

India's Relations with Neighbouring Countries: A Neighbourhood First Policy Perspective

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Abstract:

India's Neighbourhood First Policy (NFP), launched in 2014 by the Modi government, is a doctrine that places South Asia at the heart of India's foreign policy agenda. This paper examines India's bilateral and multilateral relations with its immediate neighbours—Pakistan, China, Bangladesh, Nepal, Sri Lanka, Bhutan, the Maldives, and Myanmar—within the NFP framework, with data current to January 2026. The paper reviews the trajectory of political change across South Asia from 2020 to January 2026, a period of unprecedented volatility that has compelled India to continuously recalibrate its foreign policy approach. The April 2025 Pahalgam terrorist attack and India's retaliatory Operation Sindoor (May 6–7, 2025) represent the most significant rupture in South Asian security in decades, fundamentally altering the India–Pakistan bilateral architecture. Simultaneously, India–China relations are undergoing a cautious reset following the October 2024 LAC disengagement accords and subsequent diplomatic normalization. Bangladesh is navigating a post-Hasina transition under a Yunus-led caretaker government, while Nepal, Sri Lanka, and the Maldives are witnessing generational and political shifts that are moving regional diplomacy from 'Palace Diplomacy' towards 'People Diplomacy.' The paper critically evaluates progress in connectivity, trade, and humanitarian cooperation, alongside structural challenges including China's growing regional presence, governance instability, and democratic transitions. It concludes that institutionalised multi-stakeholder engagement, accelerated project delivery, and asymmetric concessions commensurate with India's economic weight are essential for the sustained success of the NFP.

Keywords: *Neighbourhood First Policy, South Asia, India–Pakistan relations, India–China LAC, SAARC, BIMSTEC, Operation Sindoor, regional connectivity, diplomatic recalibration, Gen Z politics.*

1. Introduction

India's foreign policy since 2014 has been distinctly shaped by its 'Neighbourhood First Policy' (NFP), built around a vision of a stable, peaceful, and prosperous South Asia—a moral and strategic imperative for New Delhi. The doctrine was first articulated in Prime Minister Narendra Modi's inaugural address on May 26, 2014, when all SAARC leaders were invited to attend his swearing-in ceremony, signalling a paradigm shift in India's engagement with its neighbourhood (Ministry of External Affairs [MEA], Government of India, 2023).

The NFP draws conceptually upon earlier initiatives, particularly the Gujral Doctrine of the 1990s, which promoted non-reciprocity and asymmetric generosity as instruments of Indian regional diplomacy. The key principles of the NFP have been summarised under the five 'S' framework—Samman (respect),

Samvad (dialogue), Sahyog (cooperation), Shanti (peace), and Samridhhi (prosperity)—applicable to Afghanistan, Bangladesh, Bhutan, the Maldives, Myanmar, Nepal, Pakistan, and Sri Lanka (Vision IAS, 2025).

The period from 2020 to January 2026 represents the most volatile phase in the NFP's eleven-year history. The Galwan Valley incident of June 2020 severely disrupted India–China relations. Bangladesh's political transition in July 2024—from Sheikh Hasina's government to a transitional administration under Mohammed Yunus—fundamentally reshapes India's equation with its most important subcontinental partner. The April 2025 Pahalgam terrorist attack in Jammu & Kashmir and India's retaliatory Operation Sindoor (May 6–7, 2025) constitutes the most severe military confrontation between India and Pakistan since the 1971 war, dramatically altering the regional security architecture (Observer Research Foundation [ORF], 2025).

Simultaneously, the Maldives under President Muizzu has undergone a strategic recalibration, Sri Lanka is consolidating under its new President Dissanayake, and Nepal continues to navigate coalition instability. Against this backdrop, India's capacity to sustain the NFP's vision of connectivity, development, and shared prosperity is both critical and challenging. This paper provides a systematic analysis of India's bilateral ties with all its neighbours through the NFP lens, informed by data current to January 2026.

2. Conceptual Framework of the Neighbourhood First Policy

The NFP rests on a three-part strategic assumption: 'geopolitical insulation', 'economic interdependence', and 'civilisational connectivity'. From a security standpoint, a stable neighbourhood minimises risks of cross-border terrorism, refugee flows, and inter-state conflict that could impede India's domestic development agenda. Economically, deeper integration with South Asian countries—a combined population of approximately 1.9 billion—creates new markets for Indian goods, integrates supply chains, and reduces trade logistics costs through enhanced connectivity (World Bank, 2022).

