

Asymmetry of Power and Interest:

A Case of 2015 Indian Blockade on Nepal

A Dissertation

Submitted to

Department of International Relations and Diplomacy

(DIRD)

Faculty of Humanities and Social Sciences

Tribhuvan University

In Fulfillment of the Requirement for the

Master's Degree

In

International Relations and Diplomacy

Submitted by

Dilli Ram Paudel

Reg no. 5-2-37-346-2010

Roll No.: 182804010

DIRD, TU

Kathmandu, Nepal

December, 2020

LETTER OF RECOMMENDATION

I certify that this dissertation entitled “Asymmetry of Power and Interest: A Case of 2015 Indian Blockade on Nepal” was prepared by Mr. Dilli Ram Paudel under my supervision. I hereby recommend this dissertation for final examination by the Research Committee Department of International Relations and Diplomacy, Tribhuvan University, in fulfillment of the requirements for the Degree of MASTERS’ IN INTERNATIONAL RELATIONS AND DIPLOMACY.

.....

Santosh Sharma Poudel

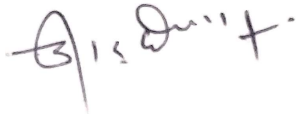
Supervisor

December 3, 2020

APPROVAL LETTER

DECLARATION

I hereby declare that this dissertation is my own work and that it contains no material previously published. I have not used its materials for the award of any kind and any other degree. Where other author's sources of information have been used, they have been acknowledged.

Signature: 

Name: Dilli Ram Paudel

Date: December 3, 2020

ACKNOWLEDGEMENTS

It gives me immense pleasure to submit this dissertation to the Department of International Relations and Diplomacy (DIRD), Tribhuvan University in fulfillment of the requirement in Master's in International Relations and Diplomacy.

Special acknowledgement goes to my Supervisor, Mr. Santosh Sharma Poudel, the faculty of DIRD, who have guided me from the very beginning of this study. He has motivated and guided me in applying and developing alternative understanding in the field of international relations. I want to extend my sincere gratitude to the Head of the DIRD, Mr. Prem Raj Khanal whose incessant guidance and inspiration helped me to conclude this study.

Special thanks goes to Prof. Dr. Khadga K.C., former Head of the DIRD whose encouragement in boosting the theoretical understanding and applying it in Nepali context encouraged me for this study. I want to convey my gratitude to all the professors and lecturers of DIRD in particular and Tribhuvan University in general. I am very much thankful to all the administrative staff of the DIRD for their continuous support. Meantime, I want to convey my message of thanks to friends and family for their hearty support.

This study would not have been completed without the cooperation of those agencies and their staff from where I have collected data necessary for this study. I want to thank all of them for their cordial cooperation. I have huge respect for the writers and publishers of all the literature which I have consulted.

Dilli Ram Paudel

DIRD

ABSTRACT

2015 Indian blockade on Nepal was a historic event in the realm of Nepal's foreign policy. The blockade that was imposed at the backdrop of devastating earthquake rendered humanitarian cost to Nepal. However, it has also provided significant geopolitical leverage to Nepal. In the discipline of International Relations, the conventional wisdom is that countries with relative power capabilities always turn the crisis into their favor. Despite that, the 2015 Indian blockade on Nepal stands contrary to this. This demands alternative explanations to understand the inter-state crisis which is characterized by asymmetry of power.

This study has explained the geopolitical context of Indian blockade on Nepal and explored the Indian interest associated with it. As the study suggests, India has imposed blockade, basically, because of its concern over the newly promulgated constitution of Nepal. There were other concerns of India associated with it such as security concern, Hindutva, Madhes factor, Bihar election etc. The study proceeds by comparing the relative power and interest of Nepal associated with the blockade. Although India is relatively more powerful than Nepal in terms of material capabilities, Nepal was asymmetrically favored by interest variable in this game of blockade. This explanation gives important insight to the principal question of this study.

The study finds out that Indian blockade was a failed example of employing coercive measures in the inter-state crisis. Although the direct cost of the blockade was to be borne by Nepal, India had to pay a huge strategic cost. In this game of blockade India has to lose the issue at stake and bear audience cost in foreign policy regime. This anomaly has been explained in terms of asymmetry of interests. Finally, the study concludes with an alternative explanation of Indian blockade on Nepal. This suggests that smaller states find it hard to compromise on core issues of national

interest despite coercion from larger power. They are instead willing to bear the direct costs of coercive measures imposed by larger power. Secondly, larger power could back down if the issue at stake is not of primary concern.

Table of Contents

LETTER OF RECOMMENDATION	i
APPROVAL LETTER	ii
ACKNOWLEDGEMENTS	iv
ABSTRACT	v
LIST OF TABLES	ix
LIST OF FIGURES	x
LIST OF ABBREVIATION	xi
Chapter 1. Introduction	1
1.1. Background	1
1.2. Introduction	3
1.3. Statement of the Problem	4
1.4. Research Questions	4
1.5. Research Objectives	5
1.6. Limitations	5
1.7. Organization of the dissertation	5
Chapter 2. Literature Review	7
Chapter 3. Conceptual Framework and Research Methodology	17
3.1. Conceptual Framework	17
3.2. Research Methodology	23
Chapter 4. Indian Blockade on Nepal	26
4.1. 2015 Indian Blockade on Nepal	26
4.2. Interest of India	30
Chapter 5. Asymmetry of Power and Interest	38
5.1. Asymmetry of Power	38
5.2. Asymmetry of interest	42

Chapter 6. Efficacy of Blockade	46
6.1. Success or failure of blockade	46
6.2. Asymmetry of Interest and Game Theory	56
Chapter 7. Conclusion	67
References.....	a

LIST OF TABLES

Table 1	Fire Power Index of Nepal and India in 2014	39
Table 2	Asymmetry of power of Nepal and India on blockade	45
Table 3	Foreign trade direction: First seven months of fiscal year 2072/73 (mid-July 2015 to mid-Feb. 2016)	50
Table 4	Total inflow of foreign investment in Nepal during the blockade	53
Table 5	Foreign investment inflow from China and India during the last nine fiscal years	54

LIST OF FIGURES

Figure 1	Generalized crisis bargaining model of two actors game with asymmetry of power and interest	21
Figure 2	General payoff matrix of two-actor game	22
Figure 3	Graphical presentation of foreign investment inflow from China and India during the FY 2068/69-2076/77	55
Figure 4	Generalized tree of game of blockade imposed by India on Nepal	61
Figure 5	Generalized payoff tree of game of blockade imposed by India on Nepal	65
Figure 6	Result of 2015 Indian blockade on Nepal	65
Figure 7	Result of 2015 Indian blockade on Nepal	66

LIST OF ABBREVIATION

BBC	British Broadcasting Corporation
CA-I	Constituent Assembly- I
CA-II	Constituent Assembly- II
COVID-19	CoronaVirus Disease-19
CPA	Comprehensive Peace Accord
IDEA	Institute for Democracy and Electoral Assistance
IPRIO	International Peace Research Institute, Oslo
ISI	Islamic State of Iraq
MASUM	Banglar Manabdhikar Suraksha Manch
MEA	Ministry of External Affairs, Government of India
MoFA	Ministry of Foreign Affairs, Government of Nepal
SAHR	South Asian for Human Rights
THT	The Himalayan Times
TKP	The Kathmandu Post
UN	United Nations
UNCLOS	United Nations Convention on the Law of the Sea
UNICEF	United Nations Children’s Fund

Chapter 1. Introduction

1.1. Background

Promulgation of the constitution through democratically elected Constituent Assembly was the long aspiring demand of the general public. The 10 years long armed struggle of the then Communist Party of Nepal (Maoist) and popular movement of 2006 forced the then authoritarian rule of Nepal, King Gyanendra Bir Bikram Shah, to accept the general demand of the Constituent Assembly. The Constituent Assembly (hereinafter referred as CA-I) elected through popular suffrage of 2008 failed to draft the constitution and the second Constituent Assembly (hereinafter referred to as CA-II) was formed.

Due to the contrasting demands of different political parties and interest groups, the CA-I was sieged to fulfill the aspiration of the general public for a long time. The CA-II faced several challenges during the course of drafting the constitution including the devastating earthquake in 2015. Negotiations with Madhes-based and Tharu political parties on provincial demarcations, and responding to concerns registered by indigenous and ethnic communities as well as women activists, on the issues of inclusion, representation, and equality are other challenges that the CA-II has to deal with consistently (International IDEA, 2015).

After a devastating earthquake, and its following aftershocks that took the lives of more than nine thousand people, the political landscape in Kathmandu had been changed. Against the backdrop of a devastating earthquake four major political parties signed a 16-point agreement on June 8, 2015. Among other issues, political parties agreed on (The Kathmandu Post, July 25, 2015):

1. The Federal Democratic Republic of Nepal will have eight provinces based on five criteria of identity and four criteria of capability.
2. Two-thirds majority of the respective provincial assemblies will decide the name of the provinces.
3. To recommend the demarcation of federal provinces, the Government of Nepal will form a federal commission with the tenure of six months. After the recommendation of the commission, the legislature parliament will take the final decision on the demarcation of the provinces. The decision on the demarcation of federal provinces will be taken by two-third majority of the Legislature Parliament.

Furthermore, four major political parties had reached an understanding to promulgate the new constitution by August 10 by adopting a fast track method (The Kathmandu Post, July 25, 2015) which was denied by other political parties. Meantime, India was communicating her position towards the process. However, the major political parties in Kathmandu which held the two-third of the majority in the CA-II did not look welcoming to Indian requests and moved ahead in drafting the constitution. President Dr. Ram Baran Yadav (on Sunday, September 20, 2015) announced the commencement of Nepal's Constitution 2072 at the ultimate meeting of Constituent Assembly (THT, September 20, 2015) amidst strong opposition by some sections of the society. The strongest and most concerning expression of discontent came from the Madhes-based political parties (having 59 representatives out of 601 in the CA-II) whose elected members did not participate in the meeting of the CA-II which endorsed the constitution, the signing of the constitution nor its promulgation (International IDEA, 2015).

In terms of power, Nepal and India are vastly asymmetrical. India is twenty-two times bigger than Nepal based on geography. India which has almost more than 17 percent of the world population has an economy almost 93 times bigger than that of Nepal (World Bank, 2018).

According to the report released by Global Fire Power ranking for the year 2020, India stands the

fourth position in terms of military strength while Nepal's position is far below, which is 122nd position. These facts illustrate asymmetry between Nepal and India in terms of power.

Conventional wisdom informs that a country of such asymmetric power would be able to coerce smaller power like Nepal. Despite that, Nepal did not heed India's request for the amendments. It shows that the vast power asymmetry alone cannot explain the failure of Indian policy towards Nepal particularly in 2015/16 blockade.

1.2. Introduction

Principally, Nepal-India relation is based on five principles of Panchsheel, which means the principle of respect to each other's sovereignty, territorial integrity and political independence, the principle of mutual benefit, the principle of non-interference, the principle of non-aggression, and above all principle of coexistence. Article 1 of the 1950 Treaty of Peace and Friendship between Nepal and India, the milestone in defining the bilateral relations, also outlined that there shall be everlasting peace and friendship between the Government of Nepal and India.

Nepal-India relation is usually introduced by blending it with the rhetoric of 'special relationship', but there exists vast asymmetry of power. Traditional understanding of IR indicates that in such a situation, the powerful state will be able to coerce smaller power. Viewing through the realist perspective, the Melian dialogue may be the guiding principle of interstate relations. During the Peloponnesian war Athenians replied to Melians saying that the strong do what they have the power to do and the weak accept what they have to accept (Dunne & Schmidt, 2008). However, in the context of constitution amendment, the conventional wisdom and popular Melian dialogue failed. This defies such traditional understanding of power-based explanation.

1.3. Statement of the Problem

Being a landlocked state Nepal is shaped by multiple constraints which Robert O. Keohane and Joseph S. Nye Jr. called sensitivity and vulnerability in their book 'Power and Interdependence'. The conventional wisdom is that the state which is not favored by power capabilities mostly failed to defeat the state which is favored by power capabilities. However, the 2015 Indian blockade on Nepal does not support this proposition. Why did Indian coercive attempts to force Nepal to make some constitutional amendments failed despite the vast asymmetry in power between the two states? The situation cannot be explained by power-centered theories. Hence, an alternative explanation is needed.

In any crisis, states and non-state actors try to make rational decisions as much as possible. Numbers of game theoretical models have been propounded to explain the behaviors of states in different wars, crises, and confrontations that took place throughout the history of international politics. However, the applicability of theories and models is widely dependent on the spatio-temporal context. Therefore, it is imperative to explore the game-theoretical model that can best explain the 2015 Indian blockade against Nepal.

1.4. Research Questions

The major research question of this study is how the 2015 Indian blockade on Nepal failed to coerce the later. Failure of the blockade is the hypothetical understanding which will be tested before answering the major research question based on facts and evidence. Broadly, the research questions of this study are formulated as follows:

- a) Why did India impose economic blockade on Nepal in 2015?
- b) What is the relative power and interest of Nepal?

- c) Why did the blockade fail to coerce Nepal despite conventional wisdom to the contrary?

1.5. Research Objectives

The major objective of the study is to apply the game-theoretical model to explore the reason behind India's unilateral withdrawal of blockade despite the existence of asymmetry of power in its favor. Other objectives of the study are as follows:

- a) To examine the reasons behind the imposition of blockade by India on Nepal in 2015.
- b) To assess the relative power and interest of Nepal during the blockade.
- c) To explain the reason of Indian failure in coercing its interests in Nepal.

1.6. Limitations

As the event under study is a recent phenomenon, some of the data may remain classified. Besides, there will be resource limitations for interviewing Indian scholars. Despite that subjective biases are avoided as much as possible. As a precautionary measure to novel coronavirus (COVID-19) pandemic infection, secondary sources of data that are available in physical form are least consulted.

1.7. Organization of the dissertation

The paper consists of seven chapters. Chapter one introduces the research questions and objectives by mentioning the background of the study. Chapter two examines the existing literature related to the topic under study and finds out the gap needs to be scrutinized. Chapter three sets the conceptual framework of the study and design the research methodology. Following three chapters will answer the research questions. Chapter four reveals the geo-political interests of India on Nepal behind the blockade. Chapter five assesses the relative power and interest of Nepal and India and finds out which country is favored by power and interest

variables. Chapter six assesses the degree of success of Indian blockade and explains the mechanism of withdrawal of blockade by India without forging any deal with Nepal. The final chapter will conclude the paper.

Chapter 2. Literature Review

1. Realist school and centrality of relative power between states

Realism is the mainstream theory in international relations which is based on some fundamental theoretical propositions. It believes in state-centrism, survival and self-help (Dunne & Schmidt, 2008). For the realist, there is an absence of higher authority above the state which has legitimate power to control the behavior of the state. This condition of anarchy creates the situation of a security dilemma. This means, every state is skeptical towards each other due to fear of attack and subversion. The security dilemma leads the state to the condition of self-help.

What is even more important in realism is the power factor. The Melian dialogue, an important conversation in the study of International Relations, further emphasized how important the power is in inter-state relations. Melians were forced to submit to the power of Athenians invoking power as the prevailing factor in human affairs (Dunne & Schmidt, 2008). In the Melian Dialogue, Athenians argued with Melians that powerful do what they want and weaker one should accept what they have to accept (Dunne & Schmidt, 2008).

