both state forces and the Maoists were accused of serious human rights violations during the conflict, including extrajudicial killings, enforced disappearances and torture. Despite commitments to address these violations, progress has been slow. The Truth and Reconciliation Commission and the Commission of Investigation on Enforced Disappeared Persons, established in 2015, have been criticised for their lack of independence, limited mandate and failure to deliver justice to victims.⁷² The slow pace of investigations and the absence of prosecutions have eroded public trust in these institutions, highlighting the challenges of transitional justice in a small state context.

Furthermore, transitional justice remains a crucial but unresolved aspect of Nepal's post-conflict transition. The inability to deliver justice for war-era crimes has perpetuated a culture of impunity and undermined trust in the state's commitment to accountability and reconciliation. From a small state perspective, Nepal's challenges in transitional justice stem from its fragile institutions, the politicisation of justice mechanisms and the influence of external actors. Political interference has been a major obstacle to transitional justice in Nepal.⁷³ Successive governments have been reluctant to pursue accountability for fear of alienating influential figures within the major political parties, including the former Maoists.⁷⁴ The lack of political will to amend the legal framework to align with international human

rights standards has further hindered progress.⁷⁵ This reluctance underscores the small state strategy of prioritising political stability over contentious accountability processes, reflecting the constraints of managing transitional justice in a polarised environment.⁷⁶

External actors have also played a role in Nepal's transitional justice process. International human rights organisations and the United Nations have repeatedly called for credible and victim-centric transitional justice mechanisms.⁷⁷ However, Nepal's dependence on external aid and its strategic location between India and China have made it cautious about fully aligning with international standards, fearing potential repercussions on its sovereignty and political stability. The victims' groups and civil society organisations have been vocal in demanding justice and reparations, highlighting the gap between the state's commitments and its actions.⁷⁸ Their advocacy has kept the issue of transitional justice alive, but the slow progress has frustrated victims and undermined public confidence in the process. As a small state, Nepal's ability to address these demands is constrained by its limited resources, institutional weaknesses and political compromises.

Nepal's constitution-making process, peace process and transitional justice illustrate the complexities of political transition in a small state. The constitution represents a significant step towards institutionalising democracy, but its contentious drafting process and unresolved grievances highlight the limitations of consensus-building in a diverse and fragile state. The peace process has achieved partial success in ending the conflict and integrating former combatants, but inconsistencies in implementation and the lack of accountability for human rights violations remain critical challenges. Transitional justice, while essential for reconciliation and long-term stability, has been hindered by political interference, institutional weaknesses and external pressures. Nepal's experience underscores the need for small states to balance domestic reform with external diplomacy, addressing internal grievances while navigating the complexities of external influence. Ultimately, the success of Nepal's transition depends on its ability to strengthen institutions, build trust among its citizens and uphold the principles of justice and accountability.

Year of 2015: Earthquake and Blockade for Nepal

On April 25, 2015, Nepal was struck by a 7.8 magnitude earthquake, followed by a major aftershock on May 12, resulting in widespread devastation.⁷⁹ The earthquake killed 8,896 people, injured over 22,303 and impacted the lives of 8 million people.⁸⁰ Approximately 3.5 million people were left homeless, and critical infrastructure, including schools, health facilities and cultural heritage sites, was destroyed.⁸¹ The economic cost of the disaster was estimated at USD 10 billion, equivalent to nearly 50% of Nepal's GDP.⁸² As a small state with limited resources, Nepal faced immense challenges in addressing the immediate humanitarian crisis and initiating long-term recovery efforts.

Nepal's domestic response was constrained by institutional inefficiencies, lack of preparedness and limited resources. The government, through the National

Emergency Operation Center, coordinated rescue and relief efforts, deploying military and police forces for search and rescue operations.⁸³ However, these efforts were criticised for delays in mobilising resources and ineffective coordination. The National Reconstruction Authority was established to oversee recovery and reconstruction, but its slow progress and bureaucratic hurdles impeded timely rebuilding efforts.⁸⁴ The local communities, however, demonstrated significant resilience, with grassroots organisations and individuals contributing to immediate relief operations.

As a small state, Nepal depended heavily on international assistance to respond to the disaster. The government appealed for global support, receiving aid from over 60 countries and numerous international organisations.⁸⁵ India, China, the USA, Japan and the European Union were among the largest donors. India launched “Operation Maitri,” dispatching military teams, relief supplies and medical personnel, while China provided rescue teams, financial aid and reconstruction support.⁸⁶ The United Nations launched a USD 423 million flash appeal to address immediate humanitarian needs. Similarly, Nepal engaged in robust diplomatic efforts to secure international support.⁸⁷ The International Conference on Nepal’s Reconstruction, held in Kathmandu in June 2015, brought together donor countries, international financial institutions and development partners, pledging USD 4.4 billion for reconstruction efforts.⁸⁸ Nepal’s ability to navigate these diplomatic channels underscored its strategic use of its small state status to generate goodwill and international solidarity.