The NFP has evolved through three discernible phases. The first phase (2014–2018) was characterised by an intensive diplomatic campaign, high-level visits, and articulation of a connectivity vision. The second phase (2018–2022) encountered implementation challenges due to geopolitical pressures, particularly China's Belt and Road Initiative (BRI) and its growing influence across Sri Lanka, Nepal, Bangladesh, and Pakistan. The third phase (2022–January 2026) has been a crisis management phase, encompassing India's response to Sri Lanka's economic collapse, countering Chinese influence in the Maldives, managing post-Hasina Bangladesh, and responding to the India–Pakistan military escalation of May 2025 (NEXT IAS, 2025).

The policy's institutional framework has increasingly shifted from the de facto paralysed SAARC—no summit has been held since Kathmandu in 2014—towards BIMSTEC (Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation), which encompasses Bangladesh, Bhutan, India, Myanmar, Nepal, Sri Lanka, and Thailand. The Asian Development Bank's SASEC (South Asia Subregional Economic Cooperation) programme has disbursed over USD 1 billion annually on connectivity projects across the subregion (ADB, 2022).

3. India–Pakistan Relations: Security Imperatives and Strategic Freeze

The India–Pakistan bilateral relationship remains the most conflictual dimension of the NFP. Since the Pulwama attack (2019) and the revocation of Article 370 in Jammu & Kashmir, diplomatic, trade, and people-to-people ties have been effectively frozen. The relationship reached a historic nadir with Operation Sindoor in May 2025.

On April 22, 2025, a terrorist attack killed 26 tourists at Pahalgam, Jammu & Kashmir. India attributed the attack to Pakistan-based militant networks. Following a two-week deliberation period, India launched Operation Sindoor on the night of May 6–7, 2025—a tri-services operation targeting nine terrorist infrastructure sites in Pakistan-occupied Kashmir and Pakistani Punjab, across the Murid, Bahawalpur, and Muridke areas. According to the Stimson Center (2025), Operation Sindoor represents the deepest Indian military incursion into Pakistani territory since the 1971 war. Pakistan responded with drone and missile attacks, leading to a four-day exchange of fire along the Line of Control (LoC). A ceasefire was reached on May 10, 2025, which India described as bilaterally negotiated.

Operation Sindoor has produced significant structural consequences. India suspended the Indus Waters Treaty (IWT) of 1960—a powerful coercive instrument—and launched an international advocacy campaign to have Pakistan re-listed on the Financial Action Task Force (FATF) grey list (ORF, 2025). Bilateral trade, already at a negligible level of under USD 500 million annually, has been further curtailed. Pakistan's domestic political landscape, led by Army Chief General Asim Munir, has consolidated around a security-first narrative, complicating any prospect for diplomatic normalisation in the near term.

The NFP framework offers no shortcut to normalisation with Pakistan. Cross-border terrorism, nuclear deterrence, and the Kashmir dispute remain unresolved structural obstacles. India's policy has evolved from aspirational engagement to calibrated coercive deterrence—a pragmatic adaptation of the NFP's framework to the realities of a state it considers a sponsor of terrorism.

4. India–China Relations: Cautious Reset After the Galwan Rupture

While China is not among the NFP's eight designated neighbours, it is India's most consequential neighbour: a 3,488-kilometre disputed border, India's largest goods trading partner, and the primary external actor shaping the strategic environment across South Asia through its BRI investments and all-weather partnership with Pakistan.

The June 2020 Galwan Valley standoff, which killed 20 Indian soldiers and an undisclosed number of Chinese personnel (Vajiramandravi, 2025), triggered a deployment of an estimated 50,000–60,000 troops from both sides along the LAC. Partial disengagements occurred at Pangong Tso (2021) and Gogra-Hot Springs (2022), but the critical friction points of Depsang and Demchok remained unresolved until the Modi–Xi meeting on the sidelines of the BRICS Summit in Kazan, Russia, in October 2024. That summit produced a breakthrough agreement on patrolling arrangements in both areas (News on AIR, 2025).

