



# Facets of India-Nepal Relations

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Centre for Research on Strategic and Security Issues

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# About NatStrat

NatStrat is an independent, not-for-profit centre for research on strategic and security issues. It is headed by its **Convenor, Pankaj Saran**, and has **Shantanu Mukharji** as its **Adviser**.

## Vision

The 21st century is upon us. The post-World War II global architecture is becoming unsustainable. The international security and strategic environment is changing. The centre of gravity of global influence is shifting, and new powers are emerging. India is one of them. Despite the odds, India has withstood internal and external challenges to preserve its democratic and constitutional ethos. Its diversity and pluralism have grown while being firmly rooted in its civilisational heritage. As a result, the states of India are more empowered today than before. More than half its population, larger than the combined size of Europe and the US, is under the age of thirty.

The transformation underway in India will unleash powerful impulses beyond India's borders. This will profoundly impact the world's political, social, cultural and economic systems. As India rises and finds its rightful place on the world stage, its unique identity, traditions and value systems will become critical to global peace and stability.

India is looking ahead to mark the centenary year of its post-independence existence. How India thinks will matter. How India acts will matter even more.

The success of India is crucial to humankind. We seek to understand the domestic and external security challenges facing India and what drives India's strategic calculations. We will ask the right questions without fear or favour and provide our views and insights fearlessly.

We will bring an authentic Indian perspective to understanding the world. We aim to make India's voice heard and count in the international community.

## Aims and Objectives

NatStrat undertakes research on issues that impact India's security and foreign policy interests with a focus on three areas – geopolitics, national security, technology, and economy. NatStrat's research is objective, impartial and rigorous. It upholds the highest standards of excellence and scrutiny.

NatStrat seeks to reach out to decision-makers, policymakers, practitioners and the strategic community within and outside India. It engages with international counterparts and with institutions and scholars across India.

NatStrat produces a variety of material, including research papers, commentaries, monographs and policy briefs. Its contributors are among the most authoritative and experienced professionals with international repute and acclaim. It also promotes new and fresh perspectives by encouraging young thinkers to write and work for it. As part of its activities, NatStrat hosts seminars, round table discussions, lectures, podcasts and interviews.

# About NIICE

Nepal Institute for International Cooperation and Engagement (NIICE) is an independent, apolitical and non-partisan think tank based in Nepal, which believes in freedom, democracy and a world free from conflict. We envision a world, where sources of insecurity are identified and understood, conflicts are prevented or resolved, and peace is advocated. It was registered under the Companies Act 2006 of Nepal in February 2016.

## Objectives

Nepal Institute for International Cooperation and Engagement (NIICE) was formed to meet the following objectives:

- To undertake independent research and activities on issues of International Relations, Foreign Policy, Security Studies and Development, which are conducive to world at large and Nepal in particular;
- To provide analyses and recommendations to the governments, policymakers, researchers and civil society;
- To nurture genuine scholarships and creativity in the field of research;
- To forge strong interdisciplinary programmes and engage in productive partnerships with different research and academic institutions around the world;
- To support independent research, enable scholars to produce monograph, issue briefs, articles, reports, books, and to hold seminars/conferences;
- To publish journals on the issues of global significance and concern, and provide up-to-date information and analysis about world events.

## Mission

NIICE's mission is to advance the cause of peace and harmony through analyses and debates on fresh policy ideas, cooperation with global institutes and think tanks, as well as direct engagement and collaboration with decision makers in government, business, and civil society. Working together, NIICE aims at reaching the inestimable benefits of multiple viewpoints for bilateral, regional, and global issues.

# Abstract

India and Nepal occupy a common geographical, cultural and historical space. Since India's independence, relations with Nepal have been a key factor in New Delhi's regional engagement. The relationship has been largely free from major irritants, though there have been challenges which have been dealt with by the two sides in a mutually beneficial way. Nepal has been undergoing a political transition, with new forces and a younger generation emerging. The ongoing political and socio-economic changes in Nepal are important not only for Nepal's future but also for its relations with India. To highlight some aspects of the complex India-Nepal relationship, NatStrat in collaboration with the Nepal Institute for International Cooperation and Engagement (NIICE), Kathmandu, has brought out a compilation of essays by Indian and Nepali writers and commentators.

This issue starts with a special feature by **Ambassador Pankaj Saran**, who in his article **India-Nepal Relations: Regional, Sub-regional and Bilateral Opportunities** has highlighted the useful role that initiatives like BBIN and BIMSTEC can play in promoting India-Nepal relations.

In the first section, experts from Nepal dwell on some important issues in Nepal-India ties. **Anurag Acharya** highlights importance of economic, trade and development benefits in his piece, **Nepal-India: An Understated Partnership**. **Binoj Basnyat** in his piece, **Nepal – India Security Relationship in the Making** argues that failure to recognise the Gurkhas as an integral part of the Indian Army could weaken the 'diplomatic bridge' between Nepal and India. **Kamal Dev Bhattarai** has advocated the need for better media coverage in his article **The Role of Media in Strengthening Nepal-India Relations**.

In the next article, **The Evolving Dynamics of India-Nepal Economic Ties**, **Sunil Kumar Chaudhary** emphasises importance of tourism, education and technology. **Pramod Jaiswal**, in his article, **The China Factor in Nepal-India**

**Relations** has highlighted the depth of India-Nepal relations while comparing India-China engagement with Nepal. In the last piece of this section, **Soft Power Dimensions of Nepal-India Relations**, **Sumitra Karki** highlights the importance of Bollywood and religious tourism in Nepal-India relations.

In the second section, Indian experts have written on India-Nepal engagement. In the first article, **Anuttama Banerji** has highlighted India's humanitarian assistance to Nepal as an important aspect of New Delhi's Neighbourhood First policy. In **India-Nepal Relations: Need to Address Youth Aspirations**, **Sabyasachi Datta** has highlighted the need for youth engagement to further strengthen India-Nepal ties. **Avadhesh Mathur** in his piece **India-Nepal: Rich History, Bright Future** has given a series of recommendations as a way ahead. In his article **India-Nepal Hydro-energy Collaboration: Contemporary Challenges and Negotiations**, **Nihar R. Nayak** makes a strong case for hydropower cooperation. In the final article, **India-Nepal Relations in the Contemporary Geopolitical Context**, **Ambassador Ranjit Rae** provides a strategic and overarching view of all major aspects of the relationship.

**Keywords:** *India-Nepal, Neighbourhood First Policy, HADR, Hydropower, Connectivity*



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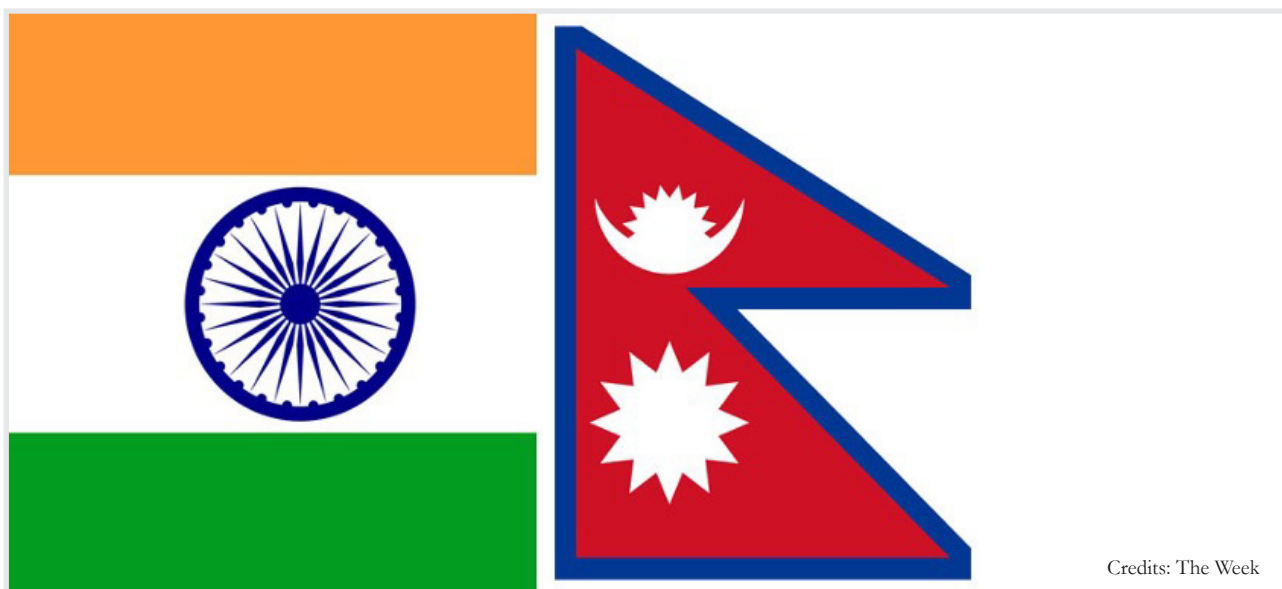
# Special Feature

**Pankaj Saran**

Convenor, NatStrat

# INDIA-NEPAL RELATIONS: REGIONAL, SUB-REGIONAL AND BILATERAL OPPORTUNITIES

Pankaj Saran



## Introduction

It has been argued that the Indian subcontinent has not been a fertile ground for regional cooperation due to border disputes, security concerns, economic disparities and frequent political tensions. With only 3.5 percent of the world's land surface area, South Asia hosts one-fourth of earth's population which makes it the most densely populated region in the world. According to a 2021 World Bank study, intraregional trade in South Asia is 5-6 percent of total trade while the intraregional investments are low at 0.6 percent of the total inward Foreign Direct Investment from other countries.<sup>1</sup>

The assertion of the subcontinent being poorly connected and integrated however overlooks the disparities in the size and nature of the economies and absence of both complementarities and economies of scale among them, with the

exception that each of the countries of the subcontinent is deeply integrated with the Indian economy rather than with each other. It is for this reason that India is a natural bridge and partner for each country in the subcontinent, and has to drive the process of regional integration.