Despite significant international support, Nepal’s recovery faced challenges. The bureaucratic inefficiencies, political instability and lack of accountability delayed the disbursement of pledged funds and implementation of reconstruction projects. The government’s inability to effectively coordinate between central and local levels further hindered progress. Many victims remained without permanent housing years after the earthquake, highlighting systemic issues in disaster management and governance. Nepal’s experience underscores critical lessons for small states in dealing with natural disasters. First, the importance of pre-disaster preparedness and resilient infrastructure cannot be overstated.⁸⁹ Second, fostering strong relationships with international and regional partners is crucial for mobilising timely assistance.⁹⁰ Third, efficient governance mechanisms are essential to translate international support into tangible recovery outcomes.⁹¹ Nepal’s earthquake response demonstrates the duality of vulnerability and resilience inherent in small states, emphasising the need for proactive disaster risk management strategies.

The 2015 earthquake was a defining moment for Nepal, testing its governance capacity and international relationships. While Nepal’s status as a small state posed challenges in terms of resource mobilisation and institutional effectiveness, it also leveraged its position to garner significant international support. The disaster highlighted the need for improved disaster preparedness, institutional reforms and stronger international partnerships, providing critical insights for small states navigating similar challenges in the future. Nevertheless, as Nepal was grappling with recovery from the earthquake while finalising its long-awaited constitution as well, Nepal faced serious setbacks from the southern neighbour.

The promulgation of the constitution on September 20, 2015, marked a significant milestone for Nepal, but it also triggered tensions with its southern neighbour, India.⁹² India expressed dissatisfaction with several provisions of Nepal's new constitution, particularly those concerning the representation and rights of the Madhesi and Tharu communities, who reside predominantly in Nepal's southern Terai region and share close ethnic, cultural and familial ties with communities in India.⁹³ India's then foreign secretary, S. Jaishankar, visited Nepal as a special envoy shortly before the constitution's promulgation and conveyed India's reservations, urging Nepal to address the grievances of these marginalised groups through constitutional amendments.⁹⁴ However, Nepal proceeded with the promulgation, resulting in strained bilateral relations.

Following the promulgation, India imposed an unofficial embargo on Nepal, halting the supply of essential goods, including fuel and medicines. This was the third time India imposed an unlawful blockade towards Nepal including in 1970 and 1988–1989.⁹⁵ While India denied imposing the blockade and attributed the disruption to protests by Madhesi groups at border points, the reality was evident: Nepal, as a small, landlocked state heavily dependent on India for trade and transit, found itself at the mercy of its powerful neighbour. The blockade exacerbated Nepal's already fragile situation, deepening the humanitarian crisis caused by the earthquake. The fuel shortages brought transportation and industries to a standstill, while hospitals struggled to operate without critical medical supplies. According to research by the Democratic Freedom and Human Rights Institute and Informal Sector Service Centre, almost 1.6 million pupils in nine districts of eastern and central Tarai were denied the opportunity to attend school for 75 days in a row.⁹⁶ The blockade highlighted Nepal's structural dependency on India, underscoring the vulnerabilities of small states when dealing with larger, more powerful neighbours.

The blockade led to racial, regional and origin-based social fragmentation. Social psychology also changed as a result of blockade. Following the blockade, the general election formalised the heightened anti-Indian sentiments across the nation.⁹⁷ The blockade caused the nation's economic statistics to plummet. The embargo caused 400,000 people to lose their jobs and about 2,200 industries to close.⁹⁸ The Alliance for Social Dialogue and Nepal Economic Forum research states that throughout the five months of the blockade, only the private sector suffered losses of 1.96 billion dollars.⁹⁹ According to the analysis, the fuel crisis and imports stalled at the border had a significant impact on the economy's production, distribution and consumption processes.

Nepal's response to the crisis reflected the limited options available to small states in such situations. Domestically, Nepal attempted to address Madhesi grievances by initiating dialogue and proposing constitutional amendments, though these efforts were met with mixed reactions. Internationally, Nepal sought to diversify its trade and transit routes to reduce dependency on India. In October 2015, Nepal signed agreements with China to open new trade routes, allowing the import of fuel and other essential goods through Tibet.¹⁰⁰ While this marked a significant diplomatic shift, the logistical challenges and costs associated with these routes limited their immediate efficacy. Accordingly, China provided 1.3 million litres in October and 1.4 million litres of fuel in December to Nepal.¹⁰¹ Then Prime Minister

of Nepal K. P. Sharma Oli criticised India for imposing an unofficial blockade and praised China for helping with fuel and other essential commodities. Nevertheless, the move demonstrated Nepal's intent to assert greater agency and mitigate its dependency on India. Meanwhile, military diplomacy played a critical role during the blockade. Nepal's military maintained coordination with India to ensure that border tensions did not escalate further, leveraging its long-standing ties with the Indian Army.

The 2015 blockade was a stark reminder of Nepal's geopolitical vulnerabilities as a small state situated between two regional powers. It exposed the limitations of Nepal's dependency on India and the need for diversified economic and strategic partnerships. At the same time, the crisis underscored the challenges faced by small states in balancing domestic political transitions with external pressures. While Nepal demonstrated resilience and attempted to assert its agency through diplomatic and military channels, the blockade left a lasting impact on its economy and political landscape, shaping its approach to foreign policy and state-building in subsequent years.