According to the realist, state is either power maximizer or security maximizer. Because the conventional wisdom is that power mostly prevails in inter-state interaction. If not, the state should guarantee its security by itself. John Mearsheimer divides the state capabilities into two classes: latent power made up of economy and population, and actual power made up of military. He recognizes the latter as the 'ultimo ratio of international politics' (Toft, 2005) and argues it as an important element in analyzing world politics. Realists argue that the need for survival requires state leaders to distance themselves from traditional notions of morality (Dunne & Schmidt, 2008).

Realists like Mearsheimer proposed a balance of power concept as a strategy to deal with great power. Skeptics and critics of realism believe that balance of power theory has become irrelevant in the face of growing global social forces, while proponents- in particular realists- contend that balance of power dynamics still operate in world politics in varying forms and intensities (Paul, 2004). Realists like Stephan Walt do not agree with the concept of power as the only variable in inter-state relations. Creation of alliances is one of the strategies that states adopt to balance the threat from opponents. While entering an alliance, states may either *balance* (ally in opposition to the principal source of danger) or *bandwagon* (ally with the state that poses the major threat) (Walt, 1985). Walt emphasized that power alone is not the variable that determines the prospect of alliance formation. Rather than allying in response to power alone, it is more accurate to say that states will ally with or against the most threatening power (Walt, 1985).

2. Nepal-India relations and use of coercive tools

Indo-Nepal relations are so deep-rooted and widespread that they cut all aspects of state to state and people to people interactions.... Sadly, official policy often obfuscates the true nature of this relationship (Simkhada, 2018). While analyzing the relation between Nepal and India, it is worthy to mention the instructions given by Indian Prime Minister Indira Gandhi to her newly appointed ambassador to Nepal, Maharaja Krishna Rasgotra. She instructed him, "Nepal's rulers cannot be trusted. They say one thing and do the opposite. They are not our friends. See what you can do to mend matters. However, be firm in dealing with them" (Rasgotra, 2016). It reflects the long-lasting suspicion between the rulers in Delhi and Kathmandu.

The open border system between Nepal and India is rendering not only the uniqueness in bilateral relations but also creating a climate of threat to the sovereignty of Nepal and security of India. Nepal-India relations are mostly exalted as brotherly relations. India implicitly as well as explicitly proclaims herself as a big brother of Nepal and tries to validate the ground for political interference. Nepal, on the other hand, is mostly haunted by the obsession of inferiority-complex. India has become the first and foremost factor in determining Nepal's foreign policy in post-2002 and, particularly in post-April 2006 political scenario (Dahal, 2012).

India sometimes uses coercive tools in dealing with Nepal. In 1970, when Nepal set to construct Araniko Highway to join with China, India obstructed the supply of essentials.... This first obstruction occurred after the expiration of the 1950 Trade and Transit Treaty and imposed quantitative restriction on Nepali products (Pant, 2018). In March 1989, India, under the leadership of Rajiv Gandhi, imposed virtual blockade against Nepal at the backdrop of dispute between two governments in New Delhi and Kathmandu based on trade and transit treaties and growing closeness to China (Aryal, 2019). It lasted from March 1989 to July 1990 which had brought unforeseen hardships to Nepal (SAHR, 2016). Coincidentally, two blockades in 1989 and 2015 both were imposed when Nepal was struggling to rise from the dust of the earthquake. In 1989, Nepal brought fuel from Bangladesh and set to import more from Tibet (Bhattarai, October 5, 2015). The previous blockade ended only with the fall of the Panchayat system in Kathmandu.

Besides interference in the internal politics of Nepal, India, reportedly, encroaches the land of Nepal. There is dispute over the border between two countries in Kalapani-Limpiyadhura and Susta Area. Dispute over the border encroachment in Kanchanpur district of Nepal between

local people and Indian border security personnel mounted to the killing of one Nepali citizen in March 09, 2017 (THT, March 9, 2017). These activities were widely criticized in Nepal.

Most of the scholarly studies on Nepal-India relations are based on the prescript of different rhetoric. While the rhetoric of bread, bride, and brotherhood are adding some value in bilateral relations, they cannot be the sole determinant of relations between two sovereign nations. So, the scholarly study of Nepal-India relations under the prescript of sovereign equality, mutual respect, and sensibility to each other's interest is the urgent need of the time.

3. Efficacy of Sanction

In international law, economic measures such as sanctions and blockades are valid with certain conditionalities. The Article 41 of the United Nations Charter provides the Security Council the authority to regulate the economic sanctions measures that can be employed against any state. The Council may decide what appropriate measures not involving the use of armed force are to be employed to implement its decisions effectively. In this course it may call upon the UN Members to comply with such measures. Such measures may range from complete or partial interruption of economic relations and different means of communication to the severance of diplomatic relations. The point to be noted here is that there should be sufficient ground of threat to international peace and security, and it is not an individual state but the United Nations Security Council that can decide on the imposition of such measures.

Hufbauer, Schott and Elliot in their book *Economic Sanctions Reconsidered* outlined limitations on the use of sanctions. According to them, the sanctions may fail due to elusiveness of goal, creation of antidotes, role of powerful or wealthy allies as a black knight, and alienation of allies abroad and business interests at home of the sender country

(Hufbauer, Schott & Elliot, 1990). Elliot, Hufbauer and Oegg noted that if a sanction imposing government pursued contradictory goals at a time, sanction will be potentially weak and ineffective. Pursuing contradictory goals at a time disperses the attention of the government that imposes sanction or blockade and fails to implement the move effectively. The study by the Peterson Institute for International Economics of 115 economic sanction cases that included the sanctions imposed after World War I to 1990 shows that the success rate of economic sanctions is just 35 percent.

Shidiqi and Pradiptyo proposed three different strategies to be pursued by the sender country to increase the severity of economic sanctions. They are 1) increasing the burden of economic sanction 2) increasing the loss of reputational effect and 3) mixed approach (Shidiqi & Pradiptyo, 2011). These different strategies may hold in different circumstances. They should be tested empirically in the case of Nepal.

4. Works on 2015 Blockade

The 2015-16 Indian blockade against Nepal was imposed after Indian failure of controlled manipulation of the constitution-making process in Nepal. Foreign Secretary of India visited Nepal and met with the prominent leaders in Kathmandu to put forward Indian concerns over the constitution of Nepal. S. Jaishankar's visit was taken at such a crucial time when Nepal's Constituent Assembly had already finalized the draft of the new constitution and president Ram Baran Yadav was ready to promulgate the statute amidst a special function.... The Indian Foreign Secretary's visit to Nepal at a time when preparations to promulgate the new constitution had reached its final stage, was regarded in Kathmandu as "significant" (The Economic Times, September 18, 2015).

Just after the promulgation of the constitution, India, rather than wholeheartedly welcoming the constitution, issued a “curt statement of concern” (The Christian Science Monitor, 2015). The statement issued read "we note the promulgation in Nepal today of a Constitution" (MEA, September 20, 2015). Indian authorities without going through the substance of the Constitution hurriedly “noted” it. The Constitution is not an ideal document and there might be several options for making it more pragmatic. However, it was noted skeptically by Indian leadership. As said by a senior journalist of Nepal who was interviewed by Times of India, misinformation was rife and people had not read the constitution but were relying on hearsay from prejudiced quarters (Mehta, 2017)

As revealed by the Indian Express, the Indian newspaper, New Delhi which was worried by the early promulgation of the constitution in Kathmandu wanted the later to do seven amendments on it (Roy, 2015). The listed major concerns of India on Nepal's new constitution were over federal delineation, mode of proportional representation, and qualification for major executive positions. India was vastly, although implicitly, worried about the newly adopted constitutional provision of secularism in Nepal. It is thought to be the major concern of abhorrence for India. For India, it was the result of increasing activism of western powers in Nepal. India was also worried about the increasing involvement of China in Nepal's internal politics and development activities.

According to Deepjyoti Chand, the initiator may use a sanction for either of the reasons: to protect its prestige or to signal its resolve in the international scene. “The Indian embargoes in Nepal follow an objective of compliance, deterrence and subversion... Landlocked nations such as Nepal are susceptible to manipulation by geopolitical threats since neighboring

countries adjust trade ties or use trade ties to fulfill their political, security, and economic interests” (Chand, 2018).

Although there is a lack of extensive study on 2015 Indian blockade, many scholars have done their dissertation studying different aspects of it. Jhabakhar Aryal in his Master’s Thesis submitted to the Department of International Environment and Development Studies, Norwegian University, shed light on the Nature and Impacts of 2015 Indian blockade in Nepal. He has studied the theoretical perspective behind the blockade and assessed the political, social and economic impact of it.

Bhuwaneswor Pant in his article entitled ‘Socio economic impact of undeclared blockade of India on Nepal, which was published in the Research Journal of Development Studies, examined the Nepal-India relations and revealed the socio-economic impact of blockade.

Deepjyoti Chand studied how trade embargo in 2015 is used by India as a geopolitical tool. In his article entitled ‘Trade embargo as a geopolitical tool: A case study of Nepal-India trade relations’ which was published on Polish Political Science Review, Chand analyzed the historical development of Nepal India trade relations and shed light on geopolitics and geo-economics of Nepal.

South Asian for Human Rights (SAHR) formed the fact-finding mission which submitted the report entitled ‘Nepal blockade: A humanitarian crisis amidst diplomatic kerfuffle’, Which explains the situation on the ground and represents the real-time data on blockade. Finding the humanitarian crisis that the people in Nepal were coping with, the report has recommended policy prescriptions for both the governments in Nepal and India. Banglar Manabadhikar Suraksha Manch (MASUM) also prepared the fact-finding report on blockade which identified that there was not sufficient cooperation from the Indian side in smooth

supply of goods to Nepal. It has also been revealed that due to the blockade a group of 'syndicates' has developed in both the countries which have further harmed the general public.

5. Asymmetry of Power, Attention and Interests

Shin, Izatt and Moon have done an extensive study on the role of asymmetry of power and attention in alliance politics. According to them the media, especially in the democratic society, displays the importance of attention in alliances as they can influence public opinion and bring alliance politics to the forefront of public debate (Shin, Izatt & Moon, 2016). The case study of the United States- South Korea alliance politics shows that South Korea has more at stake in the relationship, and thus accords much more attention to alliance-related issues. For South Korea, the United States is central to its domestic political discourse and foreign policy agenda, whereas, for the United States, South Korea is only a part of the larger security system. (Shin et al., 2016). In this study, Shin et al. have critically analyzed the alliance politics between the US and South Korea. However, they failed to suggest the payoffs for asymmetrically interdependent countries if they are dragged into hostility.

Biersteker and Begeijk have analyzed the reasons why the challenger state has to withdraw from its move to impose sanctions or blockade. According to Beirsteker and Bergeijk, an external threat may generate a "rally around the flag" effect, as has been observed in Russia under sanctions. According to them failure to suspend or lift sanctions creates two problems for the senders of sanction. First, sender states or institutions have to incur administrative burden of imposing sanction. Second, it raises the question of legitimacy. Failure to lift sanctions even after the situation changes undermines the legitimacy of sending institutions

which finally makes it more difficult for them to secure compliance by others (Biersteker and Bergeijk, 2015).

In an article published on the Geopolitical Future geopolitical forecaster and strategist George Friedman analyzed the reasons why powerful states lose a war. According to him sacrificing lives for tactical advantage, rather than for the direct defense of the homeland, is unpalatable. “Great powers have multiple interests, and not all interests are the same. That means a global power is prepared to initiate and withdraw from wars without victory, for tactical and political advantage” (Friedman, 2018).

6. Modeling Game of Blockade

Modeling of economic sanctions may be conducted by using either decision theory or game theory (Shidiqi & Pradipto, 2011). Tsebelis (1990) modeled the sanction game between two players in the form of 2*2 in which one player is represented by a row and another by column. The rational player utilizes knowledge of the other player's payoffs in guiding his choice of strategy because it gives him information about how the other player's choices are guided (Rapoport, 1974).

According to Priscilla Murphy of Drexel University, the competitive-game metaphor is apt to surface particularly during times of crisis when an organization's strategy conflicts with the needs of the public (Murphy, 1991). A stable equilibrium among the strategic positions of players is an important and useful concept in game theory. Murphy emphasized that any actor in the game changes its actions if it thinks there is a reasonable way to improve its lot providing that it cannot be prevented by another side. (Murphy, 1991).

Game of Chicken is the usual game used to model conflicts in which the players are on a collision course (Brams, 2001). In the game of chicken, two players can be taken as drivers driving towards each other. They have two possible strategies. Either to swerve or to keep going in his/her direction. If both the players swerve, there will not be an accident and the payoff of both the players will be similar. If two keep driving in the original direction, there will be an accident and the payoff for both the players will be devastating. If one swerves and another keeps going on, the payoff for such a player who swerves will be lower than the player who keeps driving. The player who first swerves is considered as a chicken of the game. Theoretically, in the game, every rational player wants to maximize his/her payoff thereby avoiding to become a chicken.

7. Research Gap

The theoretical study on any event can be greatly influenced by geopolitical factors and spatio-temporal aspects. There are a multitude of studies on the sanction game and its efficacy. However, the theoretical perspective on studying Indian blockade on Nepal can be different to that of others. To test which theoretical perspective best explains the 2015 Indian blockade, there should have empirical study on it. Most of the existing literature on sanction games are focused on studying the Cuban missile crisis. However, the US sanction on Cuba is entirely different to that of Indian blockade on Nepal. Besides, there are few literatures to explain 2015 Indian blockade on Nepal. Those studies are mostly focused on examining the socio-economic impact on Nepal. However, there is no theoretical study on how India, which is relatively more powerful than Nepal, is compelled to withdraw blockade unilaterally.

Chapter 3. Conceptual Framework and Research Methodology

3.1. Conceptual Framework

a) Asymmetry of Power

Two countries are never equal in terms of power capabilities. According to Tellis, state power can be categorized into three broad conceptions: power as resources, power as ability, and power as outcomes. Countries that are larger in a geographical area and have a greater population are said to be enriched with material resources. Besides, countries with military know-how and natural abundance are also said to be powerful. Secondly, power as the ability is concerned with the capacity and advancement of converting material resources into actual power that can be applied in the domestic and international arena. Technologically advanced countries are endowed with such ability. Finally, bigger and technologically advanced countries can determine the final outcome of an interaction. Hence, it is obvious that the asymmetry of power is mostly in favor of big and technologically advanced countries. Powerful countries have greater leverage in international politics. For the small power, the transaction cost of diplomacy and interaction is also high. Hence, small powers often adopt the policy of bandwagoning to powerful allies rather than compete with them. However, it is not always the case. The asymmetry of power provides an important theoretical background for studying the interaction between two asymmetrical powers.

b) Asymmetry of Interest

In international politics, power is not the only factor that determines the course of interaction. What is equally important is the interest of states over the issue at question. In the realist world, every state is focused on fulfilling its national interest. They invest

their power and resources for such an end. In the crisis bargaining model of international politics, it is believed, those states which are powerful can have a greater say in any interaction. That means those states and actors favored by asymmetrical power relations will determine the result of the interaction. Powerful states mobilize their resources and the game of interaction can no longer be fair.

