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India-China Border Trade via Lipulekh Pass Set to Resume After Six Years

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India-China Border Trade via Lipulekh Pass Set to Resume After Six Years

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WHY IN NEWS

Border trade between India and China through the Lipulekh Pass in Uttarakhand's Pithoragarh district is set to resume in 2026 after a six-year hiatus, following clearances from the Ministry of External Affairs (MEA), Ministry of Home Affairs (MHA), and Ministry of Commerce and Industry.

Historic Border Trade Route Reopens

The Lipulekh Pass

Lipulekh Pass is a **Himalayan pass at an altitude of ~5,334 metres (17,500 feet)** connecting Dharchula in Pithoragarh district, Uttarakhand, to Taklakot (Purang) in the Tibet Autonomous Region (TAR) of China. It is one of the three designated India-China border trading points.

BORDER TRADE POINT	LOCATION	CONNECTS TO
Lipulekh Pass	Uttarakhand	Taklakot/Purang, TAR
Shipki La	Himachal Pradesh	Namgya Khad, TAR
Nathu La	Sikkim	Chumbi Valley, TAR

The pass also serves as a key route for **Kailash Mansarovar Yatra** pilgrims.

Why Was Trade Suspended?

Trade was suspended in 2020 due to:

- 1 **COVID-19 pandemic** — border closures across all countries
- 2 **India-China border standoff in Ladakh** (Galwan Valley clash, June 2020) — led to a freeze in bilateral engagement at multiple levels

Resumption Approvals

- **Foreign Secretary Vikram Misri** wrote to Uttarakhand Chief Secretary **Anand Bardhan** requesting restoration
- MEA issued a **No Objection Certificate (NOC)**
- MHA and Ministry of Commerce granted their approvals

- Trade passes will be issued for the **June-September 2026** trading season
- In 2019 (last active year), around **265 traders** were granted passes; higher numbers expected in 2026

Nature of Trade

The Lipulekh border trade is based on **centuries-old traditional barter** between communities on both sides:

INDIA EXPORTS	CHINA/TIBET EXPORTS
Rice, flour, jaggery	Wool, pashmina
Sugar, cloth, utensils	Salt, borax
Spices, readymade garments	Silk, butter
Packaged food items	Yak hair, hides

This trade is limited to **locally produced and traditional goods** — it is not a channel for bulk commercial trade.

Economic Impact on Border Areas

Officials emphasised that the resumption is not just about goods exchange but serves as a **key driver of development in border areas**:

- **Employment** for local youth in logistics, portering, and trade facilitation
- **Tourism boost** — the Lipulekh route passes through scenic regions attracting trekkers
- **Strategic presence** — active border trade maintains civilian presence and activity near the LAC

The Nepal Dimension

Nepal has expressed strong concerns over the Lipulekh trade resumption. The **Kalapani-Lipulekh-Limpiyadhura trijunction** area is claimed by Nepal as its sovereign territory.

Timeline of the dispute:

- **1816:** Treaty of Sugauli between British India and Nepal — Kali River defined as boundary
- **Dispute:** India and Nepal disagree on the source/origin of the Kali River, leading to different territorial claims
- **2020:** India inaugurated a road through Lipulekh Pass; Nepal published a new political map including Kalapani, Lipulekh, and Limpiyadhura as Nepali territory
- **2026:** Nepal’s Foreign Ministry stated the resumption “reignites” its concerns; India maintains Lipulekh is part of Pithoragarh, Uttarakhand

Broader Context: India-China De-escalation

The Lipulekh trade resumption is part of a broader pattern of **India-China normalisation** following:

- Disengagement at multiple friction points in eastern Ladakh (2024-2025)
- Resumption of direct flights
- Restoration of diplomatic exchanges
- Border Personnel Meeting (BPM) mechanisms reactivated

UPSC RELEVANCE

Lipulekh Pass location, India-China border trade points, Treaty of Sugauli.

MAINS GS-2:

India-China relations, India-Nepal boundary dispute, border management and trade diplomacy.

MAINS GS-3:

Border area development, traditional trade practices.

★ FACTS CORNER — KNOWLEDGEPEDIA

LIPULEKH PASS:

Location: Pithoragarh district, Uttarakhand

Altitude: ~5,334 m (17,500 ft)

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

Also used for: Kailash Mansarovar Yatra

Trade protocol: June to September annually

INDIA-CHINA BORDER TRADE POINTS:

Lipulekh Pass (Uttarakhand) — trade suspended 2020, resuming 2026

Shipki La (Himachal Pradesh) — also suspended, status under review

Nathu La (Sikkim) — resumed 2023 after 3-year suspension

KALAPANI-LIPULEKH-LIMPIYADHURA DISPUTE:

Parties: India and Nepal

Core issue: Different interpretations of Kali River's origin

Treaty of Sugauli: 1816 (British India and Nepal)

Nepal's new map: Published June 2020, includes all 3 areas

India's position: Area is part of Pithoragarh, Uttarakhand

OTHER RELEVANT FACTS:

India-China LAC: ~3,488 km

Galwan Valley clash: June 15, 2020 (20 Indian soldiers martyred)

India-China bilateral trade: ~\$118 billion (2024-25)

Nathu La border trade: Reopened in 2006 after 44 years, suspended 2020, resumed 2023

Border trade governed by: Protocol on Entry and Exit of Border Traders (2003)

Sources: [The Tribune](#) , [ETV Bharat](#) , [Kathmandu Post](#) , [Millennium Post](#)

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