Friends to Foes—Hopes, Suspicions, Interventions, Border Disputes and Anti-Indian Sentiments: Reviewing Nepal-India Relations after the Cold War

Nepal-India relations have undergone significant transformation in the post-Cold War era, marked by evolving dynamics that reflect both the continuity and recalibration of India's foreign policy towards its smaller neighbours. The Gujral Doctrine, articulated in the 1990s by India's then-Prime Minister I.K. Gujral, symbolised a shift towards a more benevolent and non-reciprocal approach in dealing with smaller South Asian states, including Nepal.¹⁰² By emphasising goodwill and cooperation without expecting reciprocity, the doctrine created a foundation for Nepal-India relations based on trust and mutual respect.¹⁰³ For Nepal, this policy was a much-needed gesture from its larger neighbour, as it sought to assert its sovereignty and balance ties with China amidst growing regional complexities. The doctrine enabled greater economic integration, trade facilitation and developmental cooperation, generating a sense of optimism for Nepal's aspirations as a small state reliant on India for trade and transit.¹⁰⁴

Similarly, the advent of Narendra Modi as India's Prime Minister in 2014 introduced the "Neighbourhood First" policy, which reaffirmed India's commitment to strengthening ties with its immediate neighbours.¹⁰⁵ Modi's personal diplomacy, including his historic visit to Nepal in 2014 and his address to Nepal's CA, was imbued with a tone of respect, partnership and shared cultural heritage.¹⁰⁶ His HIT (Highways, Information Technology and Transmission lines) narrative signalled India's commitment to Nepal's infrastructure, technological advancement and energy needs.¹⁰⁷ This approach resonated with Nepal's leadership and citizens, fostering hope for an era of enhanced cooperation. India's promises of substantial development aid, connectivity projects and investments in hydropower symbolised a renewed focus on tangible outcomes in bilateral ties. The emphasis on people-to-people connections, shared religious and historical bonds and

cross-border collaboration further strengthened emotional and cultural linkages, reinforcing the idea of Nepal as a special partner within India's strategic vision.

The emotions of hope and aspirations in Nepal-India relations, particularly in the post-Cold War period are an inherent character. Beyond material interests, the emotional and cultural proximity between the two nations, grounded in shared religious, linguistic and historical ties, has acted as a stabilising force. This emotional dimension has been central to maintaining goodwill despite occasional tensions, Nepal-India relations, therefore, have been shaped by a trajectory of hope, as India's foreign policy—guided by doctrines like Gujral's and Modi's initiatives—has sought to accommodate Nepal's aspirations while addressing its own strategic imperatives. This optimistic emotion represents a crucial character for Nepal-India relations after the Cold War.

The post-Cold War era in Nepal-India relations, while marked by aspirations of mutual respect and cooperation, has also witnessed recurring violations of these hopes through political interventions by India. Despite the optimism generated by frameworks like the Gujral Doctrine and the emotional narratives of shared cultural bonds, India's "big brother" attitude has remained a persistent feature. During Nepal's decade-long civil war (1996–2006), India's engagement oscillated between facilitation and interference.¹⁰⁸ On one hand, India provided refuge to Nepalese political leaders and facilitated talks between the Maoists and mainstream political parties.¹⁰⁹ On the other, its strategic interests often superseded Nepal's sovereignty, as seen in India's selective support for political actors aligned with its regional security concerns.¹¹⁰ This dual approach, though cloaked in benevolence, underscored India's tendency to intervene in Nepal's domestic matters when its strategic priorities were at stake.

The pattern of intervention became more explicit during Nepal's critical political transitions. India's visible role during the Second People's Movement in 2006, particularly its support for the alliance between the Maoists and democratic forces to oust the monarchy, exemplified its influence over Nepal's internal processes.¹¹¹ Similarly, during the promulgation of Nepal's constitution in 2015, India openly expressed dissatisfaction, citing concerns over the representation of Madhesi and Tharu communities, who share ethnic ties with India.¹¹² The unofficial economic embargo that followed, allegedly imposed by India, severely affected Nepal's economy and recovery efforts after the 2015 earthquake, highlighting the coercive dimensions of India's big brother approach. This intervention, framed as advocacy for marginalised communities, was widely perceived in Nepal as an infringement on its sovereignty, sparking anti-Indian sentiments.

India's consistent pattern of political interventions reflects a structural characteristic of its foreign policy towards Nepal that transcends the Cold War divide. While India frames its involvement as protective and benevolent, these actions often undermine the emotional and aspirational foundations of Nepal-India relations. The big brother attitude, rooted in India's security concerns and regional ambitions, continues to pose a challenge to Nepal's agency as a small state. The recurrence of such interventions suggests that Nepal's aspirations for an equal partnership with India remain precarious, as structural asymmetries and India's

strategic imperatives often take precedence over the emotional narrative of shared aspirations and mutual respect.

