



INDIA'S NEIGHBOURHOOD FIRST POLICY: ASSESSING CHALLENGES AND CHARTING FUTURE PROSPECTS

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Abstract

India's Neighbourhood First Policy represents a significant pillar of its foreign policy, emphasizing stronger political, economic, security, and cultural relations with neighboring countries in South Asia. The policy aims to promote regional stability, enhance connectivity, foster economic integration, and strengthen mutual trust among neighboring nations. However, its implementation has encountered several challenges, including geopolitical competition, border disputes, security concerns, political instability in neighboring states, and the growing influence of external powers, particularly China. These factors have often complicated India's efforts to maintain its leadership role and achieve deeper regional cooperation.

This paper critically assesses the effectiveness of India's Neighbourhood First Policy by examining its achievements, limitations, and emerging challenges. It explores India's diplomatic engagement with countries such as Bangladesh, Nepal, Bhutan, Sri Lanka, Maldives, and Myanmar, highlighting areas of cooperation and contention. The study further analyzes how evolving regional dynamics, economic partnerships, strategic infrastructure initiatives, and security concerns shape India's relations with its neighbors. By evaluating contemporary developments and policy responses, the paper identifies opportunities for strengthening regional collaboration and enhancing India's strategic influence. The study concludes that while the Neighbourhood First Policy has contributed to improved bilateral relations in several instances, sustained engagement, economic diplomacy, inclusive development initiatives, and effective conflict management are essential for ensuring its long-term success. The findings offer insights into the future prospects of India's regional diplomacy in an increasingly complex geopolitical environment.

Keywords: *Neighbourhood First Policy, Regional Cooperation, South Asian Diplomacy, Geopolitical Challenges, India's Foreign Policy.*

Introduction

India's foreign policy has long emphasized the importance of maintaining peaceful, cooperative, and mutually beneficial relations with its neighboring countries. In recognition of the strategic significance of its immediate surroundings, the Government of India adopted the "Neighbourhood First Policy" as a key component of its foreign policy framework. Introduced with renewed emphasis in 2014, the policy seeks to strengthen India's engagement with its neighboring countries, including Bangladesh, Bhutan, Nepal, Sri Lanka, Maldives, Myanmar, and Afghanistan. The initiative reflects the understanding that regional stability, economic prosperity, and security are closely linked to the quality of relations among neighboring states.

The Neighbourhood First Policy aims to promote regional cooperation through enhanced diplomatic engagement, economic partnerships, connectivity projects, people-to-people exchanges, and developmental assistance. By prioritizing its neighbors, India seeks to create an environment of trust and cooperation that contributes to collective growth and security. The policy also aligns with India's



broader vision of regional integration and sustainable development, recognizing that strong neighborhood relations are essential for achieving national and regional objectives.

Over the years, India has undertaken several initiatives under this policy, including infrastructure development projects, cross-border connectivity programs, trade facilitation measures, disaster relief assistance, and capacity-building efforts. Significant progress has been observed in areas such as energy cooperation with Bangladesh and Bhutan, maritime security collaboration with Sri Lanka and the Maldives, and infrastructure development in Nepal and Myanmar. These efforts have contributed to strengthening bilateral relations and expanding economic opportunities across the region.

Despite these achievements, the implementation of the Neighbourhood First Policy has faced numerous challenges. Historical disputes, border tensions, political instability in neighboring countries, security concerns, and migration issues have occasionally strained relations. Furthermore, the growing strategic presence of external powers, particularly China, in South Asia has intensified geopolitical competition and influenced regional dynamics. Initiatives such as China's Belt and Road Initiative (BRI) have created both opportunities and challenges for India's neighborhood diplomacy, compelling India to reassess and strengthen its regional engagement strategies.

The changing geopolitical landscape, coupled with emerging challenges such as climate change, transnational terrorism, cyber threats, and economic uncertainties, has further underscored the importance of effective neighborhood cooperation. As South Asia remains one of the least integrated regions in the world despite its cultural and historical connections, the success of India's Neighbourhood First Policy depends on sustained diplomatic efforts, inclusive development strategies, and the ability to address mutual concerns through dialogue and partnership.

This study examines the evolution, achievements, and challenges of India's Neighbourhood First Policy while assessing its effectiveness in promoting regional cooperation and strategic stability. It also explores the future prospects of the policy in the context of changing regional and global dynamics. By analyzing India's relations with its neighboring countries and the factors shaping these interactions, the study seeks to provide insights into the opportunities and challenges that will influence the future trajectory of India's neighborhood diplomacy and regional leadership.