Rationality implies that the powerful state will choose a protocol that will benefit her the most (Leventoglu, 2012). In contrast, when the power is prevailed by the interest, the conventional wisdom of dominance of power no longer holds. There are many historical interactions between states in which relatively less powerful states have conquered the game and relatively stronger states had to accept their defeat. The defeat of the United States in the Vietnam war can be taken as a prominent example of this. It is due to the reason that the Vietnam war was not at the core of US national interest but it was the question of sovereignty and existence for North Vietnam.

The outcome of the wars in Vietnam- French and American- went to the heart of the North Vietnamese national interest. The wars from the French and American points of view were not significant but were still on the margins of national imperatives.... Blocking North Vietnam's ambitions was of interest to the United States, but not an absolute imperative. It was part of a mosaic of interests. (Friedman, 2018)

When the powerful state is fighting for tactical interest and the less powerful state is fighting for core interest, that is concerned with existence, the possibility of overcoming the interaction by the less powerful state will be high. As argued by James D. Fearon, when the observable balance of interests favors the defender, only relatively resolved challenger will choose to threaten, implying that the defender's effort at immediate deterrence will be relatively unlikely to succeed. This implies that when a balance of

interest favors the defender, even the powerful challenger may not defeat the defender if the challenger is not resolved. Conversely, the degree of resolution of the state depends on the issue at stake.

c) Modeling crisis bargaining

In the current international system, there are very few countries that are self-sustaining without the help of others. Such help may range from economic cooperation to a political alliance. Political leaders often use interdependence rhetoric to portray interdependence as a natural necessity, as a fact to which policy (and domestic interest groups) must adjust, rather than as a situation partially created by the policy itself. (Nye and Keohane, 2011).

Asymmetry in terms of resources results in an asymmetry of power which in turn results in an asymmetry of needs. Different states have different needs. Countries having greater geographical and demographic expansion have greater needs of goods and services. Their security concerns are also greatly varied. On the other hand, smaller countries have limited needs for goods and services. The paradox in international politics is that small power is often least diversified in the international system to fulfill their limited needs. This restriction is even more visible for landlocked countries like Nepal. Owing to the greater geopolitical leverage, greater power is highly diversified in the international system. This resource distribution and power equation give birth to an asymmetrically interdependent system of states.

The asymmetrical interdependence sometimes gives birth to patron-client relations between states. Patron client relations are the type of relationship in which a relatively stronger actor acts as a patron and treats the weaker one as its client state. The patron-

client relation is characterized usually by the dominance of the patron's interest but this is not the case as usual. Two important features of these relations are affinity and reciprocity. Even though there seem to be hierarchical relations, patrons and clients always have a special affinity towards each other. Each other are mutually important states. Hence, the offer by either patron or client state is always reciprocated by the client or patron state.

Nevertheless, in this asymmetrical relation, small power is usually in a sensitive position. According to Keohane and Nye, sensitivity involves degrees of responsiveness within a policy framework- how quickly do changes in one country bring costly changes in another, and how great are the costly effects? It is measured not merely by the quantity-of-changes flows across the borders but also by the effects of such changes in transactions on the societies or government (Keohane and Nye, 2011). As argued by Keohane and Nye, sensitivity interdependence can be social or political as well as economic.

There are many theoretical and conceptual frameworks to explain the inter-state interactions. Among them the game-theoretical framework modeled in the form of 2*2 structure provides a useful conceptual framework. It is even more useful in explaining the game of blockade. This conceptual framework is based on some fundamental assumptions: existence of two or more rational players and availability of different strategies.

If 'A' and 'B' are two players and they are allowed to interact with each other, the result of the interaction may vary in accordance with the selection of available strategies (also called as move). The move of the player depends on the relative power and interest

associated with the issue at stake. The asymmetrical distribution of power and interest give rise to the condition of asymmetrical interdependence between two players.

Taking power and interest as independent variable, the bargaining between two actors in crisis (let's say 'A' and 'B') can be modeled as follows:

		Asymmetry of interest	
		Low ($A \approx B$)	High ($A < B$)
Asymmetry of power	Low ($A \approx B$)	Negotiation	Persuasion by B
	High ($A > B$)	Compromise by B	?

Figure 1: Generalized crisis bargaining model of two actors game with asymmetry of power and interest

If 'A' and 'B' have comparable power and similar level of interest in a certain issue, they are more likely to resolve the issue by negotiation. In this condition the strategy of cooperation may prevail for both the players and the expected utility of cooperation will be, let's say, (a_1, b_1) .

If 'A' is asymmetrically powerful, but both have similar level of interest in the issue, 'A' will either persuade or coerce 'B' to compromise. In this hypothetical condition, player 'A' is said to have adopted a defective strategy in spite of 'B's preference to cooperate. In this strategic combination the expected utility for 'A' and 'B' will be (a_2, b_2) .

If 'A' and 'B' have comparable power, but 'B' has a significantly higher level of interest in the issue, then 'B' will take the initiative to persuade 'A' which is indicated by the top right cell of the payoff matrix. The expected utility for both the player ('A' and 'B') at this condition will be (a_3, b_3) .

If 'A' is asymmetrically powerful, but 'B' has a significantly higher level of interest in the issue, then the result can be uncertain and defective because both sides try to maximize their payoff. It is indicated by the bottom right cell in the payoff matrix (a_4, b_4). In this condition, it is very hard to predict which party will be benefited more by the game of interaction. The final result of the interaction will depend on the nature of the prevailing variable. Which in turn determines the payoff of each player (that is whether a_4 or b_4 is greater?)

It can be represented in 2*2 payoff matrix form as follows:

		Player B	
		Cooperation	Defect
Player A	Cooperation	$a_1, b_1 (a_1 \approx b_1)$	$a_3, b_3 (a_3 < b_3)$
	Defect	$a_2, b_2 (a_2 > b_2)$	$a_4, b_4 (?)$

Figure 2: General payoff matrix of two-actor game

d) Non-cooperative incomplete information game

The relationship between two asymmetrical powers can be normal as long as the relatively more powerful party does not feel the sense of disrespect and the relatively less powerful party does not feel the sense of threat. (Womack, 2016). When the powerful state feels the sense of disrespect and the weaker state feels threatened, the status quo is no more the reality. Any of the two countries may alter the status quo by initiating the game. The game may take place in different scenarios: information may be complete or incomplete; moves may be sequential or simultaneous; choices may be discrete or continuous.

In the complete information game, both the players have full information about the structure of the game. Each player knows the possible strategies and expected utility of each other's choices. In an incomplete information game, different scenarios may take place. Either both the players are completely unaware of any possible strategies and expected payoff or the player is aware of the payoff of self but not of other's. Both the players do not know even the type of the opponent. In this perspective, the Waltzian baseline of rejecting rational actor hypotheses will come into picture. If state is assumed to be rational, they should have 'knowledge of their external environment' (Mearsheimer, 2009), and they think intelligently about how to adopt their strategies. Drawing idea from Mearsheimer, Peter Toft further explained that:

“No state can ever be absolutely sure of each other's intentions nor be sure that other states will not use force against them. Furthermore, states suffer from imperfect information about each other's intention and intentions are in constant flux- benign intentions can quickly change into malignant ones and vice versa.” (Toft, 2005)

In the simultaneous game both the actors move their strategies simultaneously but in the sequential game, each player moves their strategies one after another. In a typical crisis bargaining model, players negotiate according to a pre-specified bargaining protocol and no player has the ability to change the rules of the game (Leventoglu, 2012).

Such bargaining protocol is set by mutual interaction. The incomplete information game lacks a pre-specified bargaining protocol. It might change with the course of the game.

3.2. Research Methodology

a) Research design:

During the course of research, process tracing using primary and secondary data will be done. Both qualitative and quantitative methods will be adopted for the purpose of the study.

Qualitative data will be used preferably to analyze the motives and impact of the blockade whereas quantitative data will be used to analyze the relative power and interest. Those data will be measured using the content analysis of press releases and speeches.

This research has tested the applicability of game theoretical models in explaining the 2015 Indian blockade against Nepal. For this purpose, content analysis of different reports published by different agencies including the journal and newspaper articles is done.

Asymmetry of power will be studied in terms of geography, population, economy, military strength, natural resources, geopolitical and geo-economic leverage among others. The analysis is fundamentally based on the Global Firepower Report of 2014. Asymmetry of interest is assessed based on the official statement from both the countries and speeches made by the political leadership from both the countries such as prime ministers, foreign affairs minister, etc. Asymmetry of interest is analyzed also in terms of asymmetry of attention, which in turn is examined by analyzing the press releases of the respective foreign affairs ministries during that period. Archives of foreign ministries and other official documents as well as writings of intellectuals from both sides are also used to study the asymmetry of interests.

b) Nature of the Data:

The nature of the data is primary and secondary. Press releases, speeches, policy documents etc. form the primary sources of data. The secondary sources of data consisted of reports published by different agencies. Besides, both the qualitative as well as quantitative data are also used for the research. Qualitative data are presented mostly in the interpretative form while quantitative data are presented in the tabular and graphical forms.

c) Data collection:

Different tools of data collection are employed according to the nature of the data. Some of the secondary data are refined and made primary (such as data on the asymmetry of attention). Secondary data are retrieved from the reports and publications of different agencies of the Government of Nepal (such as the Ministry of Foreign Affairs, the Ministry of Industry, Commerce and Supplies, Department of Customs, Trade and Export Promotion Center, Department of Industry, etc.) and that of Government of India. In addition, other related literature are also referred during the study.

Chapter 4. Indian Blockade on Nepal

4.1. 2015 Indian Blockade on Nepal

Upon the promulgation of the Constitution in Nepal, India just noted the long aspiring constitution of Nepal that was adopted in September, 2015. The statement released by the Ministry of External Affairs, Government of India just after the promulgation of the new constitution by the CA-II in Kathmandu focused more on the situation in Nepal rather than on the substance of the constitution that was welcomed by the majority of Nepali folks and political parties as a historic achievement.

“Throughout the process of Constitution-making in Nepal, India has supported a federal, democratic, republican, and inclusive Constitution. We note the promulgation in Nepal today of a Constitution. We are concerned that the situation in several parts of the country bordering India continues to be violent. Our Ambassador in Kathmandu has spoken to the Prime Minister of Nepal in this regard. We urge that issues on which there are differences should be resolved through dialogue in an atmosphere free from violence and intimidation, and institutionalized in a manner that would enable broad-based ownership and acceptance. This would lay the foundation of harmony, progress, and development in Nepal.” (MEA, September 20, 2015)

Through the statement, India continued her previous suggestion regarding the constitution formulation process in Nepal. India officially registered its reservation in the process although it was in a diplomatic language. India’s concern over the process was that the newly formed constitution could not incorporate the demands raised by Madhes based parties. Although India tried to emphasize the violent activities at the bordering parts of Nepal, its real concern was over the constitution promulgation process that ignored the request from a south block in New Delhi. It was a well-manifested fact that India wanted the conclusion of the process as wished by it.

Without any delay, India issued another statement the next day registering its concern over the difficulties faced by Indian freight companies and transporters due to the ongoing demonstration at the bordering parts of Nepal. The statement said, “Our freight companies and transporters have also voiced complaints about the difficulties they are facing in movement within Nepal and their security concerns, due to the prevailing unrest” (MEA, September 21, 2015)

This statement has a broader diplomatic connotation. By expressing the security concerns, India tried to legitimize its obstructive behavior over Nepal’s transit rights. The United Nations Convention on the Law of the Sea has guaranteed any land-locked States the right of innocent passage through the territory of transit States.

“Land-locked States shall have the right of access to and from the sea for the purpose of exercising the rights provided for in this Convention including those relating to the freedom of the high seas and the common heritage of mankind. To this end, land-locked States shall enjoy freedom of transit through the territory of transit State by all means of transport” (Article 125(1), UNCLOS).

The following sub-article also stipulates the proviso to this article:

“Transit States, in the exercise of their full sovereignty over their territory, shall have the right to take all measures necessary to ensure that the rights and facilities provided for in this Part for land-locked States shall in no way infringe their legitimate interests (Article 125(3), UNCLOS).

Accordingly, Nepal-India Transit Treaty also incorporates the same principle of legitimate interest and essential security interests.

“a) Each Contracting Party shall have the right to take all indispensable measures to ensure that such freedom, accorded by it on its territory does not in any way infringe its legitimate interests of any kind. b) Nothing in this Treaty shall prevent either contracting party from taking any measures which may be necessary for the protection of its essential security interests.” (Article 2, Nepal-India Treaty of Transit, 1999)

Mentioning security concerns in the statement issued by the Ministry of External Affairs indicates the intention of Indian side in creating a valid ground for the blockade against Nepal.

India also expressed her dissatisfaction over the political parties stating “we had repeatedly cautioned the political leadership of Nepal to take urgent steps to defuse the tension in these regions. This, if done in a timely manner, could have avoided these serious developments.” This means that all the development that was taking place in Nepal and particularly in the Terai region was due to the ignorance of political parties in Kathmandu in following the suggestions of India.

Officially, India was not ready to accept the obstruction as a blockade. Responding to media queries on November 19, 2015, the Official Spokesperson of the Ministry of External Affairs said, “there has been no blockade by India whatsoever.”

“There is no blockade by India.... The issues facing Nepal... are political in nature. They are internal to Nepal. And the Nepali leadership has to resolve them through dialogue with the agitating parties. All we can add is that if the political challenges facing Nepal are addressed, we can hope it would assuage the concerns that the protestors have, leading to a return to peace and normalcy in the affected areas of the Terai including the border crossings currently occupied by Nepali protestors, and thereby improve the supply situation in the country.

The shortages (of petroleum products and medicines) are not due to any restrictions imposed by India. The major crossing of Raxaul-Birgunj which handles two-thirds of the trade between India and Nepal, continues to remain closed from the Nepali side. Out of the ten border crossings capable of handling commercial cargo, seven including the major ones of Sunauli and Panitanki have been operational. Between 400 and 800 cargo trucks have been passing daily over the last four days through the India-Nepal border. Petrol, oil, lubricants (POL) supplies continue to move to the extent possible. As of yesterday evening nearly 6,000 trucks are waiting to cross into Nepal at various border crossings including 4,700 at Raxaul alone.

We have also seen these reports of shortages of medicines in Nepal. Like the rerouting of POL trucks earlier, we have already conveyed to the Government of Nepal that we are ready to facilitate rerouting of vehicles carrying medicines. We are also willing to facilitate airlift. Nepali importers of medicines are also advised to use those border crossings where there are no protests and disruptions in supplies.”

(MEA, September 23, 2015)

Despite such arguments, there were reports that India had obstructed the supply of goods even through such borders where there was no protest on the Nepal side. Shashi Tharoor, Indian Member of Parliament who was also the former Under Secretary of the United Nations said- “despite India’s increasingly feeble denials, India’s de facto blockade of Nepal has choked the country’s economy, cut off its oil supplies, caused genuine hardship and provoked a groundswell of hostility against India” (The Quint, 2015). So, Indian denial of imposing a blockade against Nepal does not hold water as illustrated by the ground reality.