Likewise, the border disputes and the call for the revision of the 1950 Treaty remain enduring and contentious issues in Nepal-India relations, particularly in the post-Cold War era. These disputes are symptomatic of the structural asymmetries between the two neighbours, with Nepal's position as a small state often placing it in a defensive posture against India's larger geopolitical ambitions. Instances of border encroachment, such as in Kalapani, Lipulekh and Susta, have repeatedly sparked nationalistic sentiments in Nepal, fuelling public debates on the sovereignty and dignity of the Nepali state.¹¹³ Despite Nepal's diplomatic efforts to resolve these issues, India's reluctance to engage in meaningful dialogue reflects a larger pattern of deferring resolution to maintain strategic advantages. The lack of a formal mechanism to address these disputes has created mistrust, hindering the development of a mutually respectful bilateral relationship.

The Kalapani-Lipulekh dispute, in particular, became a flashpoint in Nepal-India relations after the publication of India's revised political map in 2019, which included the disputed territories within Indian borders.¹¹⁴ Nepal responded by publishing its own political map in 2020, asserting its sovereignty over the contested regions.¹¹⁵ While these actions were symbolic of Nepal's assertion of agency, India's dismissive stance on the matter and its continued development of infrastructure in the disputed areas exacerbated tensions. Nepal's repeated calls for bilateral dialogue to address the issue have been met with limited engagement from India, showcasing the latter's strategic preference to maintain the status quo.¹¹⁶ For Nepal, the border disputes are not just territorial issues but also a question of national identity and sovereignty, underscoring the emotional and symbolic significance of these contested spaces.¹¹⁷

Another long-standing issue in Nepal-India relations is the demand for the revision of the 1950 Treaty of Peace and Friendship. Signed at a time when Nepal's diplomatic and political autonomy was limited, the treaty has since been viewed as unequal and unfavourable to Nepal.¹¹⁸ The provisions allowing for free movement of people and goods and consultation on foreign policy matters have been criticised as tools of Indian dominance, limiting Nepal's agency in regional and global politics.¹¹⁹ Successive Nepali governments have called for a revision of the treaty to reflect the changing dynamics of the bilateral relationship, but India has largely been unresponsive to these demands.¹²⁰ This reluctance has fuelled a perception in Nepal that India views the treaty as a means to sustain its influence over Nepal, further complicating the relationship.

These unresolved issues highlight the inherent tensions in Nepal-India relations, where hopes for cooperation and partnership are often undermined by structural inequalities and India's reluctance to address Nepal's concerns. For Nepal, as a small state, these disputes represent a challenge to its sovereignty and national dignity, often driving the country to seek alternative diplomatic strategies to counter-balance India's influence. The persistence of these issues suggests that unless India adopts a more cooperative and equitable approach, these points of contention will continue to impede the development of a more harmonious and balanced bilateral

relationship. Moreover, Nepal-India relations after the Cold War have been characterised by mutual suspicion, largely driven by Nepal's efforts to balance its ties with both India and China, and India's perception of Nepal as part of its sphere of influence. India, with its strategic interests, has often viewed Nepal's growing engagement with China as a challenge to its regional dominance, interpreting Nepal's attempts at diversification as a deviation from historical alignment.¹²¹ On the other hand, Nepal has been wary of India's "big brother" attitude, perceiving its political interventions and economic leverage as attempts to undermine Nepal's sovereignty. For Nepal, navigating this dynamic has become an essential strategy in asserting its autonomy as a small state while managing the competing interests of its two giant neighbours.

Importantly, the ever-increasing anti-Indian sentiments in Nepal represent a cumulative consequence of unresolved historical grievances, political interventions and structural asymmetries in Nepal-India relations after the Cold War. The perception of India's "big brother" attitude, rooted in a colonial mindset, has eroded trust and goodwill, fostering a growing sense of nationalism among Nepalese.¹²² This nationalism is often reactive, shaped by India's reluctance to address issues such as border disputes, economic blockades and unequal treaties. For many Nepalese, these actions are seen as violations of Nepal's sovereignty, amplifying frustrations and disillusionment. Populist leaders in Nepal have capitalised on these sentiments, using anti-Indian rhetoric to consolidate domestic support and deflect attention from internal challenges. This cycle of grievance and political mobilisation has entrenched anti-Indian sentiments as a defining feature of Nepal-India relations, complicating efforts towards constructive engagement.

The traditional *roti-beti* (bread-and-bride) ties, symbolising close familial and economic relationships between the two countries, are undergoing a significant transformation. These ties, once seen as a cornerstone of mutual trust and cultural affinity, are being reinterpreted through a lens of asymmetry and dependency. The economic blockade imposed by India in 2015, for example, was a pivotal moment that highlighted the vulnerabilities of these historical ties.¹²³ While India justified the blockade as a response to dissatisfaction with Nepal's new constitution, Nepalese perceived it as an act of coercion, sparking widespread anger and further fueling nationalism. This event not only strained political relations but also altered the social psychology of Nepalese towards India, leading to a growing scepticism about the benefits of close ties with their southern neighbour.