A lot of progress has been made in this direction in the last few years, but much more could have been made had Pakistan not blocked and derailed the SAARC process that was initiated by Bangladesh in the mid – 1980s.

It is amply clear that the Indian sub-continent needs economic cooperation in order to uplift its people out of underdevelopment.

Political obduracy and hostility towards India by Pakistan have been one of the main factors responsible

for underperformance of SAARC. The other countries in the region have become collateral damage in this process which deprives them of better development and connectivity opportunities. This has prompted Indian policymakers to 'reimagine' the idea of the neighbourhood itself in which alternatives to a whole-of-South Asia neighbourhood has been explored.<sup>3</sup>

As part of these efforts, another regional mechanism, the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) and sub-regional arrangement, the Bangladesh, Bhutan, India, Nepal (BBIN) Initiative have taken shape and have a lot of potential. In 2017, India's Ministry of External Affairs clubbed the BIMSTEC Division with that of the SAARC Division. From India's point of view, the above initiatives are necessary alternatives to SAARC if any form of regional cooperation is to move ahead. They are also a reflection of India's larger foreign and economic policy initiatives such as the Neighbourhood First Policy, Act East and Indo-Pacific policies.

India-Nepal cooperation is a very important element of these initiatives which has the potential to bring fruits of real development to the Himalayan country and also help its efforts to achieve the Sustainable Development Goals. Nepal's economic connections with India's northern and north-eastern states are also being given special attention.

## BIMSTEC

During his first term as Prime Minister, Shri Narendra Modi made serious efforts to reinvigorate SAARC. In a bold move, he invited all SAARC leaders for the swearing-in ceremony of his government in 2014, but soon thereafter a series of terror attacks were launched by Pakistan in India, effectively nullifying the incipient peace process. In 2019, Prime Minister Modi instead invited the BIMSTEC countries to attend his

swearing-in ceremony. This marked a major shift in his approach to the region and to regional cooperation.

The idea of BIMSTEC is woven around the 'Bay of Bengal' as a common neighbourhood which could help landlocked countries like Nepal to further increase their maritime trade and also find connectivity to Southeast Asia. The increased and diversified economic connectivity would not only increase Nepal's exports but also have the potential to strengthen Nepal's tourism sector by attracting Buddhist pilgrims from Myanmar, Sri Lanka and Southeast Asian countries.<sup>4</sup> Hydropower and cross-border river transport are other areas within BIMSTEC that could further strengthen India-Nepal economic ties.

**BIMSTEC can emerge as a springboard for Nepal for its engagement in the Indo-Pacific, an idea which is being pursued by South and Southeast Asian countries with varying degrees of enthusiasm. Nepal should not fall behind in this process as the Indo-Pacific is fast emerging as a dynamic engine of growth for the entire region.**

## BBIN

Sub-regional cooperation has a history in South Asia that goes back to the 1990s. In 1996, Nepal had proposed the establishment of the South Asian Growth Quadrangle (SAGQ) that included Bangladesh, Bhutan, Nepal and the north eastern states of India. Later, the SAARC Summits in Male (1997) and Colombo (1998) endorsed the idea of sub-regional cooperation focusing on trade, transit, water and energy.<sup>5</sup> Domestic and regional priorities in member states have prevented the requisite enthusiasm towards SAGQ which later received a new lease of life in 2014 at the Kathmandu SAARC Summit. Pakistan blocked India's proposal for the SAARC Motor Vehicles Agreement at this meeting which prompted New Delhi to push for the BBIN Motor Vehicles Agreement that was signed in 2015.

In economic terms, Bangladesh is a success story in the region while Nepal, Bhutan and India's north eastern states constitute a cultural sub-region with many similarities, including in food and cultural habits.<sup>6</sup> Their geographical proximity makes a strong case for economic integration between them. One emerging area in this regard is the establishment of a hydroelectricity grid. Bangladesh is now investing in the hydropower sector of Nepal and Bhutan with an aim to import electricity via India. It has finalised a power purchase agreement (PPA) with Nepal to import 500 MW of electricity from the proposed 900 MW run-of-the-river hydroelectric power plant – Upper Karnali Hydropower Project – which is supposed to be developed by India's GMR Group.<sup>7</sup>

**India is planning to expand the BBIN electricity grid to include Southeast Asian countries that could emerge as a unified market. For Nepal, BBIN could also facilitate multi-modal transport opportunities via road, rail and inland waterways. This would not only reduce costs but also the carbon emissions.<sup>8</sup>**

BBIN is attracting attention from the European Union as well. The first EU-India Global Gateway conference was held in June 2023 in Meghalaya in order to explore opportunities for connectivity and investments in India's north eastern states and the immediate sub-Himalayan neighbourhood that includes Nepal and Bhutan. There are, however, certain problems that need attention such as inadequate border crossing infrastructure, paper-based procedures, restrictive regulations and policies and inefficient cargo handling logistics. Due to these issues, India's unrealised potential for trade with BBIN countries is 50 percent while the same figure for Nepal stands at 76 percent.<sup>9</sup> Organisationally, most of the BBIN meetings take place at the senior officer level. Summit level meetings and formal organisation structures with a well-defined charter would elevate BBIN's profile in the region and would also ensure speedy implementation of projects.<sup>10</sup> Bhutan has

however yet to arrive at a domestic consensus on its role in the BBIN.

## Nepal's Connectivity with Indian States

In addition to the relationship between Delhi and Kathmandu, Nepal's economic, cultural and social links with the Indian States of Uttarakhand, Uttar Pradesh, Bihar, West Bengal and Sikkim are extremely important. UP and Bihar share a long border with Nepal while Raxaul and Jogbani are among the most important transit routes between India and Nepal. These Indian states not only share similar ecosystems and agro-climatic conditions with Nepal but also have common and close historical and religious traditions and practices in terms of Hinduism and Buddhism.<sup>11</sup> They also play an important role in the Buddhist circuit.

**The first broad gauge passenger rail service between Bihar and Nepal started in 2022 which has been successfully running. In 2019, India and Nepal started the first cross-border oil pipeline in South Asia with a 69-km-long petroleum pipeline between Motihari in Bihar and Amlekhgunj in Nepal's Bara district.**

Historical and socio-cultural ties between Nepal and north eastern states of India hold a lot of potential for sub-regional cooperation between the two countries. Economic complementarities between the two regions also indicate that such cooperation would be successful.<sup>12</sup>

## Conclusion

With the failure of SAARC, there is ample scope for alternate regional and sub-regional cooperation. India and Nepal cooperation would be very important to ensure success of initiatives like BIMSTEC and BBIN. Bordering Indian States have a deep historical and religious connection with Nepal. These states can and have been at the centre of India's connectivity and economic plans for Nepal. Connectivity does

not stop at these states. Indian sea ports along its peninsula coastline and transit opportunities can connect Nepal to the Indian Ocean and other sub-regions of West, Central and South-East Asia. There is a need to address challenges through improving border infrastructure, use of digitalisation and technology, cutting red tape and public-private partnerships. These measures would help Nepal in achieving its Sustainable Development Goals.

Kathmandu is already part of India's 'Neighbourhood First Policy' and an important stakeholder in India's Act East and Indo-Pacific policies.

But much more importantly, it is the progress in the India- Nepal bilateral relationship that holds the key for a prosperous, secure and stable sub-continent. The connections run deep and are dictated by history, culture, people to people linkages and geography. India is a natural partner of choice for Nepal. The well-being of both countries is interdependent and it is incumbent on all sections of society, especially the intelligentsia and opinion makers, to preserve and promote this vital relationship, rather than leave it only to the two governments.