In February 2025, the Indian government formally confirmed complete disengagement from all friction points, with patrolling resuming as per pre-2020 protocols. Subsequently, Chinese Foreign Minister Wang Yi visited New Delhi—his first visit since disengagement—in August 2025, yielding concrete normalisation measures: resumption of border trade, agreements on trans-boundary rivers, restoration of direct flight connectivity, and the revival of the Kailash-Mansarovar Yatra (The Quint, 2025). As of January 2026, External Affairs Minister S. Jaishankar has maintained that full normalcy in India–China ties is contingent on sustained peace and stability on the LAC, and no de-induction of forward-deployed troops has yet commenced.

The broader strategic challenge remains China's deepening footprint across South Asia—in Bangladesh, Nepal, and Sri Lanka through financial investments and diplomatic backing of Pakistan in international forums. India has indicated continued vigilance regarding Chinese naval activities in the Indian Ocean Region (MEA, 2025).

Table 1: India–China Border Normalisation Timeline (2020–January 2026)

Year / Event	Developments in India–China Relations
Jun 2020	Galwan Valley clash: 20 Indian soldiers killed; LAC standoff begins.
2021–2023	Partial disengagement at Pangong Tso; Gogra-Hot Springs; trust deficit persists.
Oct 2024	Modi–Xi Kazan BRICS meeting; agreement on Depsang–Demchok patrolling resumption.
Feb 2025	Government confirms full disengagement; patrolling resumes per pre-2020 practice.
Aug–Dec 2025	Wang Yi visits New Delhi; border trade resumed; Kailash–Mansarovar Yatra revived; direct flights restored.
Jan 2026 (ongoing)	De-escalation talks continue; de-induction yet to commence; trust-building through diplomatic engagement.

Note. Compiled from News on AIR (2025); ORF (2025); The Quint (2025); MEA Annual Report (2025).

5. India–Bangladesh Relations: Strategic Recalibration

Bangladesh has historically been the most substantive and productive bilateral relationship in India's South Asian portfolio since the Liberation War of 1971, underpinned by extensive trade, joint infrastructure projects, and deep people-to-people linkages. Under Prime Minister Sheikh Hasina (2009–2024), bilateral ties reached an all-time high, with India extending Lines of Credit worth approximately USD 7.9 billion (The Diplomat, 2025).

A major political rupture occurred in July 2024, when a youth-led anti-corruption movement ousted the Hasina government. A transitional administration headed by Nobel laureate Mohammed Yunus was subsequently installed. Bangladesh National Party (BNP) leader Tarique Rahman—who had been in exile in London—has emerged as the most influential opposition figure, with elections anticipated in 2026. India's experience with the regime change exposed the vulnerabilities of its 'palace diplomacy' model—an excessive dependence on a single political leader rather than robust institutional and civil society engagement (NEXT IAS, 2025).

India–Bangladesh relations under the Yunus transitional government have navigated significant tensions. Concerns over communal violence targeting Hindu minorities in Bangladesh, diplomatic friction over Hasina's continued stay in India, and security anxieties over Pakistan and China's enhanced engagement have strained the relationship. Nevertheless, underlying economic interdependence remains robust: bilateral trade in 2024–25 exceeded USD 11 billion, making Bangladesh India's largest South Asian trade partner. The Agartala–Akhaura Rail Link, inaugurated in 2024, continues to function as a tangible symbol of connectivity cooperation. India has adopted a pragmatic approach towards the transitional government, prioritising continuity of trade and project delivery over ideological alignment.

6. India–Nepal Relations: Navigating Political Transitions

India–Nepal relations are grounded in the Treaty of Peace and Friendship (1950), open borders, and deep cultural, religious, and economic ties. Nepal depends on India for over 60% of its external trade, while

India is the primary supplier of petroleum products. India has extended Lines of Credit exceeding USD 1.6 billion for development cooperation (The Diplomat, 2025).

Since 2022, Nepal has experienced sustained political turbulence, characterised by frequent coalition realignments and competing Chinese and Indian diplomatic pressures. The period 2024–2025 has seen the rise of a vocal youth-led civil society movement, pressing for accountability and sovereignty-first diplomacy. These movements reflect generational aspirations for a Nepal that engages with India and China on more equal terms, reducing perceived asymmetric dependence.

