International Relations · GS - II

India-Nepal cooperation in energy, railway connectivity and trade can transform their bilateral relationship into a stronger economic partnership. Assess the opportunities and challenges associated with this cooperation.

EXAM YEAR	PAPER	SUBJECT
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MARKS	WORD LIMIT
15	~250 words

Answer Hint

Neighbourhood First Policy, hydropower potential, cross-border electricity trade, railway connectivity, trade integration, 1950 Treaty, border management, strategic trust

Model Answer

Introduction

India and Nepal share deep historical, cultural and geographical ties. Their economic interdependence and open border create significant opportunities for cooperation in energy, transport and trade. Strengthening these sectors can contribute to regional stability and shared prosperity.

Opportunities for Cooperation

1. **Energy partnership:** Nepal's hydropower potential can support India's energy requirements, while cross-border electricity trade can generate revenue and investment for Nepal.
2. **Railway connectivity:** Cross-border railway projects can improve passenger movement, facilitate trade and connect Nepal's economic centres with Indian markets and ports.

3. **Trade expansion:** Improved customs infrastructure, logistics and transit facilities can reduce transaction costs and strengthen bilateral commerce.
4. **Regional integration:** Connectivity and energy cooperation can support wider South Asian economic integration.
5. **Development partnership:** Joint infrastructure projects can generate employment, promote tourism and improve access to regional markets.

Major Challenges

1. **Political sensitivities:** Domestic political developments and perceptions of unequal dependence can affect bilateral trust.
2. **Project delays:** Land acquisition, financing and implementation constraints often slow infrastructure projects.
3. **Trade imbalances:** Nepal's dependence on Indian markets and transit facilities creates concerns regarding economic asymmetry.
4. **Border management:** Disagreements over certain border areas require sustained diplomatic engagement.
5. **Environmental concerns:** Hydropower and infrastructure projects must address ecological risks and disaster vulnerability.

Way Forward

1. Ensure transparent and timely implementation of mutually agreed projects.
2. Expand electricity trade through predictable and mutually beneficial arrangements.
3. Improve integrated check posts, railway links and digital customs systems.
4. Resolve bilateral differences through dialogue and respect for sovereignty.
5. Promote investment and private-sector participation in both countries.

Conclusion

India-Nepal cooperation can become a model of mutually beneficial neighbourhood partnership. Sustained political trust, economic complementarity and effective project implementation are essential to realise its full potential.