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### Pankaj Saran

Pankaj Saran is a former diplomat with forty years of experience in foreign, strategic and national security affairs. He has served in key positions within the Government of India in the Prime Minister's Office, the National Security Council Secretariat, Ministry of External Affairs and in Indian Missions abroad. He has served as India's Ambassador to Russia and India's High Commissioner to Bangladesh, and as Head of the Northern Division in the Ministry of External Affairs dealing with Nepal and Bhutan.

He has served in different capacities in the Prime Minister's Office contributing to decision-making at the highest levels in a diverse range of sectors, including foreign affairs and national security. From 2018 to 2021, he served as the Deputy National Security Adviser for Strategic Affairs under Prime Minister Narendra Modi dealing with regional and global strategy formulation, including maritime security and Arctic affairs, neighbourhood policies and technology and economic security.

Pankaj Saran is presently Convenor of NatStrat and a commentator on security and strategic issues and a Distinguished Fellow of the National Maritime Foundation.

# Views from Nepal



# NEPAL-INDIA: AN UNDERSTATED PARTNERSHIP

Anurag Acharya



Nepal of the 1950s comprised inaccessible hills and mountains as the country struggled with limited infrastructure in the form of highways, airports, hospitals or even universities. In fact, Nepal was beset with multiple socio-economic issues like Poverty, food-shortages, epidemics which occurred with grave frequency reducing life expectancy – in a country where life expectancy was less than 60 years. Considering Nepal's proximity to India, as the latter surrounds Nepal from three sides, it was only proper that India would support Nepal in its initial years of development following the end of Rana autocracy and Nepal's self-imposed isolation. It was not as if India was a highly-developed nation back then. The country had just liberated itself from British colonialism, and had endured a painful partition, deeply affecting society and the economy. But democratic India never forgot the support Nepali leaders and its people had provided during their independence movement.

India generously invested in building not one but six airports, including its first international airport in Kathmandu. India also supported construction of the East-West highway that connects different parts of the country with Kathmandu. Other infrastructure projects that saw Indian support during the early decades included the construction of Nepal's oldest Tribhuvan University campus, 14MW Devighat Hydropower and Irrigation Project and the extension of cross-border railway services to Janakpur. These infrastructure initiatives were pivotal in enabling Nepalese development in its initial years.

## Indian Imperatives in Nepalese Infrastructure Assistance

Although India's decision to support Nepal's development was not entirely altruistic and



national interest and security were abiding considerations for India — Indian interest in Nepalese infrastructure was linked to the protection of its northern frontiers in the aftermath of the Cold War and India's own military engagements and war making efforts with Pakistan and China.

Furthermore, India has enduring border disputes with China in the north, but the roughly 1500 kilometres of buffer that Nepal provides is of vital importance to New Delhi that drives its foreign policy vis-à-vis Kathmandu. Additionally, Nepal's snow-fed rivers are an important source of irrigation and drinking water for India's bordering states of Bihar and Uttar Pradesh. But, until the 1950s these rivers annually flooded large parts of these states, which led to India negotiating water sharing and flood-control treaties. Although Nepal had also benefited from irrigation water and flood control, the Koshi, Gandak and the Mahakali river treaties have undoubtedly benefited India more. But, the trade-offs cannot be simply ascertained without taking into account Nepal's pressing needs back then and the limited options it had.

Therefore, India has reciprocated and supported infrastructure development in Nepal across different sectors. Moreover, it is believed that the construction of a Trauma Centre Hospital in Kathmandu, petroleum pipelines in Amlekhgunj, the ongoing extension of East-West railway network and construction of multiple hydropower projects will facilitate more robust trade, connectivity and development partnership between the two countries in the years to come.

## Nepal's Options

**It is evident that India wants to consolidate its influence in Nepal through these new development projects and Nepal must tactfully protect its national interest by engaging in hedging practices — without irking either India or China as a small state within South Asia.**

Nepal should rely on its diplomatic skills and leverages and engage in diplomatic manoeuvres that protect its interests. Given the rise of an economically and militarily powerful China that is competing for influence in South Asia in general and Nepal in particular, it is understandable that India will eschew the use of the 'Gujral doctrine of non-reciprocity'.

Nepal must rely on smart diplomacy that brings to the negotiating table a compelling set of incentives, for India to consider deeper engagements that mutually benefit both countries.

To begin with, Nepal must acknowledge that it has benefitted immensely from an unrestricted movement of goods and people through the open borders. But when it comes to bilateral trade, the numbers suggest that India has disproportionately benefited from its exports. In 2021, Indian exports to Nepal stood at over USD 9.5 billion, while Nepali exports to India was approximately USD 1.3 billion. With approximately 65 percent market share that India enjoys, Nepal is among the largest consumers of Indian goods and services in South Asia. Hence, there is a strong merit in arguing that increased physical connectivity between the two countries through highways and railways will benefit India more in the future.

However, there may be an element of robust complementarity in the hydropower trade, where the export of electricity to India and to Bangladesh could potentially benefit Nepal in the future. Currently, the volume of energy trade still favours India, as Nepal imports more than it exports in the Indian market. This does not help to balance the trade deficit between the two countries, and is therefore not sustainable.

**Nepal must negotiate with India for greater access to its energy market, and to facilitate trade with Bangladesh. India, on the other hand, must take stock of the existing geopolitical realities to ensure the government in Kathmandu remains**

**incentivized for deeper physical and trade connectivity.**

For instance, facilitating goods trade between Nepal and Bangladesh, in addition to the electricity trade, could provide New Delhi with a strong leverage vis-à-vis both the countries. Indian foreign policy architects must get-over their Cold War era mind-set, and be more pragmatic in their thinking. After all, if India espouses a 'neighbourhood-first' policy, it must first exhibit greater trust and consideration for developmental priorities of its closest neighbours.

**Like any other developing countries in need of aid and investments to propel their growth, Nepal continues to seek both bilateral and multilateral development partnerships. Countries like India, China, United States and Japan have contributed immensely to building Nepal's large physical infrastructures, besides the support of multilateral institutions like the World Bank and the Asian Development Bank. In that sense, Nepal maintains a fairly open and balanced outlook in its aid and infrastructure diplomacy.**

## Conclusion

However, past assessments or ongoing development partnerships suggest, India is by far Nepal's most reliable development partner despite the strained ties at different interludes. This is the result of the sum of historical, social and geopolitical realities that make the two countries all-weather allies.

**The two countries can still take this friendship to the level that translates into unprecedented benefits for both. Greater connectivity and genuine integration of Nepal, with the markets in India and beyond, will offer stronger incentives to present and future governments in Kathmandu to maintain deeper ties and engagements. In return, New Delhi will wield a stronger leverage and reputation across the political and social spectrum in Nepal.**

Although existing disputes and diplomatic differences may continue to exist, these differences will pale in comparison to the economic, trade and developmental benefits that both sides will accrue on account of a burgeoning bilateral partnership.



**Anurag Acharya**

Anurag Acharya is a former journalist and currently Director at Kathmandu-based think-tank. He has a decade and half long professional experience working with different national and international organizations. His expertise and research interests include governance and geopolitics; focusing primarily on Nepal and South Asia. Acharya graduated in Development Studies from Kathmandu University and has a Master's degree in International Relations from Jawaharlal Nehru University, India.

# THE NEPAL-INDIA SECURITY RELATIONSHIP IN THE MAKING

Binoj Basnyat



The fortitude of defence diplomacy has been held back with Nepal's reluctance to permit the most decorated Nepali Gurkhas recruitment in the "Agnipath Scheme" that is going on since September 2022 with disagreements for the process is in variance with Nepal's diplomatic posture within the new geopolitical environment. Interestingly, the 40 battalions of seven Gurkha regiments comprising 42,000 soldiers are both Nepali and Indian Gurkhas.

The Agnipath scheme launched with the intention of lessening the average age of the armed forces as well as reducing defence expenditure of India has failed to impress the political elite of Nepal as it has impacted job opportunities while curtailing an important source of Indian currency for the economy and imports that Nepal is desirous of. The scheme is about a quarter of the total strength to continue in service after four years with the others with a golden handshake of USD 15,000 (INR 1.7

million). It is a trilateral arrangement with bilateral agreement between India and UK with Nepal as an observer as well as Nepal's recommendation on the employment of the Gurkhas.

## Political Citations

The Agnipath Scheme was not originally part of the tripartite agreement and it does not address the question of the rights of the Gurkhas — the longevity of their military career; as well as the existing problem of unemployment within Nepal. Finally, it is possible that the weapon trained returnees could be vulnerable to non-state actors as well who could use them as a resource in

**the future – potentially altering the security dynamics within South Asia.**

The Gurkhas' presence in various military forces, has played a role in influencing and maintaining geo-political stability beyond the Indian subcontinent and global reputation. The global recognition for exceptional military abilities and professionalism is highly regarded globally.