The blockade imposed by India in 2015 had several political and diplomatic ramifications. Although the Indian establishment did not officially accept the border disturbance as the blockade, the ground reality along the border manifested that it was imposed at the behest of the Indian government. As reported by the fact-finding team of Banglar Manabadhikar Suraksha Manch (MASUM), there was not necessary facilitation by Indian border authorities of custom clearance although there was no political unrest by Madhesi people.

“When the team was in the field (Kakarbhitta outpost, Jhapa district), no political unrest was visible and reported. Life seemed to be normal and peaceful. However, it was evident that the Indian government/administration was not facilitating smooth passage of vehicular movements to Nepal through the said border.” (Banglar Manabadhikar Suraksha Manch, 2015)

4.2. Interest of India

The imposition of a blockade by India against Nepal was associated with certain geostrategic interests of India in Nepal. The official statements from both the sides and certain historical archives can shed light on it.

1. Concern over constitution

From the Indian perspective, the whole process of constitution promulgation in Nepal was guided by India. This was also reflected in the official statement of the Indian authorities' time and again. Addressing the Upper House of Indian Parliament, Rajya Sabha, on December 3, 2015, Indian External Affairs Minister Sushma Swaraj said "we have remained closely engaged with Nepal during its on-going political transition and have consistently supported early promulgation of a broad-based, inclusive and durable Constitution." During the Speech, she complained to Nepali political leaders for not following bits of advice from Indian leaders.

Reportedly, the Indian Express revealed India's seven points of concern over the new constitution that was officially, but secretly, conveyed to the Nepali side. (Roy, 2015).

- a) The restoration of the Interim Constitution's provision regarding electoral constituencies' delimitation that is electoral constituencies based on population, geography, and special characteristics, and in the case of Madhes, based on the percentage of the population. Under this provision, Madhes, with more than 50 percent of the population, got 50 percent of seats in Parliament.
- b) Restoration of Interim Constitution's provision of the right of every group to participate in state structures on the basis of principles of proportional inclusion".
- c) Allow citizens by birth or naturalization to hold the posts of President, Vice-President, Prime Minister, Chief Justice, Speaker of the Parliament, Chairperson of the National Assembly,

Head of Province, Chief Minister, Speaker of Provincial Assembly, and Chief of Security Bodies.

- d) Address the demand of Madhesi parties regarding representation in the National Assembly to be based on the population of the Provinces.
- e) Include five disputed districts of Kanchanpur, Kailali, Sunsari, Jhapa, and Morang, based on the majority of the population, into neighboring Madhes Province.
- f) Make the provision of delineation of electoral constituencies' in every 10 years
- g) Address the Madhesi parties' demand of getting naturalized citizenship automatically on application.

(Roy, 2015)

Although the report was officially denied by the Indian side, the Express stood by its revelation. The Indian Express clarified that it had confirmed from its sources that the request for those amendments or changes were requested by New Delhi to Kathmandu (Roy, 2015).

2. Security concern

The Central Himalayas has emerged as one of the epicenters of the war of ideas in the post-Cold War global paradigm flux (Simkhada, 2018). India has consistently blamed Nepal for being a safe-haven for criminals involved in trans-border crime.

There has been an abject failure by the post-conflict Nepali governments to address many of the country's most pressing challenges including the application of law and order by a motivated civilian police force, the promise of security sector reform, and adequate restructuring of the state bureaucracy to make it more responsive, fully representative and socially inclusive. As a result, the general public in the Terai is frustrated by national and regional political actors. Given this situation, armed groups have formed, mostly in the southern region, challenging the peace process. (Jha, 2010)

Nepal and India share a 1,751km (1,088-mile) open border through which people pass freely (BBC, 2015). This has developed not only the unique socio-cultural affinity at the people-to-people level but also make the country's security agencies cautious because of its use by smugglers, human traffickers and terror suspects (BBC, 2015). Using the advantage of these social bonds, some criminal syndicates and politicians have been using the areas to expand networks for illegal cross border activities (Jha, 2010).

The geopolitical environment of the Terai is favorable for facilitating criminal smuggling activities and hosting safe-havens (IPRIO, 2009). India is highly suspicious that Nepal's land is being used by different criminal and terrorist groups at the expense of Indian security. It is a valid concern that instability in the Terai region can be exploited by criminal groups thereby jeopardizing the national security of India. Referring to the hijacking of Indian Airlines IC 814 Plane that departed from Kathmandu and diverted to Kandahar Pakistan, the Indian side is very anxious about the situation in Nepal.

The secret report prepared by Indian intelligence agency Research and Analysis Wing (RAW) and leaked by India Today in 2000 pointed out that Nepal's land was being used by Islamic fundamentalist groups as safe-haven (The Nepal Game Plan, 2000). The following points mentioned in the report can help to understand Indian security concerns in Nepal:

- Nepal needs to understand that the ISI'S promotion of terrorism and Islamic fundamentalism, though primarily aimed against India, would have even more serious consequences for Nepal's security and well-being in the long-run.
- The existence of terrorist groups such as Lashkar-e-Taiba and Hum on Nepali soil and their propensity to take recourse to heinous acts such as the hijacking of civilian aircraft, hostage-taking, and killing of innocent civilians will shatter the image of Nepal as a

popular tourist destination and cause irretrievable damage to the tourism industry which is one of the mainstays of Nepal's economy.

- The growth of Islamic fundamentalism in the Terai poses a serious, long-term danger to Nepal's unique Hindu culture and to the institution of the Hindu Monarchy.
- The spread of Madrasa education and the emergence of an aggressive and militant Islamic community will seriously endanger Nepal's long tradition of peace and communal harmony.

India's foreign policy towards Nepal is mostly guided by Nehru doctrine of Himalayan Frontier. Despite a multitude of changes in regional politics, the Indian establishment considers Nepal as a principal barrier to the northern Himalayan frontier. That is why India intrudes into Nepal's internal politics thereby micromanaging the latter's internal affairs.

For India, failure to micromanage Nepal's internal politics itself is a challenge to Indian security. In this context India perceives Nepal's rejection of S Jaishankar's request to delay the constitution promulgation process as a failure to micromanage the latter's internal politics.

3. Maintaining traditional sphere of influence

Nepal and India are in close proximity. Policy of the Government of India towards neighbors is encapsulated in the phrase, 'Neighbors First'.... In accordance with its policy of 'Neighbors First', the NDA Govt. invited Heads of State/Government from South Asia for the swearing in ceremony of the new Government, in May 2014 which reassured Indian neighbors that India will continue to accord priority to relations with them (Haran, 2017). However, that assurance did not last for long. Due to the assertive

tendency of the Modi government in New Delhi, its close neighbors became skeptic towards its neighborhood first policy.

As mentioned by former Indian Prime Minister Manmohan Singh, India is aspiring to become a net security provider in South Asia. “We have also sought to assume our responsibility for stability in the Indian Ocean Region. We are well positioned to become a net provider of security in our immediate region and beyond” (Singh, 2013). For the most part, the term net security provider is usually meant as enhancing mutual security of more than one country by addressing common security concerns, including dealing with transnational piracy, or responding to disasters (Mukherjee, 2014). For such concepts to work, India needs to work closely with neighboring nations which will be in the interest of Indo-Pacific grouping that they have all of India’s neighbors on their side (Moorthy, 2020).

As it has turned out over the past couple of decades, India has moved closely with the west on strategic matters, especially eyeing the historic adversary in China in mind (Moorthy, 2020). For India its neighboring countries except Pakistan are within its traditional sphere of influence. Increasing role of other countries within this region is perceived by India as a challenge to its traditional sphere of influence.

In recent years, China has been ramping up its involvement in Nepal mainly through economic engagement much to India's discomfort in what it considers its backyard (BBC, 2015). In addition, India is more skeptical towards the increasing China-Pakistan cooperation and western activism in South Asia.

4. Hindutva

Before the fall of monarchy, Nepal was the only Hindu country in the world. That legacy was collapsed after the end of the Shah regime and establishment of republic Nepal.

Indian Hindu fundamentalist were more tense with the policy of secularism in Nepal. As reported by 24*7 Newstrack, Ashok Singhal, a leader of the Vishwa Hindu Parishad (VHP), said that Nepal will turn into a Hindu state if Narendra Modi becomes India's Prime Minister (24*7 Newstrack, April 1, 2014).

“He (Narendra Modi) is set to come to power in India... Once Modi assumes office, it will not take much time to see Nepal as a Hindu state.... The day Modi comes in power in India, I declare that Nepal will turn into Hindu state...Under pressure from China, the US, Europe and some Muslim countries, the Hindu identity was finished here.” (Singhal, 24*7 Newstrack, April 1, 2014).

In the strategic world, Singhal-Modi chemistry should also be noted. After the death of Singhal in November 2015, Modi had reached the RSS office to pay tribute to him.

Although Singhal's statement was not official, it was the instincts roaming around the head of Indian Hindu fundamentalists, including BJP leadership. Against this backdrop, India elected Narendra Modi as a Prime Minister whose political career was started as a Hindu activist.

Discontent on secularism and interest to revive Nepal as a Hindu nation was explicitly expressed by Indian leadership thereafter. Moreover, during Prime Minister K.P. Sharma Oli's visit to India in February, 2016, Indian Prime Minister Modi reminded to Nepali Prime Minister to re-declare Nepal as a Hindu-state (Annapurna Post, 2016). Taking all these events into account, it can be said that revival of Nepal as a Hindu nation was another rationale behind the blockade that was alluring BJP leadership in New Delhi.

5. Madhes factor

After the success of popular Mass Movement II, the Interim Constitution was stipulated as per the consensus between seven political parties and the then CPN(Maoist).

Following the Constitution, strike and demonstration erupted at the southern plain area of Nepal which is popularly known as Madhes movement. The movement has seminal contribution in institutionalizing federalism in Nepal. Throughout the process of constitution drafting, Madhes-based parties were demanding One Madhes One Province as their bottom-line of constitution promulgation. It is believed that there is a certain geo-political interest of India behind the backing of Madhes-based parties' agenda. The comment once made by Rajendra Mahato, the president of the then Nepal Sadbhavana Party (NSP), indicates the connection between the Madhes factor and Indian concern during the course of blockade:

What is good for India is good for Madhesis. The nationalism of the Nepali-speaking people, the Paharis, is based on opposition to India and anti-Indian sentiment alone. Only a strong Madhesi can weaken anti-India Drive. (Jaleel, 2015)

India had openly backed Madhes-based parties' demand for constitutional amendment and had even imposed a blockade on Nepal for that end. However, the blockade backfired, and India has since maintained silence on Madhes issues.

6. Bihar Election

As the report published in the Indian Express on October 4, 2015 indicated, the blockade at Nepal-India border was motivated by the internal politics within Indian state of Bihar. One businessman in Raxaul outspokenly clarified that they had been providing food in batches to an average of 6000-7000 people round the clock every day (Jaleel, 2015).

Although he tried to justify the provision of food to Nepali protesters on humanitarian grounds, he was equally sure that the handling of the Nepal issue by India would impact the elections in Bihar (Jaleel, 2015). India was equally concerned with increasing engagement of China and western powers in the Terai region of Nepal.

The aforementioned interests of India associated with the blockade did not involve core national interest of India. The security concerns of India were somewhat valid. However, what was primarily motivating India for blockade was associated with geostrategic interest. Hence, it is appropriate to say that India had limited interest for which reason it could not publicly accept its move as economic blockade.

Chapter 5. Asymmetry of Power and Interest

5.1. Asymmetry of Power

State Power can be conceived at three levels: (1) resources or capabilities, or power-in-being; (2) how that power is converted through national processes; (3) and power in outcomes, or which state prevails in particular circumstances (Treverton & Jones, 2005). The power that is distributed in diverse forms can be studied broadly by categorizing it into three conceptions: power as resources, power as ability and power as outcomes (Tellis, 2015). In a broad sense, state can be considered as a capability container. Those capabilities should be translated into the language of power through the process of conversion by the state. According to Treverton and Jones what policymakers care most about is not power as capability or power-in-being as converted through national ethos, politics, and social cohesion. They care about power in outcomes (Treverton & Jones, 2005).

The power-in-being represents the material resources. It can be studied in terms of demography, geography, economy, technological well-being, among others. Resources are the dominant consideration in competitive social environments, but solely examining resources can be deceptive (Tellis, 2015). So while examining the state power, the ability to convert those resources into the strategically significant capacity and its potential outcome should be taken into consideration. As highlighted by Tellis the notion of power as ability is a valuable complement to the conceptualization of power as resources because it emphasizes intentionality and the active dimension of the actual-potential dichotomy that exists in any kind of power centered on mere capabilities. It encompasses the idea of power not only as an object but also as a process.

The main metrics of world power... are gross domestic product (GDP), population, defense spending, and a less precise factor that includes innovation in technology (Treverton & Jones, 2005). Additionally, there is a stronger source of national power that could not be ignored in the changing context. If power is ultimately the capacity to determine outcomes, it is often said that the capacity of non-state actors to affect both international and domestic outcomes is growing (Treverton & Jones, 2005). Hence, state power is the totality of military strength, economic and physical well-being as well as demographic and geographic endowment.

5.1.2. Relative power of Nepal and India

In terms of military strength India is being ranked as the fourth largest power since 2006 (Global Firepower). According to the Global Firepower 2015 (based on the data of 2014), globally, India was ranked in the 4th position while Nepal was ranked in the 84th position. Following table shows the power capability of Nepal and India in terms of material resources:

Table 1: Firepower Index of Nepal and India (2015)

	Units	India	Nepal
Man Power			
Total Populations	Persons	1,236,344,631.00	30,986,975.00
Available Manpower	Persons	615,201,057.00	14,559,549.00
Fit for Service	Persons	489,571,520.00	11,208,390.00
Reaching Military Age Annually	Persons	22,896,956.00	747,275.00
Active Military Manpower	Persons	1,325,000.00	95,000.00
Active Reserve Military Manpower	Persons	2,143,000.00	62,000.00
Land Systems			
Tanks (MBT/Light)	Number	6,464.00	0.00

Armored Fighting Vehicles (AFVs)	Number	6,704.00	1,480.00
Self-Propelled Guns (SPGs)	Number	290.00	0.00
Towed Artillery Pieces	Number	7,414.00	120.00
Multiple-Launch Rocket Systems (MLRSs)	Number	292.00	0.00
Air Power			
Total Aircraft	Number	1,905.00	21.00
Fighters/Interceptors	Number	629.00	0.00
Fixed-Wing Attack Aircraft	Number	761.00	0.00
Transport Aircraft	Number	667.00	21.00
Trainer Aircraft	Number	263.00	0.00
Helicopters	Number	584.00	17.00
Attack Helicopters	Number	20.00	0.00
Serviceable Airports	Number	346.00	47.00
Naval Power			
Total Naval Strengths	Number	202.00	
Aircraft Carriers	Number	2.00	
Frigates	Number	15.00	
Destroyers	Number	9.00	
Corvettes	Number	25.00	
Submarines	Number	15.00	
Coastal Defense Craft (Patrol Craft)	Number	46.00	
Mine Warfare	Number	7.00	
Resources (Petroleum)			
Oil Production	bbl/day	897,500.00	0.00
Oil Consumption	bbl/day	3,300,000.00	20,000.00
Proven Oil Reserves	bbl/day	5,476,000,000.00	0.00
Logistical			

Labor Force	Number	487,300,000.00	16,000,000.00
Merchant Marine Strength	Number	340.00	0.00
Major Ports and Terminals	Number	7.00	0.00
Roadway Coverage	Number	3,320,410.00	17,282.00
Railway Coverage	Number	63,974.00	59.00
Financial			
Annual Defense Budget	US\$	38,000,000,000.00	210,000,000.00
External Debt	US\$	412,200,000,000.00	3,956,000,000.00
Reserves of Foreign Exchange and Gold	US\$	295,000,000,000.00	6,574,000,000.00
Purchasing Power Parity	US\$	4,990,000,000,000.00	42,060,000,000.00
Geographic			
Square Land Area	Km	3,287,263.00	147,181.00
Coastline	Km	7,000.00	0.00
Shared Borders	Km	13,888.00	3,159.00
Waterway Coverage	Km	14,500.00	0.00
Miscellaneous			
Global Firepower Rank	Rank, 1= the best	4.00	84.00
Power Index		0.27	2.16

(Kosenkov, 2015)

The aforementioned data shows that India is far more powerful than Nepal in terms of material resources, especially military strength. As the data manifested, India's population in 2014 was almost 40 times greater than that of Nepal in the same year. Number of available manpower was more than 42 times greater than that of Nepal. In 2014, India had more than 1.3 million active military manpower which was almost 14 times greater than that of Nepal. The total number of

active reserve military manpower in India is more than 2.1 million which was almost 35 times higher than that of Nepal.

