International Journal of Education, Modern Management, Applied Science & Social Science (IJEMMASSS)
An International Quarterly bi-lingual Multidisciplinary Double Blind Open Access Peer Reviewed Refereed Journal
ISSN:2581-9925, Impact Factor (Cosmos: 7.555 & I2OR: 5.105), Volume 08, No. 03(III), July-September, 2026, pp. 250-255

India's Neighbourhood First Policy: A Critical Study of Relations with Sri Lanka, Nepal, and Bangladesh

Dr. Pritam Raj*

Associate Professor, Political Science, LBS Government College Kotputli.

*Corresponding Author: pritamraj.8121983@gmail.com

Citation: Raj, P. (2026). India's Neighbourhood First Policy: A Critical Study of Relations with Sri Lanka, Nepal, and Bangladesh. International Journal of Education, Modern Management, Applied Science & Social Science, 08(03(III)), 250–255.

ABSTRACT

The Neighbourhood First approach of India was launched in 2014 and aims to prioritize relations with South Asian neighbours via connectivity, trade, development aid, and diplomatic engagement. This study offers a critical assessment of the implementation of this policy regarding Sri Lanka, Nepal, and Bangladesh using the qualitative multiple case study design with thematic analysis, and assisted by the asymmetry index using World Bank data and events chronology extracted from secondary sources. It is concluded that India's physical size and significance offer practical potential for cooperation in connectivity, energy, and crisis management; however, they also result in perception of dominance, which neighbours neutralize using China and sovereignty claims. Cooperation with India varies depending on the neighbour in question: it has been most intensive with Bangladesh, most unstable with Nepal, and most contingent on economic conditions with Sri Lanka. In conclusion, success of the policy is determined not so much by generosity of India as by reciprocity, consistency, and domestic context of neighbours.

***Keywords**: Neighbourhood First, India, Sri Lanka, Nepal, Bangladesh, Regional Power, Asymmetry.*

Introduction

A nation can never feel safe or prosperous if its neighbourhood is insecure. This principle has always been applied by India, whose land or maritime boundaries touch seven nations in South Asia, to formulate its foreign policy. "Neighbourhood First" policy provided it with a name after Prime Minister Modi extended invitations to the leaders of South Asian nations at his oath-taking ceremony in May 2014. It rests on the previous concepts, especially the Gujral Doctrine of the 1990s, which advocated extending advantages to smaller neighbours without demanding reciprocity (Dixit, 2003; Hall, 2019).

However, there have been instances where India has provided huge credit lines, infrastructure for power and transport, as well as emergency assistance; but relations with its neighbors have seen issues like border clashes, water conflicts, trade restrictions, and interference in domestic politics. China's rising influence has complicated matters even further. The main research question will be: How effective has Neighbourhood First strategy been for handling India's relations with Sri Lanka, Nepal, and Bangladesh, and why does it vary? The main goals include understanding the concept of India's regional foreign policy approach, comparing the three countries based on some common features, and finding out the reasons for success and failure. Section 2 will discuss the conceptual framework, Section 3 the methodology used, while Sections 4 to 8 will deal with the analysis, followed by the discussion and conclusion in Sections 9 and 10.

* *Copyright © 2026 by Author's and Licensed by Inspira. This is an open access article distributed under the Creative Commons Attribution License which permits unrestricted use, distribution, and reproduction in any medium, provided the original work properly cited.*

Conceptual Framework

India happens to be the largest state in South Asia, and there are different approaches to analyzing the behavior of regional powers in the literature. According to Destradi (2012), strategies of empire, hegemony, and leadership differ based on the amount of coercion involved as well as whether the interests pursued are common or national, and India has adopted various strategies in accordance with the issue and neighboring state concerned. India is viewed as an emerging power with neighbors who fear dominance by India in the literature according to Cohen (2001).

Asymmetric relationship theories provide another way of analyzing the situation. Smaller states in the face of a larger neighbor tend to be insecure and adopt either balance of power strategy, bandwagoning, or hedging strategy (Handel, 1990). Keohane (1969) pointed out that small states have the ability to exert influence disproportionate to their strength through alliances and rivalry among the large powers. In addition, the idea of soft power proposed by Nye (2004) shows that even a larger state can use attraction and legitimacy in addition to coercion in order to create influence. Therefore, the reaction of India's neighbors depends not only on the material gains that India provides but also on the manner in which it provides them.