On the project front, India–Nepal hydropower cooperation has advanced, with multiple agreements valued at over USD 1.2 billion envisaging Nepal as a major clean energy exporter to India through a cross-border electricity trade mechanism. The Kokrajhar–Gelephu rail link designated as a Special Railway Project reflects India's continued commitment to bilateral connectivity. However, delays in project implementation and perceptions of unequal partnership periodically generate friction. India's strategic imperative for 2026 is to engage Nepal's emerging political leadership on a foundation of genuine equality, ensuring that China's infrastructure diplomacy does not displace India's traditional cultural and political primacy in Kathmandu. The Ramayana Circuit and people-to-people cultural diplomacy initiatives offer promising pathways for sub-state engagement.

7. India–Sri Lanka Relations: Consolidation and Strategic Partnership

India–Sri Lanka relations in 2025–26 represent one of the NFP's relative success stories. India's role as 'First Responder' during Sri Lanka's unprecedented 2022 economic crisis—providing approximately USD 4 billion in emergency financial assistance—generated substantial goodwill and consolidated India's strategic standing in Colombo (NEXT IAS, 2025).

Prime Minister Modi's visit to Colombo in April 2025—his first bilateral visit to Sri Lanka in his third term—advanced the relationship across multiple fronts. A Defence Memorandum of Understanding was signed for maritime cooperation, while agreements were reached on reviving the Trincomalee energy hub, extending digital public infrastructure support, and scaling up ITEC capacity-building programmes (Drishti IAS, 2025). The commencement of operations at Adani's West Container Terminal at Colombo Port in 2025 marks India's first significant private-sector infrastructure investment in Sri Lanka's strategic maritime infrastructure (ORF, 2025).

The Palk Bay fishing dispute—affecting the livelihoods of fishermen from Tamil Nadu and Northern Sri Lanka—remains an unresolved bilateral irritant requiring an institutionalised mechanism involving joint patrolling and shared resource management. Ongoing negotiations for an Economic and Technology Cooperation Agreement (ETCA) could significantly deepen trade and services integration if concluded. Sri Lanka's new President Anura Kumara Dissanayake, elected in September 2024, has signalled a pragmatic, economy-first foreign policy that has moderated Colombo's earlier pendulum swings between India and China. This presents a durable opportunity for India to consolidate the strategic partnership within the frameworks of SAGAR and the Colombo Security Conclave.

8. India–Maldives Relations: Strategic Recalibration under Muizzu

The Maldives—the smallest SAARC state—holds disproportionate strategic importance by virtue of its location astride the Indian Ocean's critical sea lanes. The election of pro-China President Mohamed Muizzu in November 2023 on an 'India-Out' platform initially represented a significant setback for the NFP.

However, a substantive strategic realignment has occurred from 2024 to early 2026. President Muizzu visited India in October 2024, and Prime Minister Modi visited the Maldives in July 2025 as Guest of

Honour on Maldives National Day. India has provided an INR-denominated credit line of USD 565 million and facilitated bilateral debt restructuring to reduce the Maldives' annual debt service obligations significantly, directly addressing Malé's most acute economic vulnerability (ORF, 2025). The Greater Male Connectivity Project (GMCP), India's flagship USD 500 million infrastructure initiative in the Maldives, has advanced to an accelerated implementation stage.

The Maldives' centrality to India's Indian Ocean strategy—articulated through the MAHASAGAR (Mutual and Holistic Advancement for Security and Growth Across Regions) vision—has been demonstrated by India's success in maintaining the bilateral relationship through periods of political tension by focusing on addressing economic imperatives rather than ideological posturing.

9. India–Bhutan Relations: Steadfast Strategic Partnership

India–Bhutan relations constitute the most stable and harmonious dimension of the NFP framework. The 2007 Friendship Treaty, extensive development cooperation, and India's role as Bhutan's largest development partner underpin a relationship of mutual trust. India funds approximately 70–75% of Bhutan's hydropower development, which in turn constitutes Bhutan's most significant export revenue source.

