

From Rivers to Revenue: The Indo–Nepal Hydroelectric Cooperation for Sustainable Business Relations

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Abstract: The Indo-Nepal hydroelectric relationship is based on geography, interdependence and strategic necessity. Nepal has the potential to generate more than 80000 MW of hydropower whereas India has an increasing requirement of electricity with low carbon dioxide (CO₂) emission to sustain economic growth. The power trade agreement (PTA) in 2014 followed by India's Cross Border Electricity Trade (CBET) guidelines and subsequent amendments have strengthened the hydroelectric cooperation between India and Nepal. In this paper, the Indo-Nepal hydroelectric relationship is described not only as an energy relationship but also a platform for sustainable business relation. If the hydropower projects are developed with strong environmental, social and governance (ESG) precautions then the hydropower relationship creates the livelihood across borders, enhance grid stability, attract green investments with low CO₂ emission. Using case studies from Arun-III, Upper Karnali, Dhalkebar–Muzaffarpur transmission projects, this paper illustrates how bilateral energy cooperation is transitioning into a rules-based, market-oriented, and regionally integrated framework. Finally, this paper presents the pathways to commit sustainability, flexibility and equal sharing of benefits for ensuring hydroelectric cooperation to be the foundation of Indo-Nepal business in future.

Keywords: Indo-Nepal, Hydroelectric cooperation, Sustainable business, Foreign Policy, Geopolitics

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