Literature Review

The Neighbourhood First Policy has attracted significant scholarly attention as a central component of India's foreign policy. Researchers have examined its objectives, implementation, achievements, and challenges in the context of South Asian regional dynamics and evolving geopolitical realities.

According to C. Raja Mohan (2015), India's neighborhood policy is fundamental to its aspiration of becoming a leading regional and global power. He argues that stable and cooperative relations with neighboring countries are essential for ensuring national security, economic growth, and regional influence. The study highlights the importance of diplomatic engagement and strategic partnerships in fostering trust among South Asian nations.

Pant (2016) emphasizes that the Neighbourhood First Policy represents a proactive approach to regional diplomacy, focusing on connectivity, economic integration, and development cooperation. The author notes that initiatives such as cross-border infrastructure projects, energy cooperation, and



trade facilitation have strengthened India's ties with countries such as Bangladesh, Bhutan, and Nepal. However, challenges related to implementation and political sensitivities continue to hinder progress.

Muni (2017) examines India's relations with South Asian countries and argues that historical disputes, border issues, and domestic political changes in neighboring states significantly affect the success of India's regional policies. The study suggests that India must adopt a more inclusive and consultative approach to address concerns regarding its regional dominance and build stronger partnerships.

Research by Saran (2018) highlights the strategic challenges posed by the increasing involvement of external powers, particularly China, in South Asia. The author observes that China's economic investments and infrastructure projects have altered regional power dynamics, compelling India to strengthen its diplomatic and economic engagement with neighboring countries. The study concludes that India's neighborhood policy must adapt to emerging geopolitical realities.

Brewster (2019) focuses on maritime security and regional cooperation in the Indian Ocean region. The study finds that collaboration with Sri Lanka, the Maldives, and other neighboring countries has become increasingly important for addressing common security concerns such as piracy, terrorism, and illegal trafficking. The author emphasizes that maritime diplomacy forms a crucial element of India's neighborhood strategy.

Chaudhury and Basu (2021) analyze the economic dimension of the Neighbourhood First Policy and argue that trade connectivity and regional integration remain below their potential. Their findings indicate that non-tariff barriers, inadequate infrastructure, and political tensions continue to limit economic cooperation within South Asia.

Recent studies by Singh (2023) and Kumar (2024) emphasize the importance of digital connectivity, climate resilience, and sustainable development in strengthening regional partnerships. These studies suggest that future success of the Neighbourhood First Policy will depend on India's ability to promote inclusive growth, technological cooperation, and climate-responsive initiatives across the region.

Overall, the literature indicates that while India's Neighbourhood First Policy has contributed to enhanced diplomatic engagement and regional cooperation, significant challenges remain. Existing studies emphasize the need for stronger economic integration, effective conflict management, and strategic adaptability to address evolving regional and global developments. This research seeks to build upon the existing literature by assessing contemporary challenges and identifying future prospects for India's neighborhood diplomacy.

Objectives of the Study

1. To examine the evolution, significance, and strategic importance of India's Neighbourhood First Policy.
2. To analyze major initiatives and achievements strengthening political, economic, and diplomatic regional relations.
3. To identify key challenges affecting effective implementation of India's Neighbourhood First Policy regionally.
4. To evaluate external influences, particularly China's role, on India's neighborhood diplomacy efforts.



5. To suggest strategies enhancing regional cooperation, connectivity, integration, and sustainable development prospects.

Research Methodology

This study adopts a **descriptive and analytical research design** to assess the challenges and future prospects of India's Neighbourhood First Policy. The research is primarily based on **secondary data sources**, enabling a comprehensive examination of India's diplomatic engagements and regional relations within South Asia.

Data for the study are collected from a variety of sources, including books, peer-reviewed journals, government reports, policy documents, research publications, official statements of the Ministry of External Affairs, reports of international organizations, and credible online databases. Relevant literature on India's foreign policy, regional cooperation, geopolitical developments, and neighborhood diplomacy has been systematically reviewed to understand the evolution and effectiveness of the policy.

The study employs a qualitative approach to analyze the political, economic, strategic, and security dimensions of India's relations with neighboring countries such as Bangladesh, Bhutan, Nepal, Sri Lanka, Maldives, and Myanmar. Comparative and thematic analyses are used to identify key challenges, including geopolitical competition, border disputes, and external influences. The research also evaluates recent developments and emerging trends that may shape the future trajectory of the policy.

The findings are interpreted through a critical analysis of existing literature and policy frameworks, providing insights into strengthening India's regional engagement and promoting sustainable neighborhood cooperation.

