Policy of Economic Blockade

What is the issue?

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- Last year, Nepal alleged that India has supported the economic blockade initiated by the Madhesi people.
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- Since then India-Nepal relationship has plummeted.
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What happened?

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- Previous Nepal P.M. Oli blamed India for blocking crucial border points.
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- While many believed that a Nepali ethnic group called the Madhesis had initiated the blockade, there were others who implied that New Delhi had a role to play.
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Does India support the Policy of Economic Blockade?

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- At international forums India have censured the West’s use of economic coercion.
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- But in the past, New Delhi has itself used economic muscle for political purposes.
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- Through the use of economic instruments such as embargoes, economic blockades and financial sanctions, India has sought to promote its interests or support core policy issues in other countries.
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- But compared to the West, India has only selectively spoken about its economically coercive policies.
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- In December 2001, India imposed restrictions on Pakistan, which would have economic effects.
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How India approaches?

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- While several Western states have articulated their approach to economic coercion, India has often shied away from the subject.
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- In the last few years, India, individually as well as a part of multilateral forums such as BRICS has taken a strong stand against unilateral economic sanctions imposed on Russia and Iran.
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- India has not formalised economic coercive measures through legislation or explicit regulations and statements, as the US and European Union have done.
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What are the factors to be considered?

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- If India plans for using economic coercion, it is imperative that India thinks strategically and keeps its mind several factors.
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1. Ensuring that while employing economic pressures, collateral damage is minimised.
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2. Understanding the complexity of the target state’s international relationships. e.g Apprehensions like New Delhi’s blockade making Nepal

seek China’s support were not baseless.
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3. Thinking about the costs involved. With China’s influence growing in the region, India should think strategically, while flexing its economic muscles in the neighborhood.
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Source: Business Line

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