Research Methodology

The methodology employed is that of qualitative multiple case studies, where each of the three cases is analyzed and compared against shared themes. The cases, namely, Sri Lanka, Nepal, and Bangladesh, have been selected on the basis of differences between them in terms of size, politics, and geography but similar in terms of importance of the region to India and their cooperation/strife with India. There are several examples by Brewster (2014) and Destradi (2012) for the methodology used.

The analysis involves a thematic coding of secondary sources that consist of academic books, think tank reports, and press coverage of significant events. There are four themes that help in organizing the comparison: connectivity and trade, security and sovereignty, water and energy, and the China factor. Two supplementary devices are used in the research. Firstly, the asymmetry index is computed as a ratio of India's gross domestic product to that of the neighbors based on the World Bank (2022) statistics for 2022. Secondly, an event chronology provides the chronological arrangement of significant events. The research has certain weaknesses. In particular, it uses secondary sources without any interviewees or primary sources; the asymmetry index reflects only economic asymmetry; and the analysis of the events can be disputed. The developments since 2022 are analyzed cautiously as the relationships change continuously.

The Neighbourhood First Policy in Context

Neighbourhood First is more of an approach than a doctrine. This approach focuses on connectivity in the form of roads, rail links, ports, waterways, and power grids. The policy focuses on integration between the economies of the region and India. This is achieved via development partnerships involving lines of credits and grants, people-to-people contacts and readiness to extend assistance during a crisis situation. According to Chaulia (2016) and Pant (2016), there is another element of strategy behind the policy, and that is that closer relations with neighbouring countries create room for India in the neighbourhood, thereby securing its borders and approaches. Subregional initiatives such as the motor vehicle agreement in 2015 between Bangladesh, Bhutan, India and Nepal and cooperation in the Bay of Bengal are attempts to circumvent the paralysis of the South Asian Association for Regional Cooperation.

The maritime aspect of India's neighborhood policy has become increasingly relevant. The year 2015 saw the formulation of the doctrine of Security and Growth for All in the Region (SAGAR), which considers the Indian Ocean as a domain for cooperative security, disaster management and economic activity. This presents both an opportunity for deepened cooperation and a challenge of naval presence, as well as involvement in great power rivalry in the Indian Ocean for island and coastal neighbors like Sri Lanka and Bangladesh (Mohan, 2012).

However, along with opportunities there come constraints. There are interests in India's own border areas, as evidenced by the impact of state level politics on river water sharing with Bangladesh. Cooperation with India is often problematic in neighboring countries from the domestic politics perspective because opposition may present collaboration with India as a sign of subservience. Khilnani et al. (2012) stressed that India needs to strike the balance between generosity and firmness in managing its neighborhood without looking like an interfering party.

Asymmetry and Capabilities

The relationship between India and its neighbours is shaped by large differences in size. Figure 1 compares the four countries by economic scale, income per person, and population.

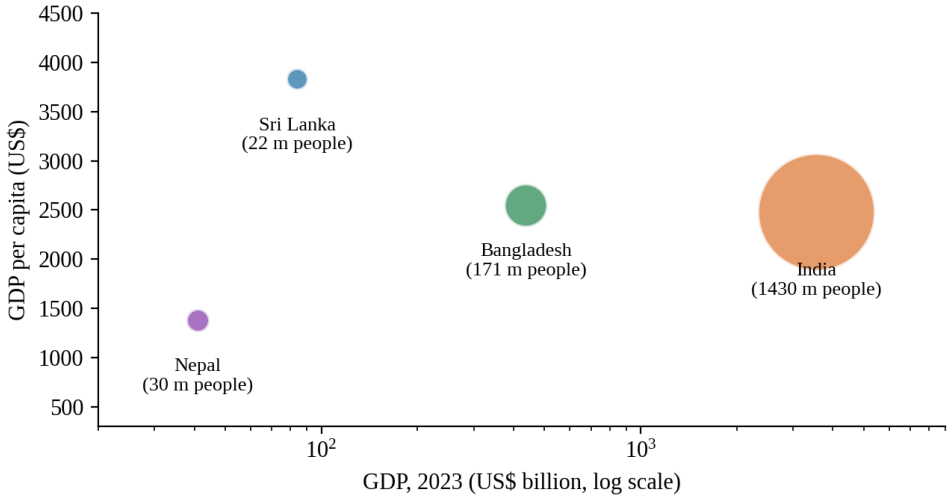


Figure 1: GDP, GDP per Capita, and Population of India, Bangladesh, Sri Lanka, and Nepal, 2022 (rounded). Bubble Size Shows Population