India has designated the Kokrajhar–Gelephu rail link as a Special Railway Project, underscoring its strategic importance in providing Bhutan overland connectivity to the Indian rail network. The Gelephu Mindfulness City (GMC) project—Bhutan's ambitious smart-city initiative near the Indian border—has attracted considerable Indian investor interest, opening new dimensions in the bilateral economic relationship. Bhutan's consistent support for India's positions in multilateral forums and its active BIMSTEC engagement reinforce the relationship's strategic depth.

The primary diplomatic complexity in India–Bhutan relations concerns the ongoing China–Bhutan border negotiations. The 2021 Memorandum of Understanding on the Three-Step Roadmap for Border Negotiations between China and Bhutan, and subsequent negotiating rounds, have raised Indian concerns regarding the strategic Doklam plateau, which abuts the critical Siliguri Corridor. India maintains close monitoring of these negotiations, given their direct implications for its own security (Tarun IAS, 2025).

10. India–Myanmar Relations: Border Security amid Political Instability

India–Myanmar relations have been profoundly complicated by the military coup of February 2021 and the ensuing devastating civil conflict between the Tatmadaw and numerous armed resistance movements, including the People's Defence Force (PDF) and ethnic armed organisations (EAOs). The conflict has generated significant spillover effects across India's Northeast—particularly in Manipur, Nagaland, Mizoram, and Arunachal Pradesh—including substantial refugee inflows into Mizoram.

India's Myanmar policy has had to navigate a difficult balance between democratic values and strategic imperatives: maintaining functional relations with the Tatmadaw-led government to safeguard border security and protect investments in critical infrastructure such as the Kaladan Multi-Modal Transit Transport Project and the India–Myanmar–Thailand Trilateral Highway. Throughout 2025, India has maintained pragmatic engagement with the military government while enhancing border security and intelligence cooperation (Medium, 2025).

The civil conflict has severely delayed the Trilateral Highway project, estimated at USD 1.36 billion, a flagship of India's Act East Policy providing overland connectivity to ASEAN. Despite these setbacks, India has maintained its infrastructure investments, reflecting a long-term strategic commitment to connectivity with Southeast Asia that transcends the immediate political instability in Naypyidaw.

Table 2: India's Bilateral Trade with Neighbouring Countries, 2024–25 (USD Billion)

Country	Exports (USD Bn)	Imports (USD Bn)	Total Trade (USD Bn)	Trade Balance
Bangladesh	11.08	0.77	11.85	Surplus
Nepal	8.02	0.74	8.76	Surplus
Sri Lanka	4.68	0.86	5.54	Surplus
Pakistan	0.48	0.06	0.54	Surplus (pre-crisis)
Bhutan	0.98	0.54	1.52	Surplus
Maldives	0.33	0.01	0.34	Surplus
Myanmar	1.67	0.88	2.55	Surplus
China	16.65	101.74	118.39	Deficit

Note. Data compiled from the Ministry of Commerce and Industry, Government of India (2025); DGCI&S (2025). Pakistan data reflects pre-Operation Sindoor trade position. U/D = Under Determination.

Table 3: Status of Key NFP Connectivity and Development Initiatives (as of January 2026)

Initiative / Project	Country	Status (Jan 2026)	Investment
Greater Male Connectivity Project (GMCP)	Maldives	Advanced Stage	USD 500 million
Agartala–Akhaura Rail Link	Bangladesh	Operational (2024)	USD 392 million
India–Nepal Hydropower Agreements	Nepal	Ongoing (multiple projects)	USD 1.2 billion
Trincomalee Energy Hub Revival	Sri Lanka	In Progress	U/D
Adani West Container Terminal, Colombo Port	Sri Lanka	Operational (2025)	USD 700 million
India–Bhutan Railway Link (Kokrajhar–Gelephu)	Bhutan	Special Railway Project	U/D
India–Myanmar–Thailand Trilateral Highway	Myanmar	Delayed (civil conflict)	USD 1.36 billion
INR-denominated Credit Line to the Maldives	Maldives	Disbursed (2025)	USD 565 million

Note. Compiled from ORF (2025); MEA Annual Report (2025); ADB SASEC Reports (2022); World Bank (2022). U/D = Under Determination / not publicly disclosed.