The role of chauvinistic media narratives on both sides has exacerbated these tensions. Indian media often portrays Nepal as a peripheral state within India's sphere of influence, reinforcing the perception of a colonial mindset.¹²⁴ On the other hand, Nepalese media has increasingly adopted a defensive and nationalist tone, framing India as a hegemonic power intent on undermining Nepal's sovereignty.¹²⁵ These narratives fuel mutual mistrust, shaping public perceptions and limiting the space for diplomatic resolution. In Nepal, media outlets frequently highlight instances of perceived Indian interference, while Indian media often dismiss Nepal's grievances as unwarranted, creating a vicious cycle of antagonism that undermines efforts towards mutual understanding.

The cumulative effect of these dynamics is a significant shift in the political and social psychology of Nepalese towards India. The anti-Indian sentiments are no longer confined to isolated incidents but have become a recurring theme in Nepal's political discourse and public imagination. This shift reflects a broader transformation in Nepal's identity as a small state striving to assert its sovereignty and agency in the face of a powerful neighbour. Unless India addresses these grievances with sensitivity and Nepal develops a more balanced and pragmatic approach to its southern neighbour, this cycle of distrust and antagonism is likely to persist, further complicating the already fraught relationship between the two countries.

Nepal-India relations, marked by deep historical, cultural and economic ties, have faced persistent challenges after the Cold War, stemming from unresolved border disputes, political interventions and structural asymmetries. India's reluctance to address issues like border encroachments and the 1950 Treaty revision has fuelled grievances in Nepal, amplifying anti-Indian sentiments. India's "big brother" attitude, evident during events like the 2015 economic blockade, has heightened Nepalese nationalism, straining the traditional *roti-beti* ties. These tensions have been further exacerbated by chauvinistic media narratives on both sides, which reinforce mutual mistrust and frame each other as antagonistic. Populist leaders in Nepal have capitalised on these sentiments, embedding anti-Indian rhetoric into domestic politics and transforming public psychology. This evolving dynamic reflects Nepal's struggle to assert its sovereignty as a small state while dealing with a powerful neighbour, creating a complex and often strained bilateral relationship.

A Far Friend—Alternative, Infrastructure and Known but Unknown Relations with an Unseen Barrier: Reviewing Nepal-China Relations after the Cold War

Nepal-China relations after the Cold War have been marked by a paradoxical dynamic of geographic proximity and political distance. Despite sharing border and cultural ties, particularly through Buddhism and historical connections to Tibet, Nepal's relationship with China has often lacked the depth and intimacy seen in its interactions with India. Beijing's cautious approach to Nepal stems from its strategic priorities of maintaining stability in Tibet and preventing any anti-China activities on Nepalese soil, rather than engaging in robust bilateral engagement.¹²⁶ As a result, China's involvement in Nepal has remained pragmatic and focused on non-interference, offering economic cooperation and infrastructure development with the absence of the same degree of political or cultural influence exerted by Nepal's southern neighbour. This has reinforced the perception of China as a "distant friend," whose support is steady but limited to areas of mutual interest.

Nepalese political elites have historically leveraged the so-called "China Card" to counterbalance India's overwhelming influence.¹²⁷ This strategy has been particularly evident during moments of tension in Nepal-India relations, where invoking China's presence serves as a diplomatic manoeuvre to negotiate better terms with the southern neighbour.¹²⁸ However, these overtures to Beijing have rarely

translated into deep or sustained strategic ties, as Nepal's dependence on India for trade, transit and essential supplies often limits its capacity to fully align with China. Thus, the China Card remains more of a tactical tool for Nepalese political elites rather than a transformative policy shift, used to signal autonomy and assert leverage without fundamentally altering the status quo. The interplay of these dynamics underscores the unique character of Nepal-China relations: a friendship rooted in pragmatism rather than emotional or historical bonds. While China remains a vital partner for Nepal's economic development and a counterbalance in regional diplomacy, it has not assumed the central role in Nepal's foreign policy that India occupies.¹²⁹ Instead, China functions as an alternative power whose engagement Nepalese elites invoke *selectively*, often to navigate domestic politics or external pressures. This relationship reflects the constraints of Nepal as a small state striving to assert agency within a geopolitical context dominated by two powerful neighbours.

There is no doubt that the Nepal-China relations are an intricate tapestry of historical, cultural and religious ties that contrast sharply with the complexities of modern political and economic engagement. Nepal has long shared a deep cultural bond with Tibet, reflected in shared Buddhist traditions, trade exchanges and a profound historical connection as seen in ancient monuments and cultural artefacts.¹³⁰ For centuries, the cultural exchanges between Nepalese communities in the northern region and Tibetans have fostered a sense of shared heritage that transcends political boundaries.¹³¹ However, the contemporary relationship between Nepal and China, as a political entity, is characterised by an *unseen barrier*. This stems from Nepal's limited understanding of China's intricate political culture, strategic behaviour and governance structures, creating a gap in Nepal's ability to foster genuine political closeness despite geographical proximity.

One of the primary challenges in Nepal-China relations is the lack of expertise and understanding within Nepal's political elite, bureaucracy and academia regarding China's internal dynamics. The linguistic, economic and cultural differences between the two countries have contributed to this knowledge gap, leaving Nepal without the tools to engage with China on a deeper political level.¹³² Unlike its relationship with India, which is marked by familiarity and intertwined historical narratives, Nepal's engagement with China often remains reactive and superficial. China's strategic culture, its centralised decision-making processes and its global aspirations remain largely unexplored and poorly understood within Nepal. This has limited Nepal's capacity to build a comprehensive foreign policy approach towards China, resulting in a relationship that, while politically close on the surface, lacks the depth required for long-term strategic partnership.