Source: World Bank (2022)

Economically, at a size of 3.5 trillion dollars, India's economy is around eight times larger than Bangladesh's, around forty-two times larger than Sri Lanka's, and around eighty-seven times larger than Nepal's. Bangladesh is the largest neighbour of India both economically and in terms of population, giving it more bargaining power. Sri Lanka has the highest per capita income among the neighbours but has a small economy that has been badly affected by the crisis in 2022. Nepal has the smallest economy and is the poorest among the neighbours and is also a landlocked country that depends on India to have access to the sea. The imbalance, therefore, is the largest in the case of Nepal and the smallest in the case of Bangladesh (Handel, 1990).

Sri Lanka

The history of India and Sri Lanka can be traced back to ethnicity, security, and economic interests. The Indo-Lanka Accord in 1987, which was followed by the sending of the Indian Peacekeeping Force, left a history of distrust from both sides after the withdrawal of the peacekeeping force in 1990 (Dixit, 1998). After the civil war ended in 2009, Sri Lanka has tried to maintain its ties with both India and China. The signing of a 99-year lease for Hambantota port to a Chinese company in 2017 has been a cause of alarm in New Delhi for Chinese presence in the Indian Ocean ever since (Brewster, 2014; Smith, 2014).

The 2022 economic crisis was a real test for Neighbourhood First. India extended monetary support in terms of credits, currency swaps, delayed payments, fuel, and food that went past four billion US dollars. It also helped Sri Lanka in its negotiation with the International Monetary Fund. These efforts were perceived very positively by Sri Lanka as a timely and generous gesture. However, there are still some problems in terms of unresolved fishing disputes in the Palk Strait, the adoption of the thirteenth amendment to the Sri Lankan constitution, and the question of India's involvement in the development of infrastructure and energy sectors. The case of Sri Lanka proves that India's influence increases in times of a crisis and when it gives substantial support, but this goodwill is rather fragile.

From accounts of subsequent events, the nature of the partnership appears to have remained friendly. Following elections held towards the end of 2022, the new president of Sri Lanka visited India and made clear to the authorities in New Delhi that Sri Lankan soil will not be used in any way that would endanger India's security interests. This is important because it speaks directly to the very core of India's policy toward Sri Lanka, namely the fear of hostile naval and intelligence activity close to its southern shores.

Nepal

The ties that bind Nepal to India are particularly strong but also rather awkward. The Treaty of Peace and Friendship signed in 1950 provided open borders, the right to residency and employment for Nepalese citizens in India, and special trade and transit rights for Nepal. There are millions of individuals, families, and even culture ties that link the two nations together, and Nepal is heavily dependent on India for most of its trade and oil. However, Nepalese nationalists perceive the treaty as lopsided and consider Indian influence in internal politics as an intrusion (Dixit, 2003). Figure 2 shows some important events in the three relations over time.

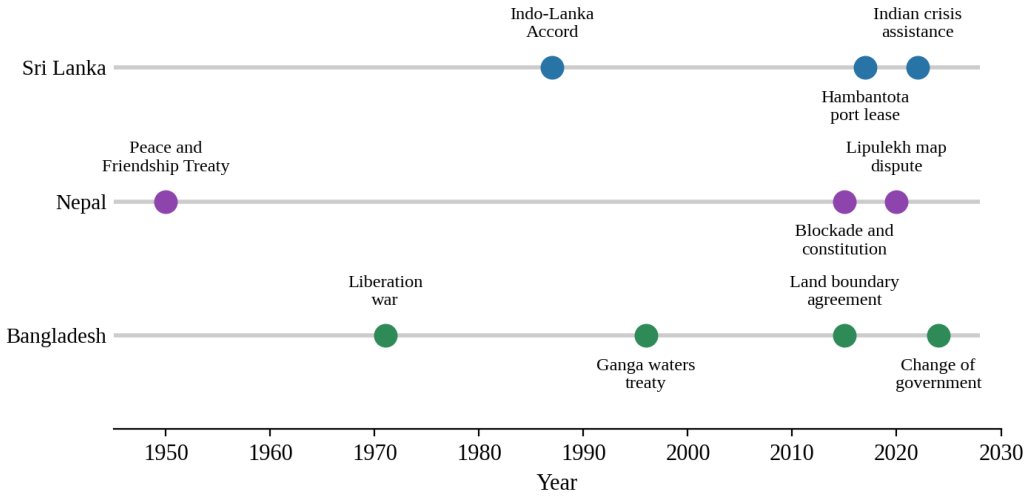


Figure 2: Selected Key Events in India's Relations with Sri Lanka, Nepal, and Bangladesh

Source: Author's compilation from secondary sources.