**The absence of Nepali Gurkhas within the Indian armed forces could potentially alter the bilateral relationship, balance of power and have serious implications for the region. Additionally, the international community's perception of Nepal and India's bilateral ties might be affected, potentially hampering diplomatic cooperation on various issues impacting the scope of national and International Relations.**

## Historical Precedents

The longstanding recruitment ties have fostered close bilateral relations between Nepal and India. Both countries share an enduring historical and cultural connection. During the ratification of the Tripartite Agreement, Nepal wanted to ensure that there would be no discrimination between Gurkhas and the host army and that Gurkha troops would not to be treated as mercenaries.

The Tripartite Treaty followed by the 1950 Treaty of Peace and Friendship underpinned Nepalese nationals the right to work in India and for equal national treatment but short of any provisions of engagement or benefits.

The "Maoists 40 points demand" put forward on February 4, 1996, revealed the closure of the Gurkha recruitment centres and the introduction of a work permit system for foreign workers.

Bhim Rawal, former Defence Minister in the past KP Oli government called for the termination of the Tripartite Treaty in the parliament as the Agnipath Scheme had violated the essence assembling it the bedrock substratum for politics. But for many, it has provided an opportunity of global repute and a military career.

## Limited Political Consensus

Defence Minister Rajnath Singh said that the Scheme is a 'transformative reform to enhance the combat potential of Armed Forces with a younger profile and technologically-adept soldiers.

Although the government of Baburam Bhattarai in 2012 attempted to put an end to further enlistment in the Indian Army, it was viewed as a lucrative employment opportunity by the Nepalese.

However, Nepali Foreign Minister NP Saud obliquely said that the recruitment of Gurkhas would be postponed "We have a policy that if there is any change made to a tripartite treaty, then it should be implemented through a political consensus."

Pradeep Kumar Gyawali, a senior leader of the main opposition Communist Party of Nepal (UML) and former Foreign Minister added, "We are not going to accept the new plan. If India is ready to revert back to the older Gurkha recruitment process, then it can be resumed."

There is limited political consensus for the resumption of modified recruitment as most of the political parties oppose the unilateral decision in the recruitment scheme that the government of India has implemented.

## Nepalese Opposition to Enlistment

The June 2022 approved Scheme trails Nepal's official proposal with Britain on 12 February 2020 for a review of the 1947 Tripartite Agreement on Gurkha soldier's incentives and

conveniences that is old and does not serve the present needs in the changed context. The proposal raised inconsistency when Pradeep Gyawali then Foreign Minister said that the British Government responded “positively” while KP Oli then Prime Minister revealed “We want to review it and make it a bilateral one, in this spirit, I proposed a review but the British side did not accept it”. The House Committee in March 2019 has also directed the Government of Nepal to take up the Tripartite Agreement and the issue of Gurkha veterans with the British government on a priority basis.

## Financial Remuneration

Remittance flows remain a major source of external income with 23 percent of the GDP of Nepal in 2022 being accounted for by remittance with USD 9 billion, an increase of USD 1 billion from 2021. At the same time more than four hundred thousand youth travel abroad for work opportunity. Based on Agreement and Treaties, Brunei, India, Singapore and the UK have been destinations for Gurkhas. But recently, Nepali youth have been part of Russian forces fighting in Ukraine as well as other countries. Despite the fact that it is about an individual’s freedom of choice enshrined in the Declaration of Human Rights as well as the lack of domestic opportunities for employment, it goes against the essence of Nepal’s policies.

## India: Nepal’s Preferred Choice

India is the main destination of choice for Nepalese due to existing bilateral arrangements, open borders, close proximity, similar culture and contemporary reality. The Indian Embassy in Kathmandu states that 8 million Nepalese citizens live and work in India and 600,000 Indians live in Nepal, which is different from other estimates of 1 to 3 million Nepalese working in India. The difficulty in gauging the actual numbers is due to the high mobility of Nepali workers; pervasiveness of cross-border marriages; the Indian population with ancestries in Nepal and the Nepalese obtaining domicile

status in India.

According to the World Bank’s Bilateral Remittance Matrix of 2017, the value of remittance from India to Nepal by Nepali workers was USD 1 billion, while remittance from Nepal to India in the same year was USD 3 billion.

The salaries of the serving and the pensions of about 1,22,000 Indian Gurkha veterans living in Nepal and the remittances sent by them have provided Nepal with an economic cushion. Their contribution and other benefits accrued amounted to around USD 620 million (INR 45 Crores), equivalent to 3.7 percent of Nepal’s GDP in 2015 and more than the military budget of Nepal of USD 450 million (around Rs 60 billion), amounting to 3.5 percent of the total government expenditure.

**The likelihood of Indian Gurkhas replacing the Nepali Gurkhas could be a temporary choice for the Indian Armed forces due to traditional linkages and bonds dating from the 18th century. Such a move will also have long standing strategic implications within an ever altering geopolitical landscape.**

## Conclusion

Shifting geostrategic dynamics, global rivalry, rise in global migration and conscription through different methods and routes are a matter of concern.

Therefore, engaging vulnerable youth, and focus on traditional features and rich historical relationships is important for political-security, political-economy and political-cultural growth. Additionally, recognising the financial implications and cultural connections attached to the Gurkhas’ service is vital to ensure the well-being of individuals, their communities and contributes to upholding regional stability by bolstering Nepal’s defence capabilities for

national security.

Recognising the Gurkhas as an integral part of the Indian Army reinforces the national interests of both the countries as its absence would weaken the 'diplomatic bridge' between Nepal and India.

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# THE ROLE OF MEDIA IN STRENGTHENING NEPAL-INDIA RELATIONS

Kamal Dev Bhattarai



Media significantly influences the conduct and shaping of foreign policy in any country. Media content affects all aspects of the relationship between the media and public opinion. In both domestic and foreign policy, public opinion is a primary driver that influences the decisions of political parties and the government of the day. Therefore, how the media frames bilateral issues immensely affects the trajectory of bilateral relations.

When it comes to Nepal-India relations, there has not been much discussion among the media fraternity and academicians about the role that the media is playing or how the media is framing bilateral issues.

Nepal-India's relations are characterized by an open border, people-to-people ties, strong civilizational connections, and economic and political ties. This relationship is undoubtedly one of the unique relationships in the world and does not match any other relationship. There are no visa provisions for travel, and there are no restrictions on traveling and leaving each other's countries. This uniqueness and closeness has made the bilateral relation a complex one as well. If this complex relation is not handled properly, it can lead to frictions in the bilateral relationship. In the past seven decades, Nepal-India relations have seen several ups and downs.

# Media Reportage on Challenges Nepal-India Relations

This write-up sheds light on how both media in Nepal and India are reporting bilateral issues and how it is affecting the entire bilateral relationship. Both Nepal and India are democratic countries, so there are no restrictions on the media. The media itself should be responsible while reporting bilateral issues. Obviously, in many instances, the media has played a constructive role, but it is a reality that flawed media reporting can negatively contribute to the bilateral relationship, sometimes causing frictions. The news reporting from both Kathmandu and New Delhi often lacks ground reporting and local-perspective from the bordering areas. If something unpleasant happens across the bordering areas, Kathmandu and New Delhi media tend to amplify the issues without a proper understanding, thereby misrepresenting them.

Based on some flawed reporting by the media, governments and politicians formulate their positions and advance their political agendas. Therefore, media houses and journalists should improve the quality of their reporting on local issues. It is often said that Nepal and India are close, but it often seems that journalists working in both Kathmandu and New Delhi lack an understanding of each other's issues and concerns. For instance, many Indian media reports on Nepal's internal and bilateral issues are problematic and distort facts. Very few Indian journalists are dedicated to reporting on Nepal's issues; they only pay attention to Nepal when some bilateral meetings take place or political events happen.

Kathmandu's media faces similar problems. Few journalists in Kathmandu understand India's internal politics, decision-making process, and how the Indian government functions. Due to this lack of knowledge, many issues have been misrepresented and underrepresented. For instance, if a former diplomat or politician makes some remarks about Nepal, it is sometimes taken as an official statement of the Indian government.

Governments of both countries are partially responsible for this. They have done little to empower journalists by providing information and perspectives on bilateral relations. Apart from a short press release of meetings, both countries have not taken the initiative to provide background information to journalists on domestic and bilateral issues. There are many mechanisms and bilateral issues between the two countries, but the media is not well-informed about all these issues. Although there are some journalist-exchange programs, they have not been fruitful and systematic. In fact, there has not been sufficient reporting on the entire gamut of bilateral issues. Many issues, from border points to the national level, require in-depth and qualitative reporting to inform the public and politicians about key bilateral issues.

Primarily, news reporting tends to focus on activities and incidents in the bordering areas, which often dominate national headlines. There is also reporting when high-level visits occur between the two countries and during meetings of bilateral mechanisms. This means that most reporting centres on events and incidents, with very little attention given to the bilateral issues.