India has stronger naval power, but Nepal does not have naval power. Indian military is endowed with high-tech weapons and logistics. While India is standing as a strong air power, Nepal's position in terms of air power is very weak. In the year 2014, Nepal invested only US\$ 210 thousand in defense but India's budget on same heading was almost 181 times greater than that of Nepal (that is, US\$ 38 billion).

Geographically, India is 22 times bigger than Nepal. India shares a land border with many countries such as Bangladesh, Bhutan, China, Myanmar, Nepal and Pakistan; and a coastal border with two countries: Maldives and Sri Lanka. In contrast, Nepal is landlocked between China and India. India has almost seven-thousand-kilometer-long coastline. Being a landlocked country, Nepal doesn't have any coastline thereby creating constraints on Nepal's international trade.

Nevertheless, it should be emphasized that the only form of power is the exercise of power, not its mere possession... This means that an agent with power will always exercise it, as it generates better results for him (Prates, 2014). It is obvious that India is endowed with high-tech facilities which, in turn, can be utilized to convert the material resources into usable power.

5.2. Asymmetry of interest

Those countries which have greater interest on certain issues obviously have greater attention. As argued by Shin, Izatt and Moon the contemporary relational dynamic of the alliance cannot be examined solely through the lens of capabilities (Shin et.al, 2016). In the same vein the end result of interaction between two states cannot be determined solely on the basis of material

power capabilities. It is also based on how significantly the actors involved in such interaction perceive such issues and mobilize their power. The interest of the country on certain issues can be examined by giving due consideration to the attention it has rendered on it. Here the researcher examined how the constitution promulgation process of Nepal and blockade imposed by India against the former were associated with the national interests of both the countries.

5.2.1. Relative interest of Nepal and India

a) Constitution –making process

Fulfillment of contrasting interests in the course of concluding the constitution promulgation process obviously have different connotations. For Nepal, the conclusion of the process is concerned with ensuring peace and stability and creating foundation for prosperity in the country. In contrast, delaying the process had strategic interest for India. It was concerned with ensuring India's share in the process and fulfilling such demands which had strategic value for India.

For the sake of the constitution through the democratically elected Constituent Assembly, thousands of Nepali people had sacrificed their lives. The failure to promulgate the constitution at an early date might be taken by Nepali people as betrayal to the blood of martyrs. Nepali people, who were already frustrated due to the failure of the first Constituent Assembly in promulgating the constitution, might become furious if the process at the final stage was delayed for undue reasons.

However, India had not to pay any cost in delaying the Nepal's constitution promulgation process, rather it would create a political and constitutional vacuum in Nepal which was expected to pay a strategic dividend to India. Failure to promulgate the constitution at an

early date would not create public distrust against Indian political leadership. So it was a matter of high significance for both the political leadership and people in Nepal than for Indian political establishment. Hence early promulgation of the constitution had visible asymmetry of interests in favor of Nepal.

a) Blockade

The interest of any state over any issue can be assessed by analyzing the speech and statements made by the officials. How seriously the subject and event is taken by any state, can be analyzed in terms of attention it has focused on it. For this purpose, the press releases issued by respective foreign affairs ministries are analyzed. The following table has illustrated how many press releases were issued by respective foreign ministries regarding the constitution of Nepal, Madhesi agitation and border obstruction during the period of September 20, 2015-February 2, 2016.

During this period Nepal had published 62 press releases of which 27 were focused on informing the international community that Nepal's newly formed constitution is broad-based, comprehensive, inclusive and justiciable; and supply obstruction do not have any valid ground. That means, approximately 44 percent of total press releases were concerned with either the blockade imposed by India or the reason behind which India was trying to justify its act.

Table 2: Asymmetry of attention of Nepal and India on blockade

Month	Ministry of Foreign Affairs, Government of Nepal	Ministry of External Affairs, Government of India	Remarks
September, 2015	8	2	
October, 2015	4	1	
November, 2015	5		
December, 2015	7	2	
January, 2016	2		
February, 2016	1		
Total	27/62	5/81	

Source: MoFA, Nepal & MEA, India

In contrast, only 5 out of 82 press releases issued by the Ministry of External Affairs of Government of India were concerned with the constitution of Nepal and its border obstruction. Of the total press releases, MEA, India published only 6 percent of press releases in justifying its act.

The aforementioned figure illustrates that there was visible asymmetry of attention on the game of blockade between Nepal and India. It is also obvious that the asymmetry of attention was in favor of Nepal. This asymmetry of attention, in turn, is a reflection of asymmetry of interests.

Chapter 6. Efficacy of Blockade

6.1. Success or failure of blockade

Whatever the reason, the primary victim of the economic blockade is the general public. Sanction imposed hardship by affecting ordinary people far more than leaders (Paul, and Akhtar, 1998). This in turn damages the image of the sender country among the general public of the target country. Success of the blockade or sanction should be measured in terms of its effectiveness in fulfilling the desired goal. According to P. Wallensteen, economic sanction, whether operated within the UN or outside, has never had a high record of success.

“The definition of success is, of course, crucial and can be part of longer discussion. In military strategy, it is often two outcomes that matter: victory or defeat. Thus success and failure of sanctions could be a parallel: either the sender gets the receiver to change goals as desired by the sender (success) or not (failure).” (Wallensteen, 2000)

Success or failure of sanction is more the issue of subjective analysis. It lacks any objective criterion to determine whether the blockade is succeeded or failed. If the sender of the blockade is satisfied that it can change the target country’s behavior, it could be said as successful sanction. On the other hand, if the sender country or institution has to withdraw the blockade neither forging any deal nor defeating the target country, the move can be regarded as failure. There are particular reasons why sanctions are imposed, and only when these have been fulfilled will the sanctions be lifted (Wallensteen, 2000).

P. Wallensteen (1983:87-129), based on conclusions from previous scholarly studies and reviews of sanction cases, shows that the major objectives of sanctions are of five types: compliance, deterrence, subversion, international symbolism and domestic symbolism (Chand, 2016).

“First, the initiator may be seeking compliance, meaning the objective of the sanction is to create pressure upon targeted countries to follow the preferences of the initiator.... Second, the objective of the initiator may be deterrence, in which case the sanction is an attempt from the initiator to make the targeted countries decide not to do something in the future. Third, the objective of the initiator may be subversion, a systematic attempt to overthrow the entire regime or remove the leaders of the targeted countries or undermine the government or political system.... Fourth, the goal of the initiator may be international symbolism, whereby the sanction by the initiator may be simply to express its disapproval of a regime by sending a message to other members of the international community.... Final objective of the sender may be domestic symbolism, whereby sanctions are used as a tool to minimize internal criticism of its foreign policy measure.” (Chand, 2016)

6.1.1 Was Indian blockade on Nepal successful?

In case of Indian blockade against Nepal, all the aforementioned objectives could not be enjoyed by India. During the visit of Indian foreign affair secretary S Jaishankar at the last hour of constitution promulgation in Nepal, he warned Nepali political leaders for unprecedented consequences if they refused to comply with Indian concerns. Despite his warning, Nepali political leadership did not comply with it and agreed to promulgate the constitution at an early date. The statement issued by the Ministry of External Affairs on September 20, 2015 had argued for consensus or ‘sahmati’ and clearly indicated to impose blockade against Nepal but Nepali political leadership did not submit with Indian appeal.

Second objective of Indian blockade against Nepal was to deter the implementation of the newly formed constitution thereby compelling the latter to amend it and incorporate the concerns of the former. However, Nepal went ahead in the direction to implement the

constitution. Nepal elected a new President and Prime Minister as per the provision outlined by the new constitution. In this way, India failed in its second objective.

India's third major objective behind the blockade was to topple down the nationalist government in Nepal led by K.P. Sharma Oli. However, Oli led government in Kathmandu was not ousted at the outset of blockade but it was changed after six months of the end of the blockade. It is believed that the 1989 Indian blockade had contributed to regime change in Kathmandu. Thirteen months after India partially closed its border with Nepal in retaliation for Nepal's purchase of anti aircraft guns from China, King Birendra surrendered power to a pro-democratic political leadership that agreed to consult India on defense matters (Pape, 1997). King Birendra agreed to dissolve the partyless panchayat system and installed a multi-party democratic system. However, the obsession of 1989 had failed to confer result to India in 2015.

Fourth, regarding the question of international symbolism, India was backfired. India itself was not in the position to accept it as a blockade because of fear of international condemnation. Some of the international humanitarian organizations warned the blockade for putting human life into danger. UNICEF reported more than three million children under the age of five in Nepal were at risk of death or disease during the harsh winter months due to the severe shortage of fuel, food, medicines and vaccines.

Fifth, Modi government in India had tried to overshadow the internal criticism through imposition of blockade on Nepal. In contrast, Indian government was highly criticized for imposing the blockade. As Professor S.D. Muni wrote in *The Hindu*, India need not press the panic button or employ ill-conceived diplomatic moves in response to Nepal's so-called flashing of the China card. The ex-state minister and diplomat extraordinaire and then sitting Member of Parliament, Shashi Tharoor outspokenly criticized Modi government for

spectacular incompetence in handling Nepal policy. In an interview published by The Statesman on December 25, 2015, Tharoor said:

“On Nepal, I genuinely believe the policy has not been well handled. There is a genuine reason for us to believe that preventive diplomacy was not attempted early enough, and that we did not take the necessary measures to convey our concerns to the Nepali political parties or Nepali government on the evolution of their Constitution-making.... Our people, our government insists we are not behind the blockade, and it is purely a Madhesi agitation. The perception in Nepal is that this Madhesi agitation would not be able to continue without some encouragement from India. And that perception is damaging us greatly because a country that is really our fraternal neighbor, for such country to turn anti-India takes a spectacular level of incompetence on our part, which the government must be blamed for.” (Narayan, December 25, 2015)

All these contexts and consequences show that Indian blockade on Nepal entirely failed and India had to return empty hand from Nepal.

6.1.2. Cost of blockade

Due to the blockade that was imposed at the backdrop of a devastating earthquake, Nepal was furthermore suffering from humanitarian crisis. It had to deal with the cut in life-line. As reported by the South Asians for Human Rights, the flow of goods and fuel to Nepal was choked at border checkpoints. This resulted in one of the worst humanitarian and geo-political crises in the region as fuel, medicines and other essential items of daily life could not reach Nepal from India (SAHR, 2016). People could not get food to eat. Hospitals lacked medicines. Ambulances couldn't carry patients due to shortage of fuels.

Due to the blockade Nepal's foreign trade statistics became worse. The trade statistics of Nepal during the first seven month of the fiscal year 2072/73 (that is until Falgun), reflects that Nepal's foreign trade scenario was highly impacted by the blockade. According to the statistics

revealed by the Department of Customs, the import in the first seven months of the Fiscal Year 2072/73 was declined by 22.04% and Export was declined by 27.04%.

Table 3: Foreign Trade Direction: First seven months of fiscal year 2072/73 (mid-July 2015 to mid-Feb. 2016)				
S.N.		FY 2072/73 (first seven months)	FY 2071/72 (first seven months)	% Change
1	Imports (´000)	346,131,373	444,013,562	-22.04
2	Exports (´000)	36,766,191	50,392,267	-27.04
3	Trade Deficit (´000)	309,365,182	393,621,295	-21.41
4	Total Trade (´000)	382,897,564	494,405,829	-22.55
5	Imports-Exports ratio	9.4	8.8	6.85
6	Exports share to total trade(%)	9.6	10.2	-5.79
7	Imports share to total trade(%)	90.4	89.8	0.66

Source: Department of Customs

Owing to the fact that India was the only route of Nepal for the transit trade, Nepal had to depend on India for third country trade. So due to the blockade, Nepal's foreign trade was deteriorated not only with India but also with almost all the trading partners.

India's share on Nepal's total foreign trade during the first two months of the fiscal year 2072/73 was 66.05 percent, but that share deteriorated and dwindled to 58.31 percent at the end of the first seven months of the fiscal year. The share of India on Nepal's total import was equally affected by the blockade. Before the start of blockade India's share on Nepal's total import market was 66.52 percent. However, that statistics at the end of the blockade declined to 58.62 percent.

Furthermore, China's share on Nepal's total foreign trade had increased due to the Indian blockade. During the first two months of the fiscal year 2072/73, China's share of Nepal's total foreign trade was 12.04 percent which was increased to 14.58 percent at the end of the blockade. Chinese share on Nepal's import market was even strengthened due to the blockade. The share of China on Nepal's total import during the first two months of the fiscal year 2072/73 was 13.38 percent which was increased to 15.94 percent.

It has two geostrategic ramifications.

1) Direct cost paid by both countries

Due to the blockade, Nepal suffered from the shortage of essentials. Vehicles were not able to operate and travelers had to walk on foot for long distances. Ordinary people including patient and pregnant women had to reel with the shortage of nutrients and medicines. People had to face shortage of food and fuel for more than four months due to blockade.

On the other hand, India was also losing its market in close proximity. For Indian entrepreneurs and exporters, Nepal is an ample market where they can sell their products easily. Due to the geographical consciousness and close proximity, they can supply their commodities at low cost. In the fiscal year 2015-2016, India's export to Nepal was decreased by 8.28 percent. Nepal is not only the importer of manufactured Indian products but also the exporter of raw materials to many industries in India. Due to the blockade it was assumed that certain Indian industries had to either face the shortage of raw materials or import raw materials at higher cost from other trading partners.

2) Strategic cost paid by India

The earthquake-hit economy that was further hampered by the Indian blockade started to look beyond India for external trade. Against the backdrop of blockade, the then Prime Minister of Nepal K.P. Sharma Oli at the official invitation of Chinese Prime Minister paid a weeklong official visit to the People's Republic of China. Following the official talks, the two Prime Ministers witnessed the signing ceremony of ten bilateral Agreements and Memorandum of Understandings concluded between Nepal and China (MoFA, March 21, 2016).