One of the most destructive incidents took place recently when Nepal experienced disruption of goods supplies due to the adoption of its new constitution in 2015. Despite the Indian denial, many Nepalese believed that it was caused by India, and hence strengthened the already existing anti-Indian sentiments as well as encouraged Nepal to rely on China even more, including signing the memorandum about the participation in the Belt and Road Initiative in 2017. The conflict related to Lipulekh and Kalapani territory in 2020 forced Nepal to issue a revised map, proving once again how quickly territorial issues can become a problem. Nevertheless, India has also managed to achieve some success, for example, opening of the cross-border petroleum pipeline in 2019 and reaching agreement on power trade that made it possible to supply electricity from Nepal to Bangladesh through India (Hall, 2019).

The political dynamics in Nepal add complexity to this already complicated relationship. As governments have frequently been changed since the abolishment of monarchy, it is hard for Nepal to make long-term commitments, and some political forces tend to realize that criticizing India is easy to be used as leverage. There is also the question of Madhesi populations in Nepal, who share strong family ties with India. The traditional recruitment of Gurkha people from Nepal into the Indian Army, which is a long-standing connection, is now under discussion due to reforms in Indian recruitment in 2022 (Dixit, 2003).

Bangladesh

Bangladesh represents the focal point of India's "Neighbourhood First" policy in the eastern region. While good relations have been established by virtue of India's participation in the liberation war in 1971, there have been several instances of friction over the years due to border, migration, and water disputes. However, the settlement of the land boundary dispute through the agreement signed in 2015 is a milestone as it resolved many long-standing issues of enclaves and demonstrated the fact that even difficult disputes can be solved by dialogue (Pant, 2016). There have been many areas of cooperation such as trade, transit, railway and road connectivity, electricity supply, and security.

There are several issues still unresolved. First, the Teesta river sharing accord signed in principle in 2011 has never been implemented due to the objections of the government of West Bengal that Bangladesh considered as India's inability to honor its promise. Second, the Ganges water sharing treaty of 1996, which expires in December 2022, has only thirty years' validity period, thus, its re-approval is going to be a serious challenge. Moreover, the change of government in August 2022 when the current prime minister, Sheikh Hasina, resigned and an interim government was established revealed a deficiency in Indian policy, since excessive dependence on the cooperation with particular politicians made India defenseless in case of their fall from power. Further events are out of the scope of this paper, but the case demonstrated that India needs to develop a more versatile policy involving all political players, including opposition parties and civil society organizations.

Regional connectivity has been uneven. The 2015 agreement regarding movement of motor vehicles between Bangladesh, Bhutan, India, and Nepal was intended to facilitate smooth vehicular traffic; however, Bhutan did not complete ratification and the agreement was implemented through bilateral agreements alone. Thus, for Bangladesh, regional connectivity is as much an issue of political cooperation as it is one of infrastructure (Hall, 2019).

Comparative Analysis

Table 1 compares the three cases with regard to the four themes of the study. The cells have been color-coded: Green for strong cooperation, Amber for mixed results, Red for friction, and Grey for limited relevance.

Table 1: Thematic Comparison of India's Relations with Three Neighbours

Theme	Sri Lanka	Nepal	Bangladesh
Connectivity and trade	Credit lines and port and energy projects; uneven delivery	Rail, road, and pipeline links; transit frictions	Rail, road, and waterway links; large trade
Security and sovereignty	Fishing dispute; legacy of 1987 accord	Boundary dispute; debate on 1950 treaty	Land boundary settled in 2015; security cooperation
Water and energy	Limited issues	Hydropower and power trade	Ganges treaty due for renewal; Teesta unresolved
China factor	Hambantota port lease; debt	Belt and Road memorandum, 2017	Infrastructure financing and projects

Source: Author's analysis from secondary sources.

