With the formal relationship between Nepal and India starting with 1950 Indo-Nepal Treaty of Peace and Friendship, over the decades, the relationship has gone through many bumpy roads with the blockades and exploitive nature of India towards Nepal. Some of the critical drivers and dynamics of Nepal-India relationships affecting Nepalese business environment can be summarized as below:

1. Growing Anti- India sentiment in Nepal  
Among the Nepalese people, India is usually perceived as a bully who always tries to interfere in Nepal’s internal affairs. From claiming buddha's birthplace as India to encroaching border, India has always tried to have its ways in Nepal. Blockades of 1975, 1989 and 2015 also added fuel to the anti- India sentiment in Nepal. This sentiment might grow stronger in the future and people might prefer to buy Chinese products instead of Indian so the traders might have to conduct their business in similar way and Indians who have been doing business in Nepal since long time might find themselves boycotted if relationship with China grows.

2. Economic reliance in India  
India is Nepal’s largest trading partner. India has provided transit facility to Nepal for the third country trade. Both public and private sectors of India have invested in Nepal. The trade statistics reveals phenomenal increase in the volume of bilateral trade over the years between the two countries. India has provided economic assistance to Nepal in different projects like B.P. Koirala Institute of Health Sciences, Dharan; Emergency and Trauma Centre at Bir Hospital, Kathmandu; and Manmohan Memorial Polytechnic at Biratnagar etc. So a rift between India Nepal is going to hurt Nepal's economy very badly and affect the overall businesses.

3. Tapping into the India's growing economy   
India is one of the fastest growing economy in the world. And given our close ties, culture and proximity to India, there may be many areas where we could take advantage of. With the increase in living standard, people may want to travel and if we could lure them to travel in our country which will help in flourishing our tourism and also India can be a huge market for exporting our hydroelectricity as most of India's electricity is generated from coal and petroleum products and there seems to be a shift in India towards electric vehicles so the demand for electricity could surge.  
  
4. India's political influence in Nepal  
India has always shown interest in Nepal's politics and has always tried to influence it. It has caused political instability in Nepal several times and political instability affects business heavily and normally people wouldn't want to invest in a politically unstable country. Also, since different political parties have different ideology in India, a different party might want to implement different policies according to their interest so our policies may change according to what kind of party is ruling in India so the businesses might have to adjust accordingly.  
  
5. Nepal’s growing relationship with China  
After facing the crippling blockade of 2015, just month after a powerful earthquake decimated the country, Nepal was compelled to sign a historic trade and transit agreement with its northern neighbor, China. And India always had tensions with China and Nepal is right in the middle of India’s ‘Himalayan frontiers’, and along with Bhutan it acts as northern ‘borderland’ flanks and acts as buffer states against any possible aggression from China. So, any inclination towards China will be not liked by India which may grow further tensions between the two countries affecting the economic ties.   
  
6. Border disputes  
Border dispute has been going on between Nepal and India since a long time with India encroaching Nepal's border and there are certain disputed territories. These kind of matters escalate quite quickly and could invite war in the future which is catastrophic for businesses and economy.   
  
7. Unequal Diplomatic Agreements  
There are many diplomatic agreements between Nepal and India, and public perception holds that these are mostly beneficial to India. For instances, the Gandaki, Koshi and Mahakali water agreements with India are heavily disliked by the majority of Nepalis. These agreements, they say, have given India the upper hand over the use and control of Nepal’s precious water resources and since these resources are vital for both countries for irrigation and hydroelectricity projects, it will be huge economic loss for us.

In my opinion, it is highly probable that India might impose future blockades in Nepal as it has happened in the past and we should learn from the past and be prepared on our end. There could be number of reasons India may impose a blockade in Nepal like if there is government policies against the interest of India, our continuous growing relationship with China , border dispute, dispute over water resources etc. and India knows that they will have their way because we are too dependent upon them and they will do everything in their power to keep us being dependent as it is the only way they can exploit us. Nepal is basically India-locked with common borders on three sides and having the upper hand with us in every department, it wouldn't be a surprise if they impose further bans on us.

First of all, what the businesses can do is invest in making our country self sufficient. If we don’t have to depend on India for our major consumption, we don’t have to be bullied like we have been in the past. For example, the major import is of petroleum products so we can heavily invest in electric infrastructure for our energy dependence as one of our country's major resource is hydroelectricity. Its hard for any country to be self-sufficient in every field but businesses need to be focused in production of at least the basic goods so that people can get basic needs if such situation occurs. The businesses should try to diversify their international trade partners by making ties with different countries and having a backup plan in case of such emergencies. For example, our trade with India is significantly higher than that with China so we can try to be involved more in trade with China although China may also do the same thing that India did so we should try to find a balance in trade with different countries. The way we make us strong is by reducing the trade deficit we have with India which is very high so we should try to reduce that by brainstorming products that we can export to them like electricity and try to reduce imports by different ways like focusing on electric vehicles, producing raw materials in our own country etc. If we can increase India's dependence on Nepal, India will be more reluctant to impose such bans in the future. We are a small landlocked country between two superpowers of the world so our only way is balancing the diplomatic ties with both countries and becoming self-sufficient along the way.   
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