Along this barrier, these ties are often confined to government-to-government interactions and do not extend to the broader society, where language barriers and cultural differences hinder people-to-people relations. Economic exchanges are similarly constrained, as Nepal struggles to integrate itself into China's vast market due to structural weaknesses, limited industrial capacity and logistical challenges. The limitations of people-to-people relations further underscore the asymmetries in the Nepal-China relationship. While China has made significant investments

in Nepal's infrastructure, such as roads and hydropower, these projects often lack the grassroots engagement that could foster goodwill among the Nepalese population.¹³³ In contrast, Nepalese society remains more connected to India, not only due to shared linguistic and cultural ties but also because of the ease of interaction across the open border. The absence of such ease in Nepal-China interactions reinforces the perception of China as a distant and enigmatic neighbour, despite its geographical proximity and growing economic presence in Nepal.

Ultimately, the unseen barrier in Nepal-China relations reflects a broader issue of capacity and understanding on Nepal's part. To transcend this barrier, Nepal must invest in building expertise in China through education, research and diplomatic training. This would enable Nepal to engage with China more effectively, not just as a political partner but as a neighbour whose cultural and economic integration could enrich both countries. For now, Nepal-China relations remain defined by a paradox: a relationship that is politically close yet socially and culturally distant, shaped by historical ties but constrained by contemporary challenges.

Importantly, Nepal's infrastructural development narrative has undergone a significant transformation following its participation in China's BRI in May 2017. The BRI, launched in 2013, is a grand strategy by China to enhance global connectivity through investments in infrastructure, and Nepal's inclusion was seen as a strategic milestone for its development aspirations. Nepal's hopes have been particularly focused on northern connectivity, including the long-envisioned trans-Himalayan railway linking Kathmandu to Tibet. This vision has ignited public optimism, as it promises to enhance Nepal's connectivity, reduce dependency on India and unlock its potential as a transit hub between South and Central Asia.¹³⁴ The narrative of Chinese support for Nepal's infrastructural development has since been a focal point in Nepal-China relations, offering a sense of hope and opportunity for economic transformation.

Prime Minister KP Sharma Oli's visit to China in June 2018 marked a critical juncture in operationalising Nepal's BRI commitments.¹³⁵ During this visit, a key Memorandum of Understanding (MoU) was signed for the construction of a trans-Himalayan railway and other infrastructure projects under the BRI framework.¹³⁶ Oli's rhetoric about the railway project captured the imagination of the Nepalese public, symbolising a new era of connectivity and economic integration with China.¹³⁷ For Oli, the railway became a potent political symbol of Nepal's diversification of trade and transit options, and it played a central role in his political narratives of reducing dependency on India.¹³⁸ His visit to China in December 2024 signing BRI Cooperation Framework came along with China's pledge to support Nepal in different connectivity projects but lingered on "assistance financial modality," which again seems ambiguous about grants or loans.¹³⁹

The hope and optimism surrounding Chinese infrastructure support have been tempered by growing concerns about the risks of debt and dependency. The experience of other BRI participant countries, such as Sri Lanka, which faced debt distress and the loss of control over strategic assets, has fuelled apprehension within Nepal.¹⁴⁰ The visit of PM Oli in 2024 also exposed discussions between ruling and major parties about financing modality. The railway project, while promising, is particularly challenging due to the Himalayan terrain, high costs and technical

complexities. The critics have argued that without a clear financing model and Nepal's limited economic capacity, the railway risks becoming a burden rather than a transformative asset. Moreover, delays and a lack of tangible progress have led to scepticism about whether the promises of Chinese infrastructure support will materialise in meaningful ways.

Despite these challenges, the narrative of Chinese infrastructural support remains a powerful tool for Nepalese politicians to leverage public support. The prospect of northern connectivity has been framed not only as a solution to Nepal's infrastructural deficits but also as a geopolitical strategy to balance its relationships with India and China.¹⁴¹ Politicians from across the spectrum have invoked the railway and other BRI projects to rally popular support, often without addressing the technical and financial challenges involved. This rhetorical emphasis highlights the symbolic power of infrastructure in shaping public perceptions of Nepal-China relations and the broader narrative of Nepal's development trajectory.¹⁴² Nepal's engagement with China's BRI reflects both opportunities and challenges. While the narrative of infrastructural support has inspired hope and optimism for a more connected and prosperous Nepal, the slow pace of progress, coupled with risks of debt and uncertainty, underscores the need for cautious and pragmatic engagement.¹⁴³ For Nepal, the focus should be on ensuring that infrastructure projects under the BRI framework are economically viable, socially beneficial and environmentally sustainable. As the northern connectivity narrative continues to evolve, it remains a central element in the Nepal-China relationship, symbolising both the promise and the complexity of their partnership.