Three themes stand out. First, connectivity and energy cooperation provide the most tangible gains and have the least disagreements, but only if projects come through on time and gains are distributed transparently. Second, sovereignty and symbolic matters like maps, treaties, and interference generate the most intense friction, even if it is not proportional to their substantive significance. Third, China appears less as the source of tension but more as an option for neighbours to extract concessions, just as described by the hedging approach in the small states literature (Keohane, 1969; Smith, 2014).

Discussion

It is clear from the analysis that there have been some successes in terms of infrastructure development and crisis response on the part of Neighbourhood First but has not overcome the fundamental issue of asymmetry. The material superiority of India does not guarantee influence since neighbors react both to the benefit and the respect. According to Jaishankar (2020), India must be a reliable first-responder in its neighborhood, and the example of Sri Lanka confirms this point. Reliability in this regard means a readiness to make commitments to treaties and projects rather than immediate aid only.

Some of the recommendations include India having wide involvement in political parties of its neighbours, paying more attention to the issue of sovereignty for small partners, and aligning state governments in India to the national promises made regarding cross border issues. Also, India needs to have a quick and transparent process for completing projects and not viewing the relationship with the neighbours just in terms of competing with China. For the academicians, there is need to conduct more research on the attitude of the neighbours towards India using trade, aid and project data.

It would be important to specify some indicators of success. There are three suggested indicators of success. The first one is trust, which is evaluated by the readiness of India's neighbours to

turn to India when facing a crisis situation. The second indicator is the balance, which consists in accepting the Indian influence but without losing independence. The third indicator is delivery and means the timely completion of all projects and treaties. Regarding the first indicator, the example of Sri Lanka crisis can be provided, the example of Nepal can be provided in relation to the second indicator while the example of Bangladesh can be offered regarding unresolved Teesta agreement.

Conclusion

Neighbourhood First has provided new direction and results in the realms of connectivity, energy and assistance in times of crises for India's regional diplomacy. It is evident from the examples of Sri Lanka, Nepal and Bangladesh, however, that results depend largely upon how the issue of asymmetry is handled. Cooperation has been the most effective in areas where there was alignment of interest and tangible results could be observed while it was least effective in those instances when the issues of sovereignty and domestic politics came into play. This policy will prove to be successful only insofar as India is able to combine its economic largesse with political discretion, cultivate relations beyond the ruling government and remain committed to its promises.

References

1. Brewster, D. (2014). *India's ocean: The story of India's bid for regional leadership*. Routledge.
2. Chaulia, S. (2016). *Modi doctrine: The foreign policy of India's prime minister*. Bloomsbury India.
3. Cohen, S. P. (2001). *India: Emerging power*. Brookings Institution Press.
4. Destradi, S. (2012). *Indian foreign and security policy in South Asia: Regional power strategies*. Routledge.
5. Dixit, J. N. (1998). *Assignment Colombo*. Konark Publishers.
6. Dixit, J. N. (2003). *India's foreign policy 1947–2003*. Picus Books.
7. Handel, M. I. (1990). *Weak states in the international system* (2nd ed.). Frank Cass.
8. Hall, I. (2019). *Modi and the reinvention of Indian foreign policy*. Bristol University Press.
9. Jaishankar, S. (2020). *The India way: Strategies for an uncertain world*. HarperCollins.
10. Keohane, R. O. (1969). Lilliputians' dilemmas: Small states in international politics. *International Organization, 23*(2), 291–310.
11. Khilnani, S., Kumar, R., Mehta, P. B., Menon, P., Nilekani, N., Raghavan, S., Saran, S., & Varadarajan, S. (2012). *Nonalignment 2.0: A foreign and strategic policy for India in the twenty-first century*. Centre for Policy Research.
12. Mohan, C. R. (2012). *Samudra manthan: Sino-Indian rivalry in the Indo-Pacific*. Carnegie Endowment for International Peace.
13. Nye, J. S. (2004). *Soft power: The means to success in world politics*. PublicAffairs.
14. Pant, H. V. (2016). *Indian foreign policy: An overview*. Manchester University Press.
15. Smith, J. M. (2014). *Cold peace: China–India rivalry in the twenty-first century*. Lexington Books.
16. World Bank. (2022). *World development indicators: GDP (current US$), GDP per capita, and population*. https://data.worldbank.org/indicator/NY.GDP.MKTP.CD.

❑❑❑