Analysis and Discussion

1. India's Trade Relations with Neighbouring Countries

Economic cooperation is a key pillar of the Neighbourhood First Policy. India has strengthened trade ties with neighboring countries through preferential trade agreements, infrastructure development, and improved connectivity.

Table 1: India's Trade with Selected Neighbouring Countries (US\$ Billion)

Country	2020-21	2021-22	2022-23
Bangladesh	10.8	18.2	15.9
Nepal	7.8	8.5	8.9
Sri Lanka	4.6	5.5	5.8
Bhutan	1.1	1.4	1.7
Maldives	0.3	0.5	0.6

The data indicate a steady increase in India's trade with neighboring countries. Bangladesh has emerged as India's largest trading partner in South Asia. Enhanced trade relations demonstrate the positive impact of economic diplomacy under the Neighbourhood First Policy.

Development Assistance and Infrastructure Cooperation

India has invested significantly in infrastructure and development projects across South Asia.



Table 2: Major Indian Development Assistance Projects

Country	Key Projects
Bangladesh	Rail connectivity, power transmission
Nepal	Integrated Check Posts, petroleum pipeline
Bhutan	Hydropower projects
Sri Lanka	Housing and railway rehabilitation
Maldives	Greater Malé Connectivity Project

Development assistance has strengthened India's soft power and enhanced regional connectivity. Infrastructure projects have improved transportation, energy security, and economic integration.

Regional Connectivity Initiatives

Table 3: Important Connectivity Projects

Project	Countries Involved	Objective
BBIN Initiative	Bangladesh, Bhutan, India, Nepal	Regional transport connectivity
India-Myanmar-Thailand Highway	India, Myanmar, Thailand	Trade and connectivity
Maitree Bridge	India-Bangladesh	Cross-border movement
Petroleum Pipeline	India-Nepal	Energy cooperation

Improved connectivity facilitates trade, tourism, and people-to-people interactions. These initiatives strengthen regional integration and reduce transportation costs.

Challenge of China's Growing Presence

Table 4: Chinese Investments in South Asia (Approximate)

Country	Major Chinese Projects
Sri Lanka	Hambantota Port
Pakistan	China-Pakistan Economic Corridor
Nepal	Belt and Road Initiative Projects
Maldives	Infrastructure Development
Bangladesh	Industrial and Energy Projects

China's expanding economic and strategic influence presents a significant challenge to India's regional leadership. India has responded through increased developmental assistance, diplomatic engagement, and connectivity initiatives.

Security and Strategic Cooperation: India has enhanced maritime security cooperation with Sri Lanka, Maldives, and Bangladesh through joint naval exercises, coastal surveillance systems, and intelligence sharing.

Table 5: Security Cooperation Areas

Area	Partner Countries
Maritime Security	Sri Lanka, Maldives
Counter-Terrorism	Bangladesh, Nepal
Disaster Management	All South Asian Neighbours
Border Management	Nepal, Bhutan, Bangladesh



Security cooperation has strengthened regional stability and helped address common threats such as terrorism, piracy, illegal migration, and natural disasters.

Discussion

The analysis reveals that the Neighbourhood First Policy has positively influenced regional trade, connectivity, and diplomatic engagement. Economic cooperation and infrastructure development have strengthened bilateral relations. However, challenges such as geopolitical competition, border disputes, and China's growing regional presence continue to affect policy outcomes. The future success of the policy depends on sustained diplomatic efforts, enhanced economic integration, strategic partnerships, and effective management of regional challenges.

Findings of the Study

The study reveals that India's Neighbourhood First Policy has emerged as a significant instrument for strengthening regional cooperation and promoting stability in South Asia. The policy has enhanced India's diplomatic engagement with neighboring countries through regular high-level visits, development partnerships, and strategic cooperation initiatives.

The analysis indicates that economic relations between India and its neighboring countries have improved considerably over the years. Trade volumes with countries such as Bangladesh, Nepal, Bhutan, and Sri Lanka have increased, reflecting the effectiveness of India's efforts to promote regional economic integration. Infrastructure projects, including road networks, railway links, power transmission systems, and cross-border energy cooperation, have further strengthened connectivity and facilitated economic growth within the region.

The study also finds that India's development assistance and humanitarian support have contributed significantly to building goodwill among neighboring nations. Projects related to housing, healthcare, education, and disaster relief have enhanced India's image as a reliable regional partner. Maritime cooperation and security partnerships have strengthened collective efforts to address challenges such as terrorism, piracy, illegal trafficking, and natural disasters.