Among those Agreements and MoU's, Agreement on Transit Transport between two governments is of historic importance. The Agreement has paved the way for Nepal's third-country trade through the gateway of Chinese port for the first time in the country's history (Acharya, 2016). Although the Agreement did not have tangible benefit at the immediate moment, it is associated with historic geostrategic significance. It was the watershed moment in Nepal's foreign trade regime. Giving an interview to The Himalayan Times, the former Commerce Secretary of the Government of Nepal Mr. Purushottam Ojha highlighted the importance of this Agreement.

“It is definite that the transit service of China will be another gateway for Nepal's third-country trade, but it is the private sector that is the actual beneficiary and they must decide which route is easier and cost effective. While getting the overland transit service through China, there is a possibility of linking Central Asian countries like Kazakhstan, Kyrgyzstan and Uzbekistan. Therefore, once the Nepal border is connected with the Chinese railway system, it might be easier to transport goods to Central Asia and vice-versa. Secondly, Central Asian nations are rich in petroleum products, so maybe petroleum products could also be transported from there. I would say that the most important thing is whenever there is a very difficult situation like the

recent border blockade the transit facility granted by China can act as a safety valve to connect to the world. But our priority should be to make it a regular feature rather than just utilizing it as a safety valve. Another important aspect is we should not use the facility only for transit purposes. It should be utilized to enhance economic engagement between Nepal and China.” (Acharya, 2016)

Later the Protocol on Transit Transport Agreement was signed between Nepal and People’s Republic of China in 2019. This Protocol stipulated the procedural matters on operationalization of Transit Transport Agreement. With this China has offered Nepal three land ports and four sea ports for transit trade. Nepali cargoes are allowed to reach Shigatse. As per the agreement, Protocol on Transit Transport has come into effect since January 1st, 2020.

The blockade imposed by India triggered Nepali political leaders to think out of the box thereby compelling them to make deal with Chinese side. In fact, the anxiety of Indian establishment towards Chinese engagement and western activism in Nepal is somehow responsible for motivating India to impose a blockade on Nepal at the backdrop of the Madhesh movement. Ironically, this act in turn increased the Chinese engagement in Nepal. This can be assessed by analyzing the volume of foreign investment inflow during the period of blockade in comparison to the same period of previous year.

Table 4: Total inflow of foreign investment in Nepal during the blockade

Asoj-Magh	Total Amount of Foreign Investment (Rs. million)	
	India	China
FY 2071/72	33,863.28	1,129.37
FY 2072/73	218.31	703.97

Source: Department of Industry

If we analyze the total amount of Foreign Investment inbounds during the five months of blockade (that is Asoj-Magh) in comparison to the same period of the previous fiscal year 2071/72, the decline in foreign investment inbound from India is sharp in comparison to that from China.

Table 5: Foreign investment inflow from China and India during the last nine fiscal years

Fiscal Year	Foreign Investment (Rs. in million)	
	From India	From China
2068/69	2,298.00	986.03
2069/70	2,691.57	2,771.80
2070/71	6,540.83	7,334.44
2071/72	34,719.00	4,363.25
2072/73	1,969.41	6,291.81
2073/74	2,082.89	6,326.75
2074/75	5,098.81	46,531.94
2075/76	6,679.22	13,171.95
2076/77	3,897.09	25,582.65

Source: Department of Industry

In the years before the blockade, the inbound of foreign investment from India was encouraging in comparison to that from China. During the fiscal year 2072/73 foreign

investment from India dwindled substantially. Following the blockade, China stood first position in terms of foreign investment inbound in Nepal.

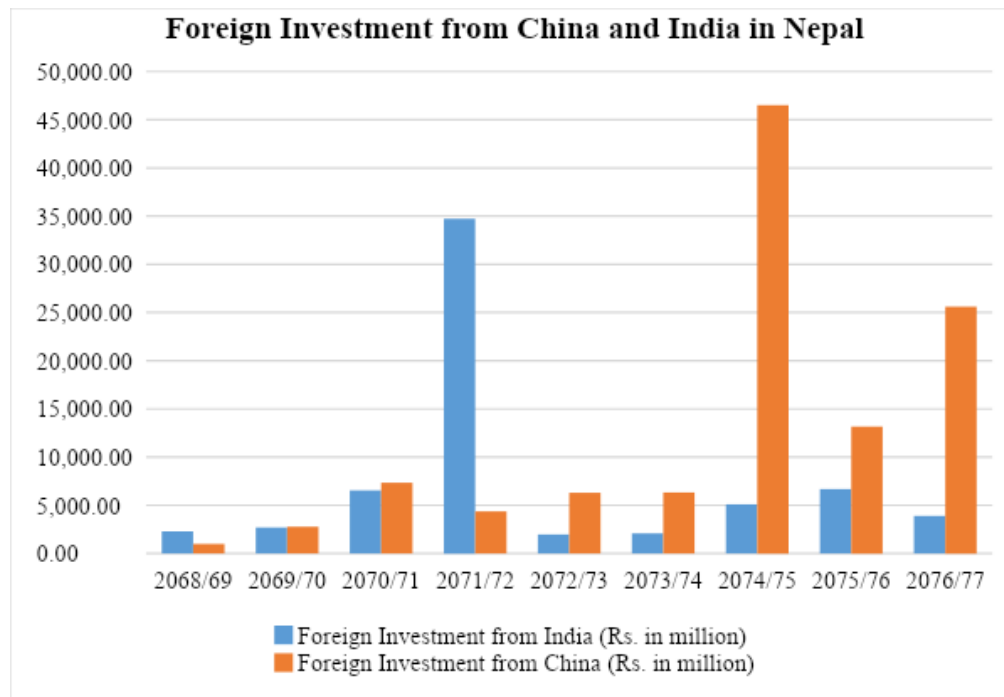


Figure 3: Graphical presentation of foreign investment inflow from China and India during the FY 2068/69-2076/77

Undoubtedly, the decrease of Indian investment in Nepal has a negative impact on the latter. However, the decreasing share of a country in the foreign investment regime of the neighboring economies (which is considered as a close ally) has strategic implications. Foreign investment is not only concerned with economic cooperation but also a part of economic diplomacy.

The above discussion reveals that India is a relatively powerful country in comparison to Nepal. Despite that fact, in the game of blockade, although Nepal had to bear direct cost in terms of human suffering, it is India that had to pay the strategic cost. In this

pretext, this phenomenon demands the alternative theoretical explanation in understanding Indian blockade on Nepal.

6.2. Asymmetry of Interest and Game Theory

While unequal partners may be able to trade complementary benefits, the more powerful ally generally gets what it prefers due to the lower opportunity costs of severing the relationship... (but) there are other forms of asymmetry which can shift the balance in favor of the less powerful ally (Shin, Izatt & Moon, 2016). Furthermore, Fearon (1994) argues that smaller states will choose to challenge bigger states where there is an asymmetry of interests that will give them a good chance of prevailing. Since a relationship between a small country and a big country is likely to be more important to the small country, there is likely to be an asymmetry of attention devoted to relations between two countries (Baldwin, 2016).

The interaction between (and moves by) Nepal and India were marked by incomplete information of each other. While trying to micromanage the Nepali politics at the last hour of constitution promulgation, it seems, India was unaware of the aspiration of Nepali people and post-earthquake political development. Previously, it was popularly believed that there was an active role of India in changing not only the regime in Kathmandu, but also the government. Historically, it is argued that the Indian blockade in 1989 was finally precipitated as the democratic transformation in Nepal. However, this time, India itself was not aware even of the leadership of the upcoming government and its policy towards India.

On the other hand, Nepali political leadership was not assuming *de facto* blockade by India in return for concluding the constitution promulgation process. Nepali leadership seems unaware also of the idiosyncrasies of Indian Prime Minister Narendra Modi. Narendra Modi had

accumulated a rapturous welcome in Kathmandu during his state visit to Nepal in August, 2014. He was the first Indian Prime Minister who paid a state visit to Nepal in the last 17 years. He addressed the Constituent Assembly of Nepal and drew a generous ovation from the lawmakers. His address touched the heart of most of the general public in Nepal. It was not expected in Nepal that such a leader would impose inhuman blockade against Nepal that was already devastated by the earthquake. This illustrates that Nepali people and political leaders suffered from incompleteness of information about India and Indian leadership.

In addition, blockade, by nature, is conflictual in nature. Blockade against any state takes place at the backdrop of souring relations between the sender and target countries. Hence, this game of blockade between Nepal and India can be modeled as a non-cooperative incomplete information game.

As examined by Harsanyi, Neumann and Morgenstern distinguished between Complete information game and Incomplete information game, but their own theory was more or less restricted to Complete information games (Harsanyi, 1995). As articulated by Neumann and Morgenstern, since their theory assumes “complete information,” they conclude...that those economic and social phenomena which are usually ascribed to the individual’s state of “incomplete information” have nothing to do with the individual’s “incomplete information” (Neumann and Morgenstern, 1953).

If the player has complete information of each other’s strategies and payoffs, they might select such strategies that can maximize his/her payoffs. In case of incomplete information, a player has to select his/her strategy as per the belief he/she has about the opponent’s intention. Due to this incompleteness of information about the possible strategies to be taken by contending parties, the game of blockade is forwarded in dynamic form.

“When the observable balance of interests favors the defenders, only a relatively resolved challenger will choose to threaten, implying that the defender’s effort at immediate deterrence will be relatively unlikely to succeed (contrary to the standard hypothesis). When the observable balance of capabilities favors the defender, challenges will tend to occur on issues that are of initially doubtful interest to the defender. Hence, due to the sender’s initial beliefs and choice of issues instead of defender’s advanced military power, the strong deterrent signal by the defender will be relatively likely to work in response.” (Fearon, 1994)

The blockade imposed by India against Nepal can be modeled as a four stage crisis and can be analyzed game theoretically. In the first stage India, a challenger to the status quo, imposed blockade against Nepal. Due to the blockade Nepal suffered from a humanitarian crisis. Unrest at the southern plain of Nepal by Madhes-based parties was already in place demanding amendment to the new constitution for ensuring their fair share of state structures. Meantime, The Indian Express revealed India’s points of concern over the new constitution that were officially, but secretly, conveyed to Nepali leadership. It was reported that in 2015 December 31, Prime Minister of Nepal and India did telephone talk in which the Prime Minister of India emphasized the importance of finding durable solutions to the political problems facing Nepal based on consensus or ‘sahmati’ (MEA, December 31, 2015). What was emphasized, although implicitly, by Indian Prime Minister was fulfilment of concerns raised by Madhes-based political parties.

However, Nepal did not submit to the Indian assertive move. Prime Minister of Nepal K.P. Sharma Oli instead of taking India into confidence, vowed an anti-India stance. While addressing the nation in November 15, 2015 Prime Minister Oli said:

“The blockade has clarified that we are highly dependent on one country or certain border points due to problems on conduct of relations with friendly countries, our under-developed status and

faulty decisions of the past. It has also clarified us that dependence rather than independence and imbalanced and unilateral trade rather than balanced and diversified trade relations are the fate that we are facing today. We should take lessons from it and open our eyes. Creating an independent and self-reliant economy through the Transformation of this fate into opportunity is our major responsibility.” (Oli, 2015)

This reflects that Nepal resisted the blockade imposed by India strongly. Besides, Nepal started to look north for supply of essentials. The then Deputy Prime Minister and Minister for Foreign Affairs of Nepal Kamal Thapa visited People’s Republic of China in December 2015 and discussed with his counterpart regarding the importation of petroleum products from China. Chinese side also expressed its willingness to seriously examine Nepal’s proposal and gave a friendly gesture of making available additional fuel to northern areas of Nepal (MoFA, December 25, 2015).

In the third step, despite the mounting humanitarian crisis and unshakable stance of political leadership in Nepal, India continued to block the border. As the cross-country crisis was deepening, India was expecting a request from Nepal for a formal deal to be forged so that the crisis can be settled. India was also confident that with the continuation of demonstration in the southern plain, the situation may demand India’s role as a mediator between Kathmandu and Terai, but that expectation was shattered due to Kathmandu’s continuous defamation of India’s role in the blockade.

So, Nepal did not forge any deal with India, but agreed to fulfill some demands of Madhes-based parties by amending the constitution. Taking into consideration the demands of the Madhes-based parties, Article 42 and Article 286 were amended (Koirala, 2016). With the new provision, the right of social justice is set to be guided by principle of proportional inclusion

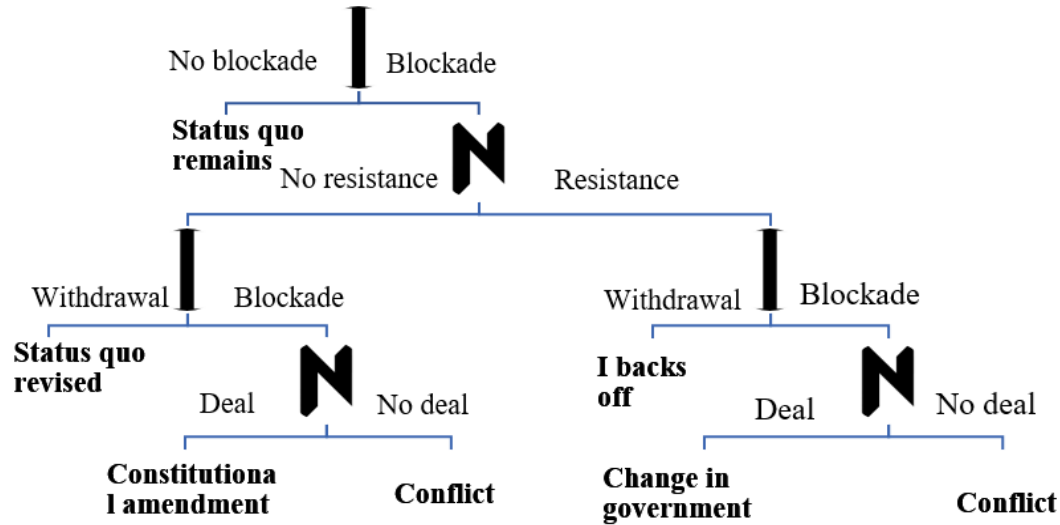
and the Constituency Delimitation Commission shall consider population the first priority and geography the second while fixing the number of constituencies.

This amendment was not made as per the seven points recommendation of India. Among the seven points communicated secretly by Indian side, only one point was addressed by the first amendment. Notably, that point (incorporation of the term principle of ‘proportional inclusion’ instead of just ‘principle of inclusion’ in the rights of social justice, Article 21 of the Constitution) was not the major concern of India behind the imposition of blockade. The issue of delimitation of constituencies was partially addressed.

6.2.1. Modeling the Game of Blockade

If India chose to welcome the newly promulgated constitution of Nepal and not to impose blockade, obviously, the status quo might prevail. At that condition, Nepal would have a constitution at hand and Nepal-India bilateral relations would be in normal course. For the sake of convenience, the expected utility of maintaining status quo can be taken as (0,0) (Fearon, 1994). The expected utility of adopting each move can be measured as change in the payoffs with reference to this normalized status quo utility.