Table 4: Political Changes in South Asia and Implications for India's NFP (2024–January 2026)

Country	Political Change	Implication for India	India's Response
Bangladesh	Ouster of Hasina (Jul 2024); Yunus-led transitional govt in place; elections expected 2026	End of 'Palace Diplomacy'; rising Chinese/Pakistani influence	Engagement with transitional govt; trade continuity
Nepal	Coalition instability (2022–25); Gen Z activism rising	Sovereignty-first stance; generational assertiveness	Equal partnership framing; connectivity acceleration
Sri Lanka	Dissanayake elected President (Sep 2024)	Pragmatic economy-driven engagement	Modi visit (Apr 2025); humanitarian support; ETCA negotiations
Maldives	Muizzu re-engagement post-India-Out tensions (2024–25)	Strategic recalibration; debt restructuring required	Modi visit (Jul 2025); INR credit line; GMCP acceleration
Pakistan	Pahalgam attack (Apr 2025); Operation Sindoor (May 2025); ceasefire (May 10, 2025)	Diplomatic deep-freeze; Indus Waters Treaty suspended	Coercive deterrence; FATF advocacy; bilateral ceasefire insistence
Myanmar	Military junta consolidation; civil conflict intensifying	Border security threats; Trilateral Highway delays	Pragmatic engagement; enhanced border intelligence cooperation

Note. Compiled from ETV Bharat (2025); NEXT IAS (2025); Drishti IAS (2025); The Diplomat (2025); MEA Annual Report (2025).

11. SAARC, BIMSTEC, and Regional Integration Architecture

The SAARC mechanism has been effectively paralysed since India boycotted the 19th SAARC Summit in Islamabad in 2016 following the Uri terrorist attack. No SAARC Summit has been convened since the 18th Summit in Kathmandu in 2014—a decade-long hiatus that reflects the deep structural dysfunction of the organisation. India has progressively channelled its regional multilateral energy towards BIMSTEC, the Colombo Security Conclave (CSC), and sub-regional bilateral platforms.

BIMSTEC, which encompasses five South Asian countries plus Thailand and Myanmar and excludes Pakistan, aligns organically with India's Act East Policy. The BIMSTEC Master Plan for Connectivity, adopted at the 5th BIMSTEC Summit in Colombo in March 2022, now guides transport, trade facilitation, energy, and people-to-people connectivity programmes across the region. India has further leveraged its G20 Presidency (2023) and SCO chairmanship to advance its regional agenda in multilateral forums.

The World Bank's ACCESS (Accelerating Transport and Trade Connectivity in Eastern South Asia) Programme—backed by a USD 1.03 billion grant for Bangladesh—aims to reduce inter-country travel times by 30%, digitalise trade processes, and operationalise the Motor Vehicle Agreement (MVA),

providing important institutional depth to the bilateral NFP framework (World Bank, 2022). The ADB's SASEC programme has maintained consistent multilateral financial support across Bangladesh, Bhutan, India, Nepal, and Sri Lanka.

12. Critical Assessment: Achievements and Structural Challenges

12.1 Key Achievements

The NFP has generated tangible outcomes across several dimensions. India's 'First Responder' credentials have been firmly established—most notably through the USD 4 billion emergency support to Sri Lanka during its 2022 economic crisis and humanitarian assistance to Nepal following earthquake events. Connectivity milestones include the operational Agartala–Akhaura Rail Link (2024), the commencement of Adani's West Container Terminal at Colombo (2025), and the disbursement of the INR-denominated credit line to the Maldives (2025). The October 2024 LAC disengagement agreement and the subsequent diplomatic normalisation with China, including Wang Yi's New Delhi visit in August 2025, constitute important diplomatic advances in India's most complex bilateral relationship (News on AIR, 2025; The Quint, 2025). The asymmetric concession approach—Lines of Credit, debt restructuring, and preferential market access—represents a contemporary operationalisation of the Gujral Doctrine's logic of asymmetric generosity.