**Therefore, media in both New Delhi, Kathmandu, and local media should reevaluate the current pattern of reporting and shift their focus towards more issue-based, field-based, and research-based reporting. When something unpleasant occurs in the bordering areas, media outlets should send their news teams for local reporting instead of providing flawed reporting from the central offices. This is a less-considered but vital issue between the two countries, as border-centric incidents frequently create irritants in the bilateral relationship.**



Another important aspect is issue-based, objective, and impartial reporting. There are hundreds of bilateral issues on which very few in-depth reports have been produced. For instance, there has not been proper and in-depth reporting regarding border issues between the two countries. There are several issues and separate mechanisms to address various dimensions of the border, but they have not been adequately reported. The list goes on, as there is a lack of comprehensive reporting on energy cooperation between the two countries.

This lack of comprehensive reporting is reflected in the decisions and speeches of politicians when it comes to bilateral relations. There are many instances where governments base their positions on media reporting, even though the media fails to provide the actual and complete picture of events. Similarly, politicians in both Kathmandu and New Delhi make comments on specific issues based on media coverage. Sometimes, even a minor issue is blown out of proportion, creating unnecessary tensions between the two countries.

## Conclusion

Reporting on foreign policy issues is a delicate and sensitive matter. Media houses should empower journalists with the necessary knowledge and resources before they are assigned to report on bilateral issues. Even a small mistake can damage bilateral relations.

While the media is free to report on any issue, they should avoid reporting on issues that negatively affect bilateral relations and consequently the people. Media outlets in both Nepal and India should carefully review their current reporting patterns and make corrections. There are many sensitive issues between India and Nepal that require constructive debate and discussion through the media.

At the same time, media and journalists should not rely solely on reporting from Western media on Nepal-India matters, as they may not always reflect reality.

**Media in India and Nepal should create their own narrative instead of following what Western and other international media reports. Additionally, journalists need to be vigilant about misinformation and disinformation that aim to damage bilateral relationships. Both governments should launch more journalist-exchange programmes in order to help journalists under the bilateral issues and those visits should also take place on border areas. At the same time, think-tanks in Kathmandu and New Delhi should pay attention to these issues seriously.**



**Kamal Dev Bhattarai**

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# THE EVOLVING DYNAMICS OF INDIA-NEPAL ECONOMIC TIES

Sunil Kumar Chaudhary



The economic relations between India and Nepal are significant and multifaceted, driven by their geographical proximity and historical, cultural, and economic ties. India and Nepal, two neighbouring countries in South Asia, share a unique and complex economic relationship that has evolved significantly over the years. Nepal's geographical configuration lacks natural barriers along its borders with India, resulting in traditionally open and accessible boundaries.

Economic ties between India and Nepal have long-standing historical roots. The 1950 Indo-Nepal Treaty of Peace and Friendship and Treaty of Trade and Transit signed in 1960 and other bilateral agreements have played a significant role in enhancing trade and institutionalising a prominent aspect of economic relations. India entered into peace and trade agreements with Nepal, driven by shared interests, thereby granting landlocked Nepal unrestricted access to global markets for its

exports.

Both nations are participants in regional entities such as the South Asian Association for Regional Cooperation (SAARC) and the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC). These organisations actively foster economic integration and collaboration within South Asia and the broader regional context.

**India and Nepal's economic relations are an integral part of their overall bilateral relationship, which encompasses not only economic aspects but also cultural, political, and social ties. While there may be occasional challenges, both countries have a mutual interest in enhancing**

their economic cooperation, fostering regional stability, and promoting economic development in the region.

## Trade Relations

The two nations have an open border, and trade is regulated by a bilateral trade treaty. The Nepal-India Treaty of Transit (1999), Treaty of Trade (2009), the Agreement of Cooperation to Control Unauthorised Trade (2009), and the Rail Services Agreement (2004) jointly lay the foundation for a bilateral framework governing trade and transit between the two countries.

Under the Treaty of Trade (2009), Nepali-manufactured goods enjoy duty-free access to the Indian market on a non-reciprocal basis. The Agreement for Cooperation between India and Nepal to Control Unauthorised Trade, signed in 2009, provides the legal framework for combating illegal trade. The India-Nepal Treaty of Transit, renewed every seven years, grants port facilities to Nepal at Kolkata/Haldia and Visakhapatnam, specifying various transit routes between Kolkata and Visakhapatnam and the India-Nepal border. For bilateral trade, 27 entry/exit points are designated along the Indo-Nepal border.

The Rail Services Agreement of 2004 delineates the operational and managerial specifics of rail services between India and Nepal. Initially, the

connection was established from Kolkata/Haldia port to the Raxaul/Birgunj transit point in Nepal. In 2016, Visakhapatnam Port was incorporated as an additional designated point for Nepal-bound transit trade, expanding the reach of the rail service to include the port. On 9 July 2021, a Letter of Exchange (LoE) was officially signed for the Rail Service Agreement (RSA) between Nepal and India. This agreement opens avenues for all cargo train operators to utilise the extensive Indian railway network for transporting containers to and from Nepal. This includes facilitating bilateral freight between India and Nepal, as well as accommodating third-country freight from Indian ports to Nepal. The implementation of this arrangement is anticipated to improve efficiency and cost-competitiveness, ultimately bringing benefits to consumers in Nepal.

These treaties allow for the smooth exchange of goods and services between the two nations. Nepal primarily exports goods like carpets, textiles, tea, and handicrafts to India, while it imports a wide range of products including petroleum products, machinery, electronics, pharmaceuticals, and agricultural products. Nepal's most significant trading partner is India, and the open border shared between the two nations serves as a facilitator for seamless trade and commerce.

### Nepal's Trade with India and the World

Year	Exports (US Dollars, Millions)			Imports (US Dollars, Millions)			Trade Deficit (US Dollars, Millions)	
	World	India	%	World	India	%	World	India
2000	722.43	307.2	43%	1574.2	574.2	36%	851.77	267.00
2005	814.71	540.1	66%	2076.4	1230.6	59%	1261.69	690.50
2010	899.61	570.59	63%	5142.94	3252.7	63%	4243.33	2682.06
2015	691.75	419.09	61%	6633.8	4008.2	60%	5942.05	3589.13
2020	885.98	623.92	70%	9802.03	6257.2	64%	8916.05	5633.24
2021	1724.3	1333.7	77%	15921.6	9583.6	60%	14197.31	8249.90
2022	1364.9	908.44	67%	13910.2	8967.4	64%	12545.29	8059.00

Source: Direction of Trade Statistics (DOTS), International Monetary Fund

## Investment and Development Projects

Indian investment has played a crucial role in Nepal's economic development and infrastructure projects. India has been a significant source of foreign direct investment (FDI) in Nepal. Indian companies have invested in various sectors, including hydropower, manufacturing, and infrastructure development, telecommunications, banking. These investments have contributed to Nepal's economic growth and development. Several leading Indian companies are actively conducting business in Nepal, including ITC, Dabur, Hindustan Unilever, VSNL, TCIL, MTNL, State Bank of India, Life Insurance Corporation of India, Asian Paints, Tata Projects, and GMR India, among others.

India has played a crucial role in infrastructure development projects in Nepal, such as road and railway construction and hydropower generation. India provides economic and development assistance to Nepal through various projects, grants, and concessional loans. This assistance is aimed at supporting Nepal's economic growth, infrastructure development, and social sectors like education, healthcare, and rural development.

## Recent Developments

In recent years, there have been notable changes in India-Nepal economic relations. For instance, infrastructure development projects, such as roadways and railways, have been initiated to enhance connectivity between the two countries. These projects aim to facilitate smoother trade and movement of people.

Additionally, both countries have shown a growing interest in energy cooperation, particularly in the hydropower sector. The energy sector presents significant opportunities for cooperation. Cross-border energy trade and hydropower projects have the potential to redefine the economic landscape. Joint ventures and partnerships in the energy sector are steps toward achieving mutual energy security and sustainability. Hydropower is a significant area of economic cooperation. Indian companies have been involved in developing hydropower projects in Nepal, which aims to harness its vast hydropower potential and meet its energy demands.

India and Nepal collaborate on various economic cooperation initiatives, including cross-border trade, transit, and the development of special economic zones. These initiatives aim to promote economic growth and development in both countries. Economic cooperation and interdependence between India and Nepal continue to be vital aspects of their bilateral relationship. While there have been occasional challenges and disputes, both countries recognize the mutual benefits of close economic ties and cooperation, which contribute to the overall development and stability of the region.

## Challenges and Prospects

While the economic relations between India and Nepal have seen positive developments, they are not without challenges. Trade imbalances, bureaucratic hurdles, and disputes over water resources are some of the challenges that need to be addressed for a more robust economic partnership. While the relationship is characterised by cooperation, challenges exist. Nepal and India have to address trade imbalances and work on improving the efficiency of

cross-border trade. Furthermore, water resource management and disputes over shared rivers remain complex issues.

to trade imbalances, non-tariff barriers, and trade restrictions. Resolving these issues is an ongoing challenge in their economic relationship.