As argued by James D. Fearon, in most crises, threatening or making a show of force generates an audience cost that a leader might suffer if he backs down later (Fearon, 1994). According to him three key variables define the state’s preferences over the several possible crisis outcomes: the state’s values for the issues at stake; the audience costs created by public displays of force; and the states’ values for the war (conflict) outcome. Taking this general idea from Fearon the Indian blockade against Nepal can be modeled as follows:



(Notation: 'I' represents India and 'N' represents Nepal)

Figure 4: Generalized tree of game of blockade imposed by India on Nepal

Based on the above modeling the game of blockade can be analyzed in terms of game outcomes. There might have six possible game outcomes which can be studied under two conditions as follows:

1. When Nepal submit to Indian blockade

After the imposition of blockade by India, Nepal is availed with two possible strategies: either resist the blockade or submit to it. Due to the incompleteness of information, Nepal was not aware of what India would do after its move. Nepali political leaders had to adopt strategies as per their beliefs based on their past experiences. Suppose, Nepal chose not to resist the Indian blockade and halt the constitution implementation process, there might have three possible outcomes.

a) Withdrawal of blockade

When Nepal chose not to resist the Indian blockade, India might have two possible strategies: either to withdraw the blockade or to continue the blockade. As argued

by James D. Fearon, in most crises, threatening or making a show of force generates audience costs that a leader might suffer if he backed down later (Fearon, 1994). If India chose to withdraw the blockade after no resistance from Nepal, India would bear a small cost which in turn could be enjoyed by Nepal. During this course, Nepal could have a constitution but imposition of the blockade might taint the image of India in the international arena which it would have to incur in terms of audience cost. Let's assume the cost incurred by India and leverage enjoyed by Nepal as (x) , resulting in the set of payoff as $(-x, x)$.

b) Deal with India

If India did not withdraw the blockade even after no resistance from Nepal, two mutually exclusive strategies would be available for Nepal: either to deal or not to deal with India. If Nepal chooses to deal with India, Nepal could have to incur certain cost, possibly by compromising the issue at stake. At this situation the Government of Nepal might have to amend the constitution as per the interest of India. It is reasonable to assume that two countries value the issue at stake differently. Hence Nepal had to forego its value for the issue at stake (let say c_n), and India could enjoy its value for the issue at stake (let say c_i). Then the payoff set for India and Nepal might be $(c_i, -c_n)$.

c) No deal with India

Another possible situation was that Nepal did not deal with India even when the latter continued the blockade despite the former's non-resistance. Under this condition, the future course of the game might lead towards conflict between two

countries. Let us assume that the expected utility for India and Nepal when later did not forge a deal with the former might be (d_i, d_n) .

2. When Nepal resist Indian blockade

At the outset, as previously mentioned, Nepal had two possible strategies: either to resist or not to resist the blockade. But, in reality Nepal chose the first strategy. When Nepal resisted the blockade, India was availed with two possible strategies: either to withdraw or to continue the blockade. Based on the choice of India, there were three possible outcomes:

a) Withdraw the blockade

As mentioned already, show of force generates audience costs. If India chose to withdraw the blockade after resistance from Nepal, India had to incur audience cost for adopting coercive measures against a friendly neighbor. The audience cost would be paid either in the form of domestic criticism or in the form of foreign policy failure or both. In the game of bilateral interaction, the audience cost incurred by one actor provides leverage for the other one. It is also equally important to note that different actors value certain audience cost differently. Let the audience cost suffered by India when it withdraws the blockade after resistance from Nepal is r_i and Nepal values this audience cost as r_n . Then the expected utility for India and Nepal with reference to the normalized status quo payoff is $(-r_i, r_n)$.

b) Deal with India

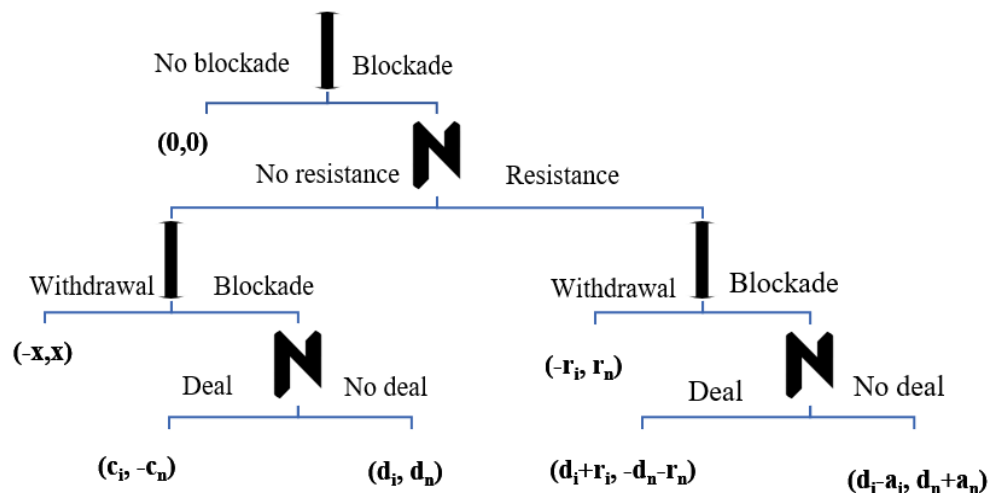
Even after the resistance from the Nepal side, India continued her blockade. Under this circumstance, Nepal had two possible strategies: either to deal or not to deal with India. If Nepal chose to deal with India at the backdrop of consistent

imposition of blockade, the former had to incur huge costs. First, Nepal had to lose the issue at stake. Second, Nepal had to incur audience cost for mobilizing the resources in resisting the blockade initially and forging the deal at the last. In this situation, the expected utility of India and Nepal could be $(d_i+r_i, -d_n-r_n)$.

c) No deal with India

Despite all these aforementioned possibilities Nepal chose not to forge a deal with India. As already discussed, the issue at stake is highly important for Nepal and the observable balance of interest was in favor of Nepal. Nepal was not at the position to avoid resistance since the very start of the game. So, Nepal keeps on resisting Indian blockade. When Nepal avoided to forge a deal with India by resisting the blockade, the expected utility of India for not forging the deal was reduced and that of Nepal was increased. Let us assume the value of resistance for Nepal and India were a_n and a_i respectively. Hence the expected utility of India and Nepal when the latter chose not to forge a deal with the former can be represented as (d_i-a_i, d_n+a_n) .

Based on the above discussion, the payoff three of the sequential game of blockade can be represented as follows:



(Notation: 'I' represents India and 'N' represents Nepal)

Figure 5: Generalized payoff tree of game of blockade imposed by India on Nepal

The figure 5 shows, if Nepal kept on resisting the blockade without forging a deal with India, the expected utility of the former increased and that of the latter reduced. So, resisting the blockade was preferable to Nepal. Finally, the 2*2 matrix mentioned in the Chapter 3 (figure 1) is converted as:

		Asymmetry of interest	
		Low ($I \approx N$)	High ($I < N$)
Asymmetry of power	Low ($I \approx N$)	Negotiation	Persuasion by N
	High ($I > N$)	Compromise by N	<u>Resistance by N</u>

(Notation: 'I' represents India and 'N' represents Nepal)

Figure 6: Result of 2015 Indian blockade on Nepal

The avoidance of Nepal to forge a deal with India can be explained in terms of asymmetry of interest. When the interest variable becomes predominant in the game, Nepal which is favored by interest variable keeps on resisting the Indian blockade, although the latter is asymmetrically favored by power. If Nepal goes on resisting, the expected utility of India goes on decreasing and that of Nepal goes on increasing. The generalized payoff matrix in the chapter 3 (figure 2) now can be represented as:

		Nepal	
		Cooperation	Defect
India	Cooperation	$a_1, b_1 (a_1 \approx b_1)$	$a_3, b_3 (a_3 < b_3)$

	Defect	$a_2, b_2 (a_2 > b_2)$	$a_4, b_4 (a_4 < b_4)$
--	--------	------------------------	------------------------

Figure 7: Generalized payoff matrix of Indian blockade on Nepal

Due to the importance of the issue at stake and the core national interest associated with it, Nepal did not compromise with India. As the aforementioned discussion reveals, the cost of forging a deal with India might be paid in two forms: first losing the issue at stake. Second, incurring the audience cost. The former refers to the amendment of constitution as per the Indian interests. Incorporating Indian concerns in the constitution might create challenges for the sovereignty and national integrity of Nepal. Besides, due to the huge amount of audience cost, the nationalist government in Kathmandu might be changed. But, due to the observable balance of interest in favor of Nepal, it resisted the blockade initially and avoided to forge a deal with India till the last moment.

Chapter 7. Conclusion

In any inter-state interaction, both power and interest variables play an equivalent role. When India favored by power and Nepal favored by interest variables interacted, the result of the interaction depended on the dominant variable. In the case of 2015 Indian blockade on Nepal, the interest variable became dominant over power variable.

In this situation, continuation of conflicting relations would give lesser degree of payoff for India and Nepal would get more leverage in the international arena. So the payoff equation may turn as ($b_4 > a_4$). Realizing this payoff, India chose not to continue the blockade but to withdraw it even though there was no deal with Nepal.

Hence smaller states find it hard to compromise on core issues of national interest despite coercion from the larger power. They are instead willing to bear the direct costs of coercive measures imposed by the larger power. Furthermore, larger power could back down if the issue at stake is not of vital interest and primary concern.

Recommendation for future research

This study is concerned with inter-state interaction. However, different domestic factors responsible for the game of blockade are not taken into consideration. So, further research is required to analyze the role of wholly domestic factors in the equation.

References

- Acharya, P. (March 28, 2016). Transit Transport Agreement should be utilized to enhance economic engagement between Nepal and China. *The Himalayan Times*. Retrieved from <https://thehimalayantimes.com/business/transit-transport-agreement-utilised-enhance-economic-engagement-nepal-china/>
- Aryal, J. (2019). *The nature and impacts of 2015 Indian unofficial blockade in Nepal* (unpublished Master's thesis). Norwegian University of Life Sciences, Oslo, Norway). Retrieved from https://nmbu.brage.unit.no/nmbu-xmlui/bitstream/handle/11250/2618546/Master%27s%20Thesis_%20May%202019_Jhaba%20Aryal_Final.pdf?sequence=1&isAllowed=y
- Attanasi, G., Garcia-Gallego, A., Georgantzis, N. & Montesano, A. (2015). *Bargaining over strategies of non-cooperative games*. Retrieved from <https://www.mdpi.com/2073-4336/6/3/273>
- Baldwin D. (2016). *Baldwin on Womack, 'Asymmetry and International Relationships*. Retrieved from <https://networks.h-net.org/node/28443/reviews/147607/baldwin-womack-asymmetry-and-international-relationships>
- Banglar Manabadhikari Suraksha Manch (MASUM). (2016). *Report on fact-finding on impact of blockade along Indo-Nepal border*. Retrieved from <https://www.forum-asia.org/uploads/wp/2016/07/Fact-Finding-Report-on-Nepal-Final.pdf>
- Baylis, J., Smith, S. & Owens, P. (2007). *The globalization of world politics: An introduction to international relations*. New York, N.Y: Oxford University Press

- Bhadrakumar, M. (July 25, 2016). *India's decisive role to topple Oli-led government in Nepal*. *Nepal Foreign Affairs*. Retrieved from <https://nepalforeignaffairs.com/indias-decisive-role-to-topple-oli-led-government-in-nepal/>
- Bhattacharjee, K. (January 2, 2016). MP's panel grills Jaishankar on Nepal crisis. *The Hindu*. Retrieved from <https://www.thehindu.com/news/national/MPs%E2%80%99-panel-grills-Jaishankar-on-Nepal-crisis/article13975576.ece>
- Bhattarai, K. (June 8, 2020). Twin private bills: Indian interest or Madhesi aspiration. *The Annapurna Express*. Retrieved from <https://theannapurnaexpress.com/news/twin-private-bills-indian-interest-or-madhesi-aspiration-2553>
- Bhattarai, P. (2018). *Negotiating between unequal neighbours: India's role in Nepal's recent constitution-making process*. Frankfurt: Peace Research Institute
- Bhattarai, R. & Wagle, G. (2010). *Emerging Security Challenges of Nepal*. Kathmandu, Nepal Institute for Policy Studies.
- Bhattarai, T. (October 5, 2015). Remembering the 1989 blockade. *Nepali Times*. Retrieved from <http://archive.nepalitimes.com/article/from-nepali-press/Remembering-the-1989-blockade,2651>
- Biersteker, T. & Bergeijk, A. (2015). *How and When Do Sanction Work? The Evidence*, ISS Report No. 25
- Bock, A. & Henneberg, I. (2013). Why balancing fails: Theoretical reflections on Stephan M. Walt's Balance of Threat theory. *SSRN Electronic Journal*. <https://doi.org/10.2139/ssrn.2409228>

- Bone, J., Wallace, B., Bshary, R., Raihani N. (2015). The Effect of Power Asymmetries on Cooperation and Punishment in a Prisoner's Dilemma Game. *PLOS ONE*. <https://doi.org/10.1371/journal.pone.0117183>
- Brams, S. (2001). Game theory and the Cuban missile crisis. *Plus Magazine*. Retrieved from <https://plus.maths.org/content/os/issue13/features/brams/index>
- Budhathoki, S. & Gelband H. (2016). *Manmade earthquake: The hidden health effects of blockade-induced fuel crisis in Nepal*. *BMJ Global Health*. Retrieved from <https://gh.bmj.com/content/bmjgh/1/2/e000116.full.pdf>
- Caruso, R. (2003). *The impact of international economic sanctions on trade: An empirical analysis*. Amsterdam, European Peace Science Conference
- Chand, D. (2018). Trade embargo as a geopolitical tool: A case of Nepal-India trade relations. *Polish Political Science Review*. 6(1). <https://doi.org/10.2478/ppsr-2018-0004>
- Dahal, R. (2012). *Nepal-India Relations*. In Bhattarai, S. (Ed.), *International Relations and Foreign Affairs* (pp. 347-370). Kathmandu, Sopan Monthly
- Das, D. (2019). India's neighborhood Policy: Challenges and Prospects. *Jindal Journal of International Affairs*, Vol. 4, Issue 1
- Dunne, T. & Schmidt, B. (2008). Realism. In J. Baylis, S. Smith & P. Owens (Eds.), *Globalization of world politics* (4th ed.). Oxford, Oxford University Press
- Elliot, K., Hufbauer, G., & Oegg, B. *Sanctions*, The Library of Economics and Liberty. Retrieved from <https://www.econlib.org/library/Enc/Sanctions.html>
- Elliott, K. & Hufbauer, G. (1999). Same Song, Same Refrain? Economic Sanctions in the 1990's. *The American Economic Review*, 89(2), 403-408. Retrieved from <http://www.jstor.org/stable/117144>