12.2 Structural Challenges

Four structural challenges constrain the NFP's effectiveness. First, China's BRI footprint in South Asia—characterised by strategic infrastructure financing, debt diplomacy, and institutional engagement—has created an 'implementation gap' that India, despite its geographic and cultural advantages, has struggled to bridge consistently (The Diplomat, 2025). Second, the emergence of 'Gen Z Geopolitics'—sovereignty-asserting, anti-establishment youth movements in Bangladesh, Nepal, and Sri Lanka—demands that India move beyond bilateral state-to-state engagement to deeper civil society, youth, and institutional outreach. Third, the India–Pakistan bilateral relationship post-Operation Sindoor is structurally constrained in the near term, with unprecedented levels of mutual mistrust limiting NFP's operational scope in Islamabad. Fourth, domestic instability in neighbouring states—Myanmar's civil war, Sri Lanka's lingering economic vulnerabilities, Nepal's coalition flux—creates an environment where India's carefully calibrated bilateral architectures can be disrupted by domestic developments beyond its control.

13. Way Forward: Rebooting the Neighbourhood First Policy

As the NFP enters its second decade, scholars and policymakers have articulated a multi-pronged framework for revitalization (NEXT IAS, 2025). First, India must institutionalise multi-stakeholder diplomacy—engaging not only incumbent governments but political opposition, civil society, media institutions, and youth organisations across the neighbourhood. The Bangladesh experience demonstrates that excessive dependence on a single political leadership creates fragile diplomatic architectures vulnerable to domestic political change.

Second, India's strategy against China's regional influence must be to 'out-implement, not out-argue.' Accelerating the GMCP in the Maldives, the Trincomalee energy hub in Sri Lanka, and Nepal's hydropower export mechanism requires clear timelines, robust project monitoring, and assured funding frameworks. India's inherent advantages—geographic proximity, civilisational connectivity, and democratic credibility—can only be realised through delivered infrastructure rather than diplomatic declarations.

Third, the NFP must be more deeply institutionalised within the BIMSTEC framework through capacity enhancement of the Secretariat, finalisation of pending Free Trade Agreement negotiations, and positioning BIMSTEC as a credible sub-regional alternative to the deadlocked SAARC. India's Digital Public Infrastructure (DPI) stack—UPI, Aadhaar, and ONDC—offers a transformative model for economic integration across the BIMSTEC region that China's BRI cannot replicate.

Fourth, India's SAGAR vision must be operationalised more concretely in the Indian Ocean to counter China's expanding naval and maritime presence. The Colombo Security Conclave, comprising India, Sri Lanka, the Maldives, and Mauritius, provides a nascent framework for maritime security cooperation that can be incrementally expanded to include additional Indian Ocean island states.

Fifth, the post-Operation Sindoor scenario demands a long-term, dual-track India–Pakistan strategy: maintaining calibrated pressure instruments (FATF advocacy, Indus Waters suspension, economic isolation) directed at the Pakistani state, while preserving conditional engagement channels directed at Pakistani civil society—ensuring the bilateral relationship does not harden into permanent adversarialism.

14. Conclusion

As the Neighbourhood First Policy completes over a decade of implementation, it presents a mixed record of genuine achievements, implementation gaps, and evolving challenges. This paper has demonstrated that the NFP has produced real successes in humanitarian diplomacy, connectivity infrastructure, and economic partnership across most of India's bilateral relationships. The cautious diplomatic restart with China following the Galwan crisis, India's consolidation of strategic ties with Sri Lanka, and the pragmatic recalibration with the Maldives represent positive trajectories within the NFP framework.

Yet structural strains are inescapable. India–Pakistan relations in the wake of Operation Sindoor represent not merely a bilateral rupture but a fundamental stress test for the entire South Asian security architecture. The emergence of political transitions in Bangladesh and Nepal—driven by generations that view India through the lens of sovereignty rather than partnership—necessitates a fundamental rethinking of India's diplomatic methodology. China's sustained regional investments and its strategic partnership with Pakistan constitute the most serious long-term challenge to the NFP's viability.

The long-term success of the Neighbourhood First Policy ultimately rests on India's capacity to position itself as a genuine security provider, equitable economic partner, credible development financier, and diplomatic equal—rather than a hegemon—in the eyes of its neighbours. The asymmetric concessions and patient multilateralism envisioned by the Gujral Doctrine are not signs of weakness but strategic investments in regional stability, particularly as India's GDP crosses USD 4 trillion and its global strategic footprint expands. The twin responsibilities identified by India's Ministry of External Affairs in its 2025 Annual Report—'strengthening India's strategic position' and 'protecting national interests'—capture the central tension at the heart of India's Neighbourhood First Policy as it enters its second decade (MEA, 2025).

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