Opportunities for collaboration exist in various sectors, such as tourism, education, and technology. People-to-people ties, cultural exchanges, and mutual investments hold the potential to foster deeper economic relations. On the positive side, there are numerous prospects for collaboration in education, tourism, technology, and culture. Enhanced people-to-people ties, cultural exchanges, and bilateral investments hold the potential to deepen economic relations and foster sustainable development.

## Conclusion

India and Nepal share a multifaceted economic relationship that continues to evolve. While challenges persist, both countries have a vested interest in further enhancing their economic ties. The recent focus on infrastructure development and energy cooperation signifies a positive shift in the relationship. With a mutual commitment to address challenges and explore opportunities, the future of India-Nepal economic relations appears promising. This evolving partnership serves as a testament to the enduring bonds between these neighbouring nations.

Despite their close economic ties, India and Nepal have faced trade disputes and tensions at times. These disputes have included issues related



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# THE CHINA FACTOR IN NEPAL-INDIA RELATIONS

Pramod Jaiswal



Credits: Chanakya Forum

Nepal and India are two countries bound together in a complex web of linkages and contiguities that span across civilisational, historical, sociocultural, economic, geostrategic, and political terrains.

The bedrock of the Nepal-India 'unique' relationship lies in the 1950 Indo-Nepal Treaty of Peace and Friendship that acknowledges mutual ancient relations and intends to take them to greater heights. India has played an important role in all the major political transitions of Nepal such as overthrowing the Rana regime in 1951, the introduction of democracy in 1959, the reintroduction of democracy in 1990, bringing Maoists to mainstream politics through the Comprehensive Peace

Accord in 2007, and others. It is also Nepal's largest security provider and the country that stands together in times of need.

Both countries have a longstanding relationship in trade and commerce. India is Nepal's largest trading partner both in terms of import and export trade, where India accounts for over two-third of Nepal's merchandise trade, about one-third of trade in services, one-third of foreign direct investments, 100% of petroleum supplies, and a significant share of inward remittances on account of pensioners, professionals and workers working in India. Similarly, the security interests of Nepal and India overlap as they enjoy an open border which allows free movement of people, making it special and exceptional. However, in recent times, China is working to expand its influence in Nepal

leading to competition with India.

## India-China Competition for Influence in Nepal

With the changing geopolitical landscape of South Asia, Chinese interests and their policies in Nepal have also changed. In the past, Chinese interests in Nepal were limited to safeguarding their own security from issues emanating from Tibet and bringing some economic gains through bilateral trade. However, in recent times, China wants to gradually dilute India's pre-eminent position in Nepal by increasing its influence. Hence, China has adopted a proactive and interventionist policy in Nepal unlike their 'pro-establishment' policy of the past.

Traditionally, India has been the major country to provide for the development needs of Nepal such as Tribhuvan Airport, Tribhuvan Highway, Tribhuvan University, and several roads, irrigation projects, power and water supply projects, and others. But in recent times, China has also intensified its engagement in Nepal for influence through connectivity and mega development projects. It has constructed convention centres, hospitals, highways and others. It has also conducted the feasibility study to connect Kathmandu, Pokhara and Lumbini of Nepal with its Qinghai Railway, which connects Beijing and Shigatse through Lhasa. This comes at a time when India is working to extend its railway connectivity to six points along the India-Nepal border in Nepal – namely – Raxaul in India with Birgunj in Nepal, Jogbani in India with Biratnagar in Nepal, Jayanagar in India with Bardibas in Nepal, Nautanwa in India with Nepalgunj in Nepal, and New

### Jalpaiguri in India with Kakarbhitta in Nepal.

In April 2018, India proposed to connect Raxaul of India and Kathmandu through an electrified rail line with Indian assistance. On the other hand, China is aggressively expanding its air connectivity in Nepal. Nepal is connected to Beijing, Shanghai, Lhasa, Guangzhou, Kunming, Chengdu and Xi'an via air while very few cities of India are connected by air, namely Delhi, Kolkata, Mumbai and occasional flights to Varanasi and Bangalore. With the inauguration of two new international airports at Pokhara and Lumbini, it is believed that more Chinese cities will be connected to Nepal in the coming days.

There have been very strong cultural and people-to-people ties between India and Nepal, which is the strongest aspect of their relations that China can never replace. However, to begin with, China has been conducting many social and cultural activities in Nepal through China-funded NGOs, media outlets and study centres to promote Chinese language and culture to enhance people-to-people ties. Like India, China has also been proactive in engaging with the political parties of Nepal in recent times. Media reports also suggest that China played an active role in bringing the leftist Communist Party of Nepal-Unified Marxist Leninist and Communist Party of Nepal-Maoist Center together and initiating a merger.

In order to accelerate their economic engagement by increasing trade volume, China and Nepal have opened six trade points along the Nepal-China border. In April 2019, Nepal and China signed the protocol on implementing the Agreement on Transit and Transport. It allows Nepal to use four Chinese seaports in Tianjin, Shenzhen, Lianyungang and Zhanjiang, and three land ports in Lanzhou, Lhasa and Shigatse for third-country imports. Although it has ended Nepal's total reliance on India for trade and transit as Nepal could use six dedicated transit points, the feasibility of Chinese ports can be questioned.

India is Nepal's largest trade partner while China is its second. India accounted for 62% of Nepal's total trade in FY 2019/20, while China accounted for 14%. India ranked as Nepal's third largest bilateral development partner by disbursement in FY 2019/20, after the United States and the United Kingdom; China occupied the fourth place. Similarly, there is competition between China and India in terms of investment as their investment sectors overlap in Nepal. In recent days, most of the construction contracts in Nepal goes to the Chinese companies as they are the lowest bidder.

China and India also compete in the security sector. Strategic ties and military-to-military relations between Nepal and India have been deep-rooted and historic. Nepalese Gurkhas have participated in all the major operations undertaken by the Indian Army since its independence. The Chief of Army Staff (CoAS) of Nepal Army is honorary CoAS of Indian Army and vice-versa. Since 1962, India has been providing weapons to the Nepal Army with 70% of the aid in the form of grants. Following the conclusion of the Comprehensive Peace Process and with the integration of former Maoist combatants into the Nepal Army, Nepal sought \$18.33 million worth of military supplies from India. India has also supported the construction of the National Police Academy as well as several other military infrastructure and training systems in Nepal.

Likewise, a major portion of Chinese assistance is also in the security sector as it wants Nepal to curb 'pro-Tibetan' activities in Nepal. Nepal houses the second largest number of Tibetan refugees in the world and China looks at them with concern. Thus, since February 2001, there has been a sharp increase in Chinese assistance in the security sector of Nepal. In October 2018,

China increased military support to Nepal by 50% to strengthen the Nepal Army's disaster management capabilities and to better equip Nepal's United Nations Peacekeeping Missions.

Furthermore, in response to the regular joint military exercise between India and Nepal, China began the first ever joint military drill 'Sagarmatha Friendship', which was a major turning point in bilateral defence cooperation. The second such exercise was conducted in September 2018. In the past, the Nepal Army had held military exercises with India and the US only.

## Conclusion

Nepal-India relations are unique and exemplary. India is the first country that comes to Nepal's rescue at the time of need. However, in recent times, China is increasing its influence in Nepal through its economic and political engagement which has led to competition in Nepal. In spite of that, there is a long way for China to go to match with India as the India-Nepal relations are deep rooted and it goes back centuries.

However, the 2015 'unofficial economic blockade', the recent border row between India and Nepal and new irritants have led to anti-India feelings in Nepal which has worked to China's advantage at times, which India needs to address.





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# SOFT POWER DIMENSIONS OF NEPAL-INDIA RELATIONS

Sumitra Karki



Power is not a simple concept as we may have thought, there are many types of power and there are many competing theories on power. A famous American political scientist, Joseph Nye, differentiates between two types of power, hard and soft power. Eventually, Nye introduces smart power as the 'balance of hard and soft power'. According to him, 'soft power' is the ability to get 'others to want the outcomes that you want', and more particularly 'the ability to achieve goals through attraction rather than coercion'. There are three measures of soft power: familiarity, reputation and influence. Culture, diplomacy, education, business/innovation, and government are the particles to understand the soft power of the countries. This article looks at the soft power of India and Nepal that shapes their relations.

## India's Soft Power in Nepal

India is the fourth most powerful country in Asia pursuing a regional leadership role in South Asia. The influential role it has nurtured over the decade can play as a game changer for the region. To match the footsteps with the changing world, India has used different bilateral and multilateral strategies to navigate the region towards a well-balanced future of prosperity and peace. In the 1990s, India supported peaceful advancement and a friendly policy towards its neighbours and the soft power to cater to India's foreign policy to support its legitimacy in South Asia. India's soft power has traditionally been characterised by diversity. India was appreciated as the 'Golden Bird' between 1 and 1000 AD for its GDP, which was also ahead of China at the time. This

eventually brought migrants, brokers and raiders like 'Alexander the Great' to India. India's soft power has spread in her extensive social and refinement inheritance over millennia; it demonstrates her purposes of secularism, liberalism and inclusiveness of cultures that are more perilous in today's complex society.