- Fearon, J. (1994). Domestic Political Audiences and the Escalation of International Disputes. *The American Political Science Review*, 88(3), 577-592. <https://doi.org/10.2307/2944796>
- Fearon, J. (1994). Signaling versus the Balance of Power and Interests: An Empirical Test of a Crisis Bargaining Model. *The Journal of Conflict Resolution*, 38(2), 236-269. Retrieved from <http://www.jstor.org/stable/174295>
- Fey, M. & Ramsay, K. (2011). Uncertainty and Incentives in Crisis Bargaining: Game-Free Analysis of International Conflict. *American Journal of Political Science*, 55(1), 149-169. Retrieved from <http://www.jstor.org/stable/25766260>
- Foreign Secretary S Jaishankar meets senior Nepali leaders. (September 18, 2015). *The Economic Times*. Retrieved from <https://economictimes.indiatimes.com/news/politics-and-nation/foreign-secretary-s-jaishankar-meets-senior-nepali-leaders/articleshow/49013606.cms>
- Four parties agree to promulgate new constitution by August 10. (July 25, 2015). The Kathmandu Post. Retrieved from <https://kathmandupost.com/miscellaneous/2015/07/25/4-parties-agree-to-promulgate-new-constitution-by-august-10>
- Friedman, G. (2018). War and the Asymmetry of Interests. *Geopolitical Futures*. Retrieved from <https://geopoliticalfutures.com/war-asymmetry-interests/>
- Gurung, A. (2017). *The Madhesi movement in Nepal: A study on social, cultural and political aspects, 1990-2015* (Unpublished doctor of philosophy dissertation). Sikkim University, Sikkim
- Hachhethu, K. (2007). *Madhesi nationalism and restructuring the Nepali state*. International seminar on 'Constitutionalism and Diversity in Nepal'. Kathmandu, Nepal

- Haran, V. (2017). Challenges in India's neighborhood policy. Retrieved from <https://www.mea.gov.in/distinguished-lectures-detail.htm?674#:~:text=Policy%20of%20Govt%20of%20India,other%20countries%20in%20the%20neighborhood.>
- Harsanyi, J. (1995). Games with Incomplete Information. *The American Economic Review*, 85(3), 291-303. Retrieved from <http://www.jstor.org/stable/2118175>
- Hindu state: Message of Modi. (February 26, 2016). *Annapurna Post*. Retrieved from http://annapurnapost.com/News.aspx/story/33455?fbclid=IwAR3g19awsBGUQILDaVRnf mLHQK_ihMMRFJcPWh1JoN_FoPXs401UIe_lrL4
- Hufbauer, G., Schott, J., & Elliot, K. (1990). *Economic Sanction reconsidered: History and current policy*. Washington DC: Institute for International Economics
- Jaleel, M. (October 4, 2015). Why Bihar is tracking a group of protesters on a border bridge? *The Indian Express*. Retrieved from <https://indianexpress.com/article/india/politics/why-bihar-is-tracking-a-group-of-protesters-on-a-border-bridge/>
- Jha, D. (2010). *Armed conflict and security in the Terai*. In Rajan Bhattarai & Geja Sharma Wagle (Eds.). *Emerging security challenges of Nepal*, (pp. 349-384). Kathmandu, Nepal Institute for Policy Studies
- Jha, P. (February 19, 2016,). Welcome PM Oli, but don't forget what India wants from Nepal. *Hindustan Times*. Retrieved from <https://www.hindustantimes.com/analysis/welcome-pm-oli-but-don-t-forget-india-what-wants-from-nepal/story-Mu9I3EeSxBeagQv2nVJt1H.html>
- Jha, P. (September 20, 2015). How India was both right and wrong on Nepal. *Hindustan Times*. Retrieved from <https://www.hindustantimes.com/analysis/how-india-was-both-right-and-wrong-on-nepal/story-rnWkh9DU7dk8kSIHE1KceJ.html>

- Kaempfer, W., Lowenberg, A. (2007) *Political Economy of Economic Sanctions*. Retrieved from <http://www.sfu.ca/~schmitt/sanctions.pdf>
- Keohane, R. & Nye, J. (2011). *Power and interdependence*. Boston: Pearson
- Koirala, K. (January 23, 2016). Nepal makes first amendment of its constitution four months after promulgation. *The Himalayan Times*. Retrieved from <https://thehimalayantimes.com/nepal/breaking-nepal-makes-first-amendment-of-its-constitution/>
- Koirala, K. (September 20, 2015). Constituent Assembly's ultimate meeting promulgates Nepal's constitution 2072. *The Himalayan Times*. Retrieved from <https://thehimalayantimes.com/kathmandu/constituent-assemblys-ultimate-meeting-begins/>
- Kosenkov, K. (2015). *Global Fire Power 2015*. Retrieved from <https://knoema.com/ssmsxvd/global-firepower-2015>
- Leventoglu, B. (2012). *Crisis Bargaining without mediation*. Retrieved from <http://people.duke.edu/~bl38/articles/CrisisBargaingWithoutMediation.pdf>
- Levin, J. (2002). *Games of Incomplete Information*. Retrieved from <http://web.stanford.edu/~jdlevin/Econ%20203/Bayesian.pdf>
- Long, T. (2017). It's not the size, it's the relationship: From 'small states' to asymmetry. *International Politics*. NY: Palgrave Macmillan
- Majumder, S. (September 22, 2015). Why India is concerned about Nepal's constitution. *BBC News*. Retrieved from <https://www.bbc.com/news/world-asia-india-34313280>
- Marossi, A. & Bassett, M. (2015). *Economic sanctions under international law: Unilateralism, multilateralism, legitimacy, and consequences*. The Hague: T.M.C. Asser Press

- Mehta, N. (May 11, 2017). India did not welcome the new constitution of Nepal, but it must now stand on the side of local elections. *Times of India*. Retrieved from <https://timesofindia.indiatimes.com/blogs/academic-interest/india-did-not-welcome-the-new-constitution-of-nepal-but-it-must-now-stand-on-the-side-of-local-elections/>
- Miklian, J. (2009). Illicit trading in Nepal: Fueling South Asian terrorism. *International Peace Research Institute, Oslo*. South Asian Briefing Paper No. 3
- Modi sends Jaishankar as special envoy on the eve of constitution commencement (September 17, 2015). *The Himalayan Times*. Retrieved from <https://thehimalayantimes.com/kathmandu/modi-sends-jaishankar-as-special-envoy-on-the-eve-of-constitution-commencement/>
- Moorthy, N. (March 7, 2020). India's traditional sphere of influence and the importance of 'Indo-Pacific'. *Observer Research Foundation*. Retrieved from <https://www.orfonline.org/expert-speak/indias-traditional-sphere-of-influence-and-the-importance-of-indo-pacific-62020/>
- Moravcsik, A. (1997). Taking Preferences Seriously: A Liberal Theory of International Politics. *International Organization*, 51, pp 513-553. <https://doi.org/10.1162/002081897550447>
- Mukherjee, A. (2014). *India as a net security provider: Concept and impediments*. Singapore, RSiS, Nanyang Technological University
- Muni, S. (March 28, 2016). No zero sums in this great game. *The Hindu*. Retrieved from <https://www.thehindu.com/opinion/lead/no-zero-sums-in-this-great-game/article8402444.ece>
- Murphy, P. (1991) Game Theory Models for Organizational/Public Conflict. *Canadian Journal of Communication*. Vol 16, No 2 (1991)

Narayan, R. (December 25, 2015). Spectacular incompetence in Nepal policy. *The Statesman*.

Retrieved from <https://www.thestatesman.com/opinion/spectacular-incompetence-in-nepal-policy-112693.html>

Nepal will be 'Hindu state' if Modi takes power: VHP. (2014, April 1). *24*7 Newstrack*. Retrieved

from <http://newstrack24x7.com/nepal-will-be-hindu-state-if-modi-takes-power-vhp/>

Nepal's constitution building process- 2006-2015: Progress, challenges and contributions of international community. (2015). Stockholm: Sweden, International Institute for Democracy and Electoral Assistance

Nepali killed as Indian border security personnel open fire. (March 9, 2017). *The Himalayan*

Times. Retrieved from <https://thehimalayantimes.com/nepal/nepali-killed-indian-border-security-personnel-open-fire-kanchanpur/>

Nepal Transit and Warehousing Company Limited. (2010). Treaty of trade, treaty of transit and

trade related agreements between Government of Nepal and Neighboring Countries (India, People's Republic of China and Bangladesh). Retrieved from <https://www.tepc.gov.np/tradeagreement/Treaty%20of%20Trade%20and%20Transit%20Final.pdf>

Neumann, J. & Morgenstern, O. (1953). *Theory of Games and Economic Behavior*. London:

Geoffrey Cumberlege- Oxford University Press

Nexon, D. (2009). The balance of power in the balance. *World politics*.

<https://doi.org/10.1017/S0043887109000124>

Otgonbayer, Y. (1998). Limited Player's Game: Psychological Aspects. *The Mongolian Journal*

of International Affairs. Number 5, 1998, Pages 20-37.

<https://doi.org/10.5564/mjia.v0i5.363>

- Pal, J. Mistree, D. & Madhani, T. (2017). *A friendly neighborhood Hindu: Tempering populist rhetoric for the online brand of Narendra Modi*. Retrieved from <https://web.stanford.edu/~dmistree/HinduMod-cedem-2.pdf>
- Pant, B. (2018). Socio-economic impact of undeclared blockade. *Research Nepal Journal of Development Studies*. <https://doi.org/10.3126/rnjds.v1i1.21270>
- Pape, R. (1997). Why economic sanctions do not work? *International Security*. Vol. 22, Issue 2
- Paul, J. & Akhtar, S. (1998). Sanction: Analysis. *Global Policy Forum*. Retrieved from <https://www.globalpolicy.org/component/content/article/202-sanctions/41612-sanctions-an-analysis.html>
- Paul, T. (2004). Introduction: *The enduring axioms of balance of power theory and their contemporary relevance*. In T.V. Paul, James J. Wirtz, & Michel Fortmann (Eds.). *Balance of power: Theory and practice in the 21st century*. California, Stanford University Press
- Pomeranz, L. (2017). *Economic Sanctions as Political Instrument in International Relations: the case of the Russian Federation*. Retrieved from http://repositorio.ipea.gov.br/bitstream/11058/7389/1/TdM_v3_n1_Economic.pdf
- Pradiptyo, R. (2007). Does punishment matter? A refinement of the inspection game. *Review of Law and Economics*. Vol.3, Issue 2. <https://doi.org/10.2202/1555-5879.1099>
- Pradiptyo, R. (2011). *Game Theoretical Analysis of Economic Sanction*. SSRN Electronic Journal Press Release. Media Center. *Ministry of External Affairs*. Government of India. https://www.mea.gov.in/press-releases.htm?51/Press_Releases
- Press Release. *Ministry of Foreign Affairs*. Government of Nepal. <https://mofa.gov.np/category/press-release/>

- Prisner, E. (2014). *Game Theory through examples*. *The Mathematical Association of America*
Washington D.C.: The Mathematical Association of America
- Rapoport, A. (1974). *Game theory as a theory of conflict resolution*. Boston: D. Reidel Pub. Co.
- Rasgotra, M. (2016). *A Life in Diplomacy*. Haryana, India: Penguin Group
- Roy, S. (2015, September 24). Make seven changes to your Constitution: India tells Nepal. *The Indian Express*. Retrieved from <https://indianexpress.com/article/world/neighbours/make-seven-changes-to-your-constitution-address-madhesi-concerns-india-to-nepal/>
- Shidiqi, K., Pradipto, R. (2011). A game theoretical analysis of economic sanction. *SSRN Electronic Journal*. <https://doi.org/10.2139/ssrn.1769423>
- Shin, G., Izatt, H. & Moon, R. (2016). Asymmetry of power and attention in alliance politics: the US-Republic of Korea case. *Australian Journal of International Affairs*. Vol. 70, Issue 3. <https://doi.org/10.1080/10357718.2015.1113228>
- Simkhada, S. (2018). *Nepal India China: Relations in the 21st century*. Kathmandu, Shambhu Ram Simkhada
- Simko, J. (2019). *International conference knowledge-based organization*. Vol. XXV, No. 1. pp. 144-149. <https://doi.org/10.2478/kbo-2019-0024>
- Singh, M. (May 23, 2013). *PM's speech at the foundation stone laying ceremony of the Indian National Defense University at Gurgaon*. Retrieved from <https://archivepmo.nic.in/drmanmohansingh/speech-details.php?nodeid=1316>
- South Asians for Human Rights. (2018). *Nepal blockade: A humanitarian crisis amidst diplomatic kerfuffle*. (2016). Retrieved from <http://www.southasianrights.org/wp-content/uploads/2016/06/Report-on-the-Fact-Finding-Mission-to-Nepal.pdf>

- Tellis, A. (2015). *Foundations of national power in the Asia-Pacific*. Washington D.C., USA: The National Bureau of Asian Research
- Tharoor, S. (2015, October 14). India's Nepal Mess: Result of a Mix of Arrogance and Ineptitude. *The Quint*. Retrieved from <https://www.thequint.com/voices/opinion/indias-nepal-mess-result-of-a-mix-of-arrogance-and-ineptitude>
- The Christian Science Monitor. (2015). *Why India is upset about Nepal's new Constitution?* Retrieved from <https://www.csmonitor.com/World/Global-News/2015/0921/Why-India-is-upset-about-Nepal-s-new-constitution>
- The Nepal Gameplan* (The secret report published in India Today in 2000). Retrieved from <https://archive.org/details/TheNepalGameplan/mode/1up>
- Toft, P. (2005). John Mearsheimer: An offensive realist between geopolitics and power. *Journal of International Relations and Development*, 2005, 8, (381-408). <https://doi.org/10.1057/palgrave.jird.1800065>
- Treaty of Transit, 1999*, Nepal-India, Jan. 5, 1999
- Treverton, G. & Jones, S. (2005). *Measuring National Power*. California: US. RAND Corporation
- Tsebelis, G. (1990). Are Sanctions Effective? A Game-Theoretic Analysis. *The Journal of Conflict Resolution*, 34(1), 3-28. Retrieved from <http://www.jstor.org/stable/174132>
- United Nations Convention on the Law of the Sea. (December 10, 1982). Retrieved from https://www.un.org/depts/los/convention_agreements/texts/unclos/unclos_e.pdf
- Upadhyaya, S. (2019). *Nepal and the Geo-Strategic Rivalry between China and India*. New York:USA, Routledge Taylor & Francis Group

- Vu, T. & Miller, E. (2009). The Vietnam war as a Vietnamese war: Agency and society in the study of the second Indochina war. *Journal of Vietnamese Studies*.
<https://doi.org/10.1525/vs.2009.4.3.1>
- Wallensteen, P. (2000). A century of economic sanctions: A field revisited. *Upsala Peace Research Papers* No.1
- Walt, S. (1985). Alliance Formation and the Balance of World Power. *International Security*, 9(4), 3-43. <https://doi.org/10.2307/2538540>
- Womack, B. (2016). *Asymmetry and International Relationships*. NY: Cambridge University Press
- Yu, J. Kilgour D. Hipel, K. Zhao M. (2015), Power asymmetry in conflict resolution with application to a water pollution dispute in China. *Water Resource Research*, 51, 8627-8645. <https://doi.org/10.1002/2014WR016257>.
- Zagare, F. (2014). *A Game-Theoretical History of the Cuban Missile Crises*. *Economies* 2014,2, 20-44. <https://doi.org/10.3390/economies2010020>
- Zagare. F. & Slantchev B. (1984). *Game Theory and Other Modeling Approaches*.
<https://doi.org/10.1093/acrefore/9780190846626.013.401>