However, the findings reveal several challenges affecting the successful implementation of the policy. Border disputes, political instability, and changing domestic political environments in neighboring countries continue to create obstacles to deeper regional cooperation. In addition, anti-India sentiments and concerns regarding India's regional dominance occasionally influence bilateral relations.

A major finding of the study is the increasing geopolitical competition in South Asia, particularly due to China's growing economic and strategic presence. Chinese investments in infrastructure and connectivity projects have expanded Beijing's influence in the region, creating strategic challenges for India. This development has compelled India to strengthen its diplomatic outreach and development initiatives.

Overall, the study concludes that while the Neighbourhood First Policy has achieved notable success in enhancing regional engagement, its long-term effectiveness depends on sustained diplomatic efforts, stronger economic partnerships, improved connectivity, and the ability to address emerging geopolitical and security challenges in South Asia.



Policy Recommendations

To enhance the effectiveness of India's Neighbourhood First Policy, a comprehensive and proactive approach is required to address existing challenges and strengthen regional partnerships. First, India should prioritize economic integration and trade facilitation by reducing non-tariff barriers, improving customs procedures, and promoting cross-border investments. Expanding regional trade can create mutual economic benefits and deepen interdependence among neighboring countries.

Second, greater emphasis should be placed on connectivity and infrastructure development. Accelerating projects related to roads, railways, ports, energy corridors, and digital connectivity will improve regional integration and facilitate the movement of goods, services, and people. Timely completion of ongoing projects will also enhance India's credibility as a development partner.

Third, India should strengthen its development cooperation and capacity-building initiatives in neighboring countries. Increased support in sectors such as education, healthcare, agriculture, renewable energy, and technology can foster sustainable development and reinforce positive bilateral relations. People-to-people exchanges, cultural diplomacy, and academic collaborations should also be expanded to build mutual trust and understanding.

Fourth, India must adopt a more inclusive and consultative diplomatic approach by actively engaging neighboring countries in decision-making processes. Addressing concerns related to border disputes, migration, water-sharing issues, and security cooperation through dialogue can help reduce tensions and promote long-term stability.

Fifth, India should enhance its regional security cooperation by strengthening intelligence sharing, counter-terrorism measures, maritime security initiatives, and disaster management mechanisms. Collaborative efforts are essential to address common threats and maintain peace in the region.

Finally, in response to growing geopolitical competition, particularly from China, India should focus on offering transparent, sustainable, and mutually beneficial development partnerships. By combining economic diplomacy, strategic engagement, and regional cooperation, India can reinforce its leadership role in South Asia. Effective implementation of these recommendations will contribute to regional stability, economic prosperity, and the long-term success of the Neighbourhood First Policy.

Conclusion

India's Neighbourhood First Policy represents a strategic and comprehensive approach to strengthening relations with its neighboring countries and promoting regional cooperation in South Asia. As a cornerstone of India's foreign policy, the initiative seeks to foster political goodwill, economic integration, connectivity, security cooperation, and people-to-people engagement. The policy reflects India's recognition that a stable, prosperous, and cooperative neighborhood is essential for achieving its broader national and international objectives.

The study highlights that the Neighbourhood First Policy has contributed significantly to improving bilateral relations with countries such as Bangladesh, Bhutan, Nepal, Sri Lanka, the Maldives, and Myanmar. Through development assistance, infrastructure projects, trade expansion, humanitarian support, and security partnerships, India has enhanced its role as a responsible regional partner. Increased connectivity initiatives and economic cooperation have created opportunities for mutual growth and strengthened regional integration.



Despite these achievements, several challenges continue to affect the effectiveness of the policy. Border disputes, political instability, security concerns, and varying domestic priorities among neighboring countries often complicate diplomatic relations. Furthermore, the growing influence of external powers, particularly China, has intensified geopolitical competition in South Asia, requiring India to adopt more innovative and responsive diplomatic strategies.

The findings suggest that the long-term success of the Neighbourhood First Policy depends on sustained engagement, trust-building measures, timely implementation of development projects, and a commitment to addressing shared regional challenges. Greater emphasis on economic cooperation, digital connectivity, climate resilience, and human development can further strengthen India's partnerships with its neighbors.

In conclusion, the Neighbourhood First Policy remains a vital instrument for advancing India's regional interests and fostering stability in South Asia. By pursuing inclusive, cooperative, and forward-looking policies, India can enhance its regional leadership, strengthen neighborhood relations, and contribute meaningfully to peace, prosperity, and sustainable development across the region. The policy's future success will depend on adaptability, collaboration, and sustained diplomatic commitment.

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