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EDITORIAL ANALYSIS

Lipulekh Trade Resumption — A Small Step in India-China Normalisation, A Big Worry for Nepal

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SUBJECTS COVERED**IR****GS PAPERS****GS2****CURATED & WRITTEN BY****Bharat Choudhary**

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GS2



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MAINS RELEVANCE:

GS Paper 2



INTERVIEW ANGLE

"India-China border trade resumption via Lipulekh serves bilateral normalisation — but how should India manage Nepal's legitimate territorial concerns?"

WHY IN NEWS

The scheduled resumption of border trade through Lipulekh Pass after a six-year hiatus reflects India-China de-escalation — but Nepal's Foreign Ministry has called it a move that "reignites" its territorial concerns over the Kalapani-Lipulekh-Limpiyadhura trijunction.

The Significance of Resumption

The Lipulekh trade is modest in volume — traditional goods worth a few crore rupees annually. But its **symbolic significance is enormous**:

- 1 **De-escalation signal:** After the 2020 Galwan clash and four years of military standoff, border trade resumption signals both sides are investing in normalisation
- 2 **Border area development:** Active trade maintains civilian presence near the LAC, supporting India's border infrastructure push
- 3 **Confidence-building:** Trade creates people-to-people contact that can serve as a buffer against future escalations

This resumption follows other normalisation steps: disengagement at Ladakh friction points, restoration of direct flights, and reactivation of Border Personnel Meeting mechanisms.

Nepal's Legitimate Concerns

Nepal's concerns are not manufactured. The **Kalapani-Lipulekh-Limpiyadhura dispute** has a genuine historical basis:

- The **Treaty of Sugauli (1816)** between British India and Nepal defined the Kali (Mahakali) River as the boundary
- India and Nepal disagree on the **source/origin of the Kali River** — India identifies a tributary further east, Nepal points to the Limpiyadhura source further west
- The disputed area (~335 sq km) includes Kalapani, where the **Indo-Tibetan Border Police (ITBP) has maintained a post since 1962**
- In 2020, when India inaugurated the Lipulekh-Dharchula road, Nepal published a new political map including Kalapani, Lipulekh, and Limpiyadhura

The editorial argues that India must **address Nepal's concerns diplomatically** rather than ignoring them. A “might makes right” approach with a smaller neighbour undermines India’s credibility as a responsible regional power.

The India-Nepal Relationship Dynamic

India-Nepal relations have experienced recurring tensions despite deep civilisational, cultural, and economic bonds:

- **2015 blockade:** Perceived Indian blockade during Nepal’s constitutional crisis created lasting resentment
- **2017 constitution amendment:** Nepal’s post-earthquake constitution drew Indian criticism over Madhesi representation
- **2020 map crisis:** Nepal’s new map asserting claim over Kalapani-Lipulekh
- **2023-24 stabilisation:** Visits by PM Pushpa Kamal Dahal (Prachanda) to India; infrastructure cooperation resumed

The editorial recommends:

- 1 **Revive the Kalapani boundary dialogue** — the Foreign Secretary-level mechanism established but dormant
- 2 **Delink Lipulekh trade from boundary dispute** — trade benefits local communities on both sides (India-China) and need not prejudice boundary claims
- 3 **Offer Nepal a stake** — discuss tripartite arrangements or compensatory trade/transit benefits
- 4 **Avoid triumphalism** — Indian media framing of “reclaiming” Lipulekh inflames Nepali nationalism unnecessarily

UPSC RELEVANCE

Lipulekh Pass, Treaty of Sugauli, Kalapani dispute, ITBP.

MAINS GS-2:

India-China relations, India-Nepal boundary dispute, neighbourhood first policy, border management diplomacy.

ESSAY:

“In diplomacy, how you treat your smallest neighbour defines your largest ambitions.”

★ FACTS CORNER — KNOWLEDGE PEDIA

LIPULEKH PASS:

Location: Pithoragarh, Uttarakhand (alt. ~5,334 m)

Connects: Dharchula (India) to Taklakot/Purang (China)

India-China border trade points: Lipulekh, Shipki La (HP), Nathu La (Sikkim)

Trade season: June to September

KALAPANI-LIPULEKH-LIMPIYADHURA DISPUTE:

Parties: India and Nepal

Basis: Treaty of Sugauli (1816) — Kali River boundary

Core issue: Source of Kali River — India and Nepal identify different tributaries

Disputed area: ~335 sq km

ITBP post at Kalapani since 1962

Nepal's new map: June 2020 (includes all 3 areas)

INDIA-CHINA NORMALISATION STEPS:

Disengagement at Ladakh friction points (2024-2025)

Resumption of direct flights

Reactivation of BPM mechanisms

Lipulekh trade resumption (2026)

OTHER RELEVANT FACTS:

Treaty of Sugauli: March 4, 1816 (British East India Company and Kingdom of Nepal)

India-Nepal bilateral trade: ~\$10 billion (India is Nepal's largest trade partner)

India-Nepal Treaty of Peace and Friendship: 1950

Nepal's Constitution: 2015 (7 provinces, federal republic)

Neighbourhood First Policy: India's stated priority for immediate neighbours

Sources: [Indian Express](#), [Kathmandu Post](#), [The Tribune](#)

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