Therefore, Nepal-China relations post-Cold War are characterised by a complex interplay of cultural ties, strategic aspirations and developmental ambitions, yet they remain constrained by structural and psychological barriers. Despite deep-rooted historical and cultural connections, especially between Nepal and Tibet, Nepal's understanding of China as a political and strategic entity remains limited, impeding closer bilateral engagement. The BRI has provided Nepal with an opportunity to address its infrastructural deficits and diversify its partnerships, particularly through the promise of northern connectivity. However, challenges such as financial uncertainty, geopolitical sensitivities and technical complexities temper the optimism surrounding Chinese support. Moreover, Nepal's political elites have historically leveraged the so-called "China card" in their dealings with India and other powers, reflecting the strategic utility of the relationship but also underscoring its transactional nature. While hopes for deeper collaboration persist, the relationship remains defined by cautious engagement, where opportunities are yet to be fully realised amidst enduring challenges.

Nepal and Major Power Politics: MCC and BRI Conundrum

Nepal's geopolitical landscape has become increasingly complex due to the strategic interests of major powers like the USA and China in recent days. Two projects, namely the MCC and BRI by the USA and China, have been in continuous debate regarding Nepal's geopolitical vulnerabilities. These projects have sparked intense national debates, reflecting Nepal's delicate position as a small state navigating the ambitions

of larger powers. Nepal's engagement with the MCC and BRI illustrates the complexities small states face in navigating the geopolitical interests of major powers.

Both of the project's endeavours have started with debates surrounding Nepal's development and economic progress. The interest for MCC's support was shown by Nepal in 2011, and in 2012, Nepal requested the MCC to collaborate in designing a plan for the country's economic growth.¹⁴⁴ In subsequent years (2012–2013), MCC jointly concluded a diagnostic study and identified energy and transportation as the primary challenge to the country's growth.¹⁴⁵ Later in 2017 September 14, an agreement was signed by Finance Minister Gyanendra Bahadur Karki and MCC's acting CEO Jonathan Nash.¹⁴⁶ With the Indo-Pacific Strategy (IPS) gaining prominence in the US grand strategy, MCC was incorporated as the component of the strategy which sparked scepticism over the Nepal Compact.¹⁴⁷ The implementation part remains yet to be seen after its ratification on 27 February 2022 by the parliament with simple majority and a 12-point interpretive declaration.¹⁴⁸ The alleged increase of US interests through MCC has been further supported by high-level visits including Congressional delegation, the US Special Coordinator for Tibetan Issues to Tibetan refugee camps to which Ministry of Foreign Affairs of Nepal was uninformed and the US Army's Pacific Commanding General.¹⁴⁹ These events occurred within a few months of the ratification of MCC Nepal Compact. The strong disapproval of the MCC-Nepal Compact with overpowering nationalistic sentiments over some articles remains crucial.

Likewise, the BRI for Nepal also came with the same optimistic enthusiasm as MCC for economic development but carried a different public response. Nepal signed the MoU on the BRI framework agreement in May 2017.¹⁵⁰ The plan was supposed to encompass 35 projects in total, however by 2019, that number had dropped to nine.¹⁵¹ An important milestone in BRI-related infrastructure projects was reached in June 2018 when Prime Minister K.P. Sharma Oli visited China and the two nations decided to build a trans-Himalayan railway that would connect Kathmandu and Xigatse in Tibet.¹⁵² In addition to land ports at Lanzhou, Lhasa and Xigatse, China opened a number of Chinese ports, including Tianjin, Shenzhen, Lianyungang and Zhanjiang, to Nepal in September 2018.¹⁵³ The goal of this deal was to lessen Nepal's reliance on Indian ports for commerce. In May 2019, at the Second Belt and Road Forum, President Bidya Devi Bhandari signed a Protocol on Implementing the Agreement on Transit and Transportation.¹⁵⁴ All projects completed under the BRI framework—"ports, roads, railways, aviation and communications"—were grouped under the Trans-Himalayan Multi-Dimensional Connectivity Network in the joint statement issued following the conclusion of negotiations during Xi's 2019 visit to Nepal.¹⁵⁵ A framework agreement on the BRI was signed by China and Nepal in December 2024, opening the door for projects that had been delayed since the original agreement in 2017.¹⁵⁶ In order to facilitate implementation, this agreement addressed finance options and sought to complete project details in areas such as transportation corridors and road enhancements. However, the financing modality still remains ambiguous. The domestic political events also showcased differences in opinions about the project's financing among ruling-political parties.

Nepal's engagement with the US-led MCC and China's BRI epitomises the geopolitical conundrum of balancing major power influences in a rapidly evolving international order. These projects not only symbolise Nepal's aspirations for economic modernisation but also its vulnerability as a small state navigating the complexities of global and regional geopolitics. The MCC and BRI have placed Nepal at the intersection of US-China rivalry, with each power leveraging infrastructure and economic tools to deepen their strategic foothold. This has heightened Nepal's geopolitical sensitivity and exposed the structural limitations of its foreign policy, which is often marked by ambiguity and ambivalence.