**After Prime Minister Narendra Modi came into power in 2014, India has invested substantial resources into building up its soft power. We can say India has been more innovative in using its soft power since then. Yoga, diaspora, medical tourism, Bollywood, education, space diplomacy, religion, tourism and Gorkha regiments are some major sources of India's soft power in Nepal.**

India has been pushing Yoga and Ayurveda as a major source of its soft power which has been quite successful. Nepal can reap benefits from this initiative all while further strengthening the relationship between the two. India has practised Yoga from the primordial eras, but after Indian Prime Minister Narendra Modi leads large congregations in yoga practice, Nepalese and the people around the world also started to practice it. Nepal has organised a series of such initiatives in the country.

India and Nepal share an open border, people from both sides can move easily, get married and settle down. Similarly, both the countries have a huge number of people who follow common religions – Hinduism and Buddhism. Thus, diaspora and religion are another most influential aspect of soft power. Moreover, religious tourism is the unsurpassed tool of soft power between India and Nepal because there are various commonalities in religion between the two countries.

Thousands of Nepali students go to India for higher education, especially in the field of medicine and engineering. About 3000

scholarships are provided to Nepali students every year by the Government of India for various courses at the PhD, Masters and Bachelors levels for study in India. Over the years, India's input to the growth of human resources in Nepal has been one of the key aspects of India-Nepal collaboration. This will also mean Indian educational institutions springing up across Nepal will bolster the educational infrastructures of Nepal, also bolstering ties between the two states. Similarly, several go to India for better medical facilities at reputed hospitals. India has supported Nepal in many disasters and natural calamities by providing medical support equipment and medicine. Thus, health and education can be seen as another major source of India's soft power in Nepal.

There is huge interest in Indian music, cinema and television serials in Nepal. There are many artists and professionals who visit each other's country and create a bond of friendship. So far, India has portrayed Nepali characters as often being submissive to the protagonists of the movies. A new movie, "Sam Bahadur" which is based on the life of Field Marshal Sam Manekshaw, is expected to show the sacrifices and contributions of the Gurkha soldiers from Nepal in various wars of India.

## **Nepal's Soft Power in India**

Nepal has already established itself as a benevolent state on the world stage which further strengthens its motive to identify and pursue soft power. Nepal is a country which finds ease in settling for soft power as opposed to power. Some of the most notable and recurring themes of soft power that Nepal possesses are tourism, Ayurveda, the Gurkha Regiment, Himalayas and Buddhism. Nepal's Dog Festival (Kukur Tihar celebrated during Diwali) can also be developed as its soft power. Nepal is the birthplace of Lord Buddha which has been able to generate great goodwill for Nepal, not only in the country but around the world.

The recruitment of Gurkha soldiers into the regiments of the Indian Army is one of the major sources of soft power of Nepal for India. This soft power for Nepal transforms into hard power for India when they are recruited. The Gurkha Regiments are one of the foremost sources of revenue into Nepal and have also served as a long-standing intersection between the Indian Army and Nepal Army.

However, due to India's newly introduced Agnipath recruitment policy, the future of the Gurkha recruitment tradition remains uncertain. It needs immediate attention of both the countries.

## Conclusion

Nepal and India can leverage on their soft power to enhance their relations. At a time when China has been exerting influence in Nepal through their scholarship and educational engagement, India wants to counter them with its own initiatives by increasing scholarship quotas for Nepali students and increasing funding for Nepali educational institutions.

Bollywood is another source of India's soft power which has the ability to draw narratives. It can be a powerful tool to build linkages among the people and at the same time can be a powerful tool that can shape Indian perception in Nepal. India should produce more Bollywood cinema that can portray the special relations that lie between the two countries. Filming in beautiful avenues of Nepal can also promote Nepali tourism, bringing the people of both the

countries together.

Apart from adventure tourism which Nepal is famous for, religious tourism for Buddhists and Hindus can be a powerful tool for robust engagement. Both countries should work on developing the Buddhist and Hindu tourism circuit that will also generate huge economic gains. There are several religious places in India and Nepal where thousands of pilgrims from both the countries visit annually and hold great value, such as Pasupatinath, Muktinath and Janaki Mandir of Nepal and Haridwar, Banaras, Tirupati and others of India. Nepal, which is a home to a variety of herbs that has been used in the practice of Ayurveda for centuries, can also be an ideal location for hosting Yoga conventions and retreats. The recent historic achievement of India successfully landing Chandrayaan-3 has also earned India tremendous soft power. Thus, India's aim to develop a satellite for SAARC member states for its neighbours is significant as it will enhance its soft power in the region.



## **Sumitra Karki**

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# Views from India



# INDIAN HUMANITARIAN ASSISTANCE AND DISASTER RELIEF IN NEPAL: SWIFT, SURE AND SELFLESS

Anuttama Banerji



In November 2023, it was reported that India had provided emergency assistance to Nepal in the form of essential medical and auxiliary supplies after a massive earthquake measuring 6.4 on the Richter scale hit Jajarkot in Nepal.<sup>1</sup> This news came close on the heels of India providing Nepal with economic assistance worth \$1 billion as part of Indian efforts for post-earthquake reconstruction in Gorkha and Nuwakot districts in Nepal.<sup>2</sup>

These recent developments demonstrate the importance that HADR has acquired within the larger Indian foreign policy discourse. It also enables us to understand that HADR has emerged as a key aspect of Indian foreign policy — as India has emerged as the first responder to humanitarian crises within its immediate neighbourhood and beyond. These developments also demonstrate India's far

reaching HADR capabilities as well as its engagement in responsible state behaviour within its neighbourhood. Finally, India's prompt assistance to Nepal enables foreign policy practitioners to appreciate that Nepal is a close neighbour of India and a key beneficiary of Indian HADR.

## Indian HADR capabilities

**HADR is a peacetime operational activity collectively carried out by the Indian Armed Forces. Its salience within the diplomatic toolkit of India came to the fore for the first time after the Indian Ocean tsunami in 2004, when the Indian Navy (IN)**



participated in Search and Rescue Operations (SAR), task disaggregation, and reconnaissance activities to assist millions of people in different countries affected by the tsunami.

Indian HADR operations across Sri Lanka, Maldives, and Indonesia during the Indian Ocean tsunami enabled India to project its soft power capabilities within the neighbourhood as India assisted other regional Navies in disaster mitigation efforts — as India refused foreign aid during the crisis and employed indigenous resources such as naval ships, helicopters and other relief equipment to provide humanitarian relief.<sup>3</sup>

Over the years, India has used HADR as a tool to mitigate the impact of disasters in the disaster-prone South Asian region as well as the Indian Ocean Region (IOR). Since climate change has made several States vulnerable to climatic disasters, India has made HADR a key foreign policy priority in a bid to ensure that States within its immediate and peripheral neighbourhood are not severely impacted by natural disasters and climate induced emergencies.

## Indian HADR in Nepal

India has emerged as a ‘net responder to crisis’ in the Indian subcontinent, assisting its continental and maritime neighbours in mitigating the debilitating impact of natural disasters and climate emergencies.

India has provided relief and assistance to its neighbours – Bhutan, Bangladesh, Sri Lanka and Nepal as and when these states have faced natural disasters like cyclones and floods in recent years. In this quest, India has carried out humanitarian relief operations through its key institutions such as the National Disaster Response Force (NDRF) at the domestic level and the Indian Armed Forces, effectively led by the Indian Army and Indian Navy and duly supported by the

Indian Air Force at the international level.

While these HADR operations have given India operational visibility, they have also enabled India to demonstrate its commitment to humanitarian needs. This is especially true in the case of its immediate neighbourhood — where countries like Nepal and Bangladesh have continued to face ecological disasters due to their vulnerable geological and geographical locations.

India and Nepal share a 1,751 kilometre border at present.<sup>4</sup> While the open border provides opportunities for friction, it also provides a conducive environment for mutual cooperation. Indian emergency assistance and its HADR operations in Nepal, viewed within the rubric of India’s ‘Neighbourhood First Policy’ fall within the latter category – as India envisages a peaceful neighbourhood where mutual cooperation trumps conflict.

More importantly, India’s actions to assist its neighbours during humanitarian emergencies is a concrete manifestation of its philosophy of “Vasudhaiva Kutumbakam”. In fact, Nepal enjoys a high priority within Indian diplomatic discourse with India viewing itself as “Nepal’s foremost friend and development partner” according to a leading practitioner of the discipline of international relations.<sup>5</sup>

## Operation Maitri

Within this context, Indian HADR operations in Nepal have been all encompassing in nature. India has participated in HADR operations providing relief during ecological disasters and natural hazards while also engaging with Nepal’s citizenry through evacuation missions in different politically volatile countries at different points in time. Indian assistance to Nepal during the April 2015 earthquake is a case in point. India responded with great agility and swiftness after

the incident, as Nepal reeled under the impact of a powerful earthquake of 7.8 magnitude on the Richter scale.