The MCC, a USD 500 million grant aimed at improving Nepal's electricity transmission and road infrastructure, has been viewed by the US as a cornerstone of its IPS. This fuelled perceptions in Nepal that the grant was not just an economic initiative but a geopolitical instrument to counter China's growing influence. Similarly, Nepal's signing of the BRI framework agreement in 2017 generated optimism for enhanced connectivity, particularly through proposed trans-Himalayan railways and trade infrastructure. However, the lack of financial clarity and concerns over debt sustainability led to scepticism, as the BRI became synonymous with China's broader geoeconomic strategy. For Nepal, the challenge lies in accepting assistance from both powers without appearing to compromise its sovereignty or strategic autonomy, a task made even more precarious by the competing narratives from Beijing and Washington.

Furthermore, public emotions surrounding the MCC and BRI have further complicated Nepal's geopolitical predicament. The MCC's parliamentary ratification in February 2022 was met with protests and accusations of undermining Nepal's sovereignty, despite assurances that the agreement carried no military obligations.¹⁵⁷ Similarly, BRI projects, particularly the much-publicised trans-Himalayan railway, have been criticised for their financial opacity and potential to entrap Nepal in unsustainable debt. These public sentiments have not only shaped Nepal's domestic political discourse but also influenced its diplomatic strategies, often forcing policymakers to walk a tightrope between major powers while addressing nationalist fervour. Such public-driven nationalism adds another layer of complexity to Nepal's foreign policy behaviour, as political elites must navigate both domestic and external pressures.

Nepal's political elites have, at times, capitalised on this scenario to advance their agendas. The so-called "China card" has often been used by Nepalese leaders to extract concessions from India, while the "MCC debate" has been leveraged to project nationalist credentials. However, these strategies have also exposed the lack of long-term vision and coherence in Nepal's foreign policy. The tendency to adopt reactive and opportunistic approaches, rather than proactive and calculated ones, has perpetuated Nepal's image as a small state struggling to assert its agency in the face of major power competition. This reflects the duality of Nepal's diplomacy, which oscillates between pragmatism and adventurism, often dictated by short-term political calculations rather than strategic foresight.

To navigate these challenges, Nepal must adopt a more pragmatic and balanced foreign policy that prioritises its developmental needs without compromising

sovereignty. Small state diplomacy requires careful calibration, avoiding entanglement in major power rivalries while maintaining constructive engagements with all stakeholders. At the same time, Nepal must address the ambiguities in its foreign policy by clearly articulating its strategic priorities and adhering to a non-aligned stance rooted in mutual respect and reciprocity. Strengthening institutional frameworks, fostering public trust and ensuring transparency in decision-making processes are crucial steps in minimising vulnerabilities and maximising opportunities in this complex geopolitical landscape. Only through a balanced, transparent and forward-looking approach can Nepal effectively navigate the conundrum posed by the MCC, BRI and other similar initiatives.

Conclusion

Nepal's strategic positioning as a small state in the post-Cold War era focuses on its domestic transformations and external engagements in a rapidly shifting geopolitical environment. Nepal's adoption of economic liberalisation in 1992 marked a pivotal moment in its development trajectory, driven by the need to address internal economic stagnation and meet global neoliberal demands. While this shift aimed to attract foreign investment and reduce reliance on inefficient state enterprises, it exposed Nepal's structural vulnerabilities, including weak institutional capacities, limited industrial diversification and an overwhelming dependency on India for trade and transit. The liberalisation agenda, although aligned with global economic trends, failed to address Nepal's underlying challenges of regional imbalance, exclusion of marginalised communities and fragile governance structures, leaving the country susceptible to external pressures and internal instability.

Moreover, Nepal's political transitions, including its transformation from a centralised monarchy to a federal secular republic, compounded with a decade-long civil war. These transitions were shaped by internal demands for inclusivity and justice, but they were also influenced by external actors, notably India, China and other major western powers who sought to assert their influence in Nepal's evolving political landscape. The key events such as the 2015 earthquake and the subsequent unofficial economic embargo by India underscored Nepal's geopolitical vulnerabilities and dependence on its southern neighbour, while also reinforcing the urgency for diversifying partnerships. The tension between India and China, compounded by the US-China rivalry, has placed Nepal at the centre of competing regional and global interests. Nepal's engagement with China's BRI and the US-led MCC or IPS illustrates the delicate balancing act required to leverage development opportunities while managing geopolitical sensitivities. However, public debates surrounding these projects reflect Nepalese concerns over sovereignty, dependency and potential alignment in great power rivalries.

The analysis concludes by highlighting the ambiguity and ambivalence in Nepal's foreign policy, which oscillates between pragmatism and reactive opportunism. Nepal's small state diplomacy has often been driven by short-term political calculations rather than long-term strategic vision, resulting in missed opportunities for deeper economic and diplomatic engagement. This chapter emphasised

that for Nepal to navigate its geopolitical challenges effectively, it must strengthen its institutions, enhance domestic resilience and adopt a more transparent and strategic foreign policy framework. This would enable Nepal to mitigate vulnerabilities, ensure sustainable development and assert its agency in a region increasingly dominated by great power competition. The country's success in maintaining sovereignty and fostering balanced partnerships will depend on its ability to integrate domestic aspirations with proactive and coherent diplomacy.

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