India adopted a multi-pronged approach to assist Nepal. On the one hand, the Indian government assisted the Nepalese through the deployment of the Indian military forces to provide immediate succour and relief to the people. On the other hand, India also attempted to assist Nepal in its overall post-disaster reconstruction efforts over the long term. For instance, in the immediate aftermath of the earthquake, the Indian Air Force (IAF) responded to the earthquakes by deploying its Medium Lift Helicopters, (MLH) in severely affected areas with Nepal like the Nepalese capital Kathmandu, and other cities and towns like Aloghat, Chautara, Charikot, Dhading, Lukla, Trishuli among others.<sup>6</sup>

The Indian Army also operated 13 helicopters between Kathmandu and Pokhara to provide relief while the National Disaster Reaction Force (NDRF) and its 500+ personnel provided immediate relief to the afflicted and affected.<sup>7</sup> In fact, under the rubric of **Operation Maitri**, India covered the length and breadth of Nepal while assisting civilian populations during this operation and saving more than 5000 lives. Nepal's importance in Indian foreign policy priorities can be gauged from the fact that **Operation Maitri** was amongst the biggest humanitarian assistance efforts ever undertaken by India.<sup>8</sup>

In the long term, India assisted Nepal by engaging in the construction of large-scale critical civilian infrastructure projects. For instance, India played a key role in rebuilding schools and educational institutional in the aftermath of the earthquakes. Such initiatives

fostered goodwill towards India among the Nepalese people.<sup>10</sup>

Similarly, India has also led rescue efforts to evacuate Nepalese nationals from different crisis ridden and politically volatile regions. **Operation Ajay** that was recently launched to facilitate the return of Indian nationals from Israel amidst the ongoing Israel-Hamas crisis saw India rescuing two Nepali nationals as well.<sup>9</sup> An operation of similar magnitude was undertaken by India in the past as well when Nepalese nationals were stranded in Yemen. Under the rubric of **Operation Raahat**, India had facilitated the return of fifteen Nepalese nationals from war torn Yemen in 2015.<sup>11</sup>

## Conclusion

These humanitarian assistance operations have had an enduring impact on Indian foreign policy facilitating positive ties between India and partner countries.

They have enabled India to assist local populations in foreign States and enhanced India's credibility at the international level. These operations have also enhanced India's diplomatic ties with beneficiary countries. In the case of India's neighbourhood, the success of HADR operations has enabled India to project itself as a responsible power that functions in accordance with the rules based international order, providing relief and assistance to its neighbourhood as and when required.

Such humanitarian assistance operations also translate into goodwill for the Indian State and its people as Indian Agencies engage with the local populations especially in the neighbourhood. These operations promote Indian values of care and compassion beyond Indian shores.

Indian success in conducting HADR operations in Nepal demonstrates the potential for its emulation in other countries thereby increasing India's good neighbourly approach and overall reliability and trustworthiness within its immediate neighbourhood and beyond.

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# INDIA-NEPAL RELATIONS: NEED TO ADDRESS YOUTH ASPIRATIONS

Sabyasachi Dutta



## Introduction

Recently, I met some very bright young Nepali youth at a conference organised by the UNESCAP. They were well educated, self-driven, intelligent, well-travelled, and with experience of social work in remote areas of Nepal. We chatted on myriad subjects: climate change, urbanisation, management of natural resources, new start-ups taking advantage of the digital connect, embracing AI, creating a circular economy and even family. I live in Shillong, Meghalaya, and it turns out some of them have relatives in Shillong and visit them periodically. They also mentioned relatives in the Gurkha Regiment. I was impressed by their knowledge of international organisations, their ability to connect with people and their network building skills. Over dinner in a foreign land, we bonded on our common tastes for food. We were reminded of our shared links in religion, folklore, and the deep familial ties on both sides.

However, when the discussion veered towards recent development cooperation between India and Nepal, I found our conversation was stumbling. There was more awareness on contentious issues than the advances being made in areas such as connectivity and power. Back home in Shillong, I reached out to a few friends in the large Nepali community. Some are in academia now. Most were clueless on recent advances made, except for the occasional news report about issues such as the border dispute and the blockade. For me it was a striking example of the changing times, an insight into the aspirations of the youth and their quest for a new future. As one from Northeast India, for me it really was also a telling tale of “so near, yet so far.”

## Recent Transformative Changes

**The Nepal-India relationship is much more than “Roti Beti and Rozi Roti”: It intrinsically is one of shared aspirations encompassed in the youth of the country: this fact needs to be seen against the backdrop of several factors: ecological, economic, geopolitical, and socio-political.**

At the level of ecology, topographically tied together in Himalayas and the plains, interlaced by many shared rivers, India and Nepal share common ecological issues: these are further heightened with increasing climate change. With rising global temperatures, freshwater, flood management, ground water conservation between Nepal and India is going to become crucial for water security, prosperity and the region. As an extension, management of other natural resources too will need collaboration.

In 2014, Prime Minister Narendra Modi launched the “HIT” formula between India and Nepal: Highways, I-Ways and Trans-ways. Since then, a lot has also been achieved. In the last nine years, Nepal’s first Integrated Check Posts (ICP) was established in Birganj, the first Cross-Border petroleum pipeline of the region was built between India and Nepal, the first broad-gauge rail line has been established and new transmission lines have been constructed across the border. The recent power trade agreement between the two countries is a game changer. Through financial connectivity and cross border digital payments, thousands of students, lakhs of tourists and pilgrims as well as patients coming to India for medical treatment will benefit. The economic connectivity is being strengthened by the construction of three more ICPs.

In parallel, India’s north-eastern states are also being connected amongst each other and also with neighbouring Bangladesh and Bhutan. All north-eastern states are now connected by air and rail. The Haldibari rail link is operational between North Bengal and Bangladesh. Roadways and several land ports with Bangladesh to the south are being upgraded. Nepal can take advantage of

this bilateral connectivity with Northeast India and regional connectivity southwards with Bangladesh which will further connect to the Bay of Bengal: a theatre full of promise.

Nepal’s role in the Bay of Bengal and its role in regional configurations such as BBIN or BIMSTEC will become more and more critical, with India’s rapid rise in the Global South. Nepal’s position as a member of the Global South and as a Himalayan country in the overall Indo-Pacific will be a telling testimony of her recognition and her increasing impact on global power play in the maritime space with her assertion as a maritime nation despite being landlocked.

**The transformative narrative of Nepal, from a nation “sandwiched” between two big powers to a nation which will play an important role in the maritime geography of the Indo-Pacific needs further recognition within the global strategic community.**

India and Nepal share the only open border that exists in South Asia. This is a template for setting an example of a shared dream of a vibrant South Asia and Bay of Bengal community. Such an aspirational narrative needs more resonance in the study circles of universities and think-tanks in both countries.

Need to go beyond governments

Yet, beyond the confines of foreign office desks and the rarefied group of Nepal experts, very little is discussed on these developments in the strategic community, universities and media. They say perceptions are bigger than reality. They often create reality. Perceptions are often created by the narratives that occupy the public mind space. Working towards a constructive future needs constructive narratives. While governments do set the tone and can be matchmakers, nurturing and empowering people and institutions on the ground is going to be paramount. This can only be done in a shared space encompassing votaries of the idea of

shared prosperity spanning politics, policymaking, industry, academia, and civil society: a third space beyond but including the first two of government and big business. Civil society, think tanks and academia can play an important part by highlighting success stories that come out of the respective governments and creating narratives that increase the confidence of businesses to invest in each other. Addressing the youth throughout this process is particularly important.

It is time to have dedicated programmes in universities to connect the youth on these shared aspirations: sports and cultural meets, border festivals, university exchange programs can be platforms to build bonds of people and institutions that create psychological connectivity transcending “the politics of day”. As winds of change swirl around the globe, it is perhaps time that Nepal and India also decide to set some new narratives that recognise this fact.

## Conclusion

In any deep relationship such as one like the Nepal India relationship, there will always be the burden of misgivings from the past. There will always be critics of any good idea. Any relationship needs nurturing, appreciation of each other's strengths and the will to overcome challenges together in the spirit that the value of the relationship is far greater than the weight of the challenges. This recognition that the connection itself is above anything else can catapult it to the next level which is beyond regimes and subnational politics. Soon, the seventh meeting of the joint commission, the highest-level bilateral mechanism between the two countries, is being convened to look after and address the entire gamut of the bilateral relations and to remove bottlenecks. The advances being made will need much more churning in the schools, colleges, and boardrooms of both countries. Will we be doing this? Will we be doing enough of this? How can we do more of this? These questions hold some genuine answers to further strengthen India-Nepal ties in changing times.



### Sabyasachi Dutta

Sabyasachi Dutta is the Founder-Director of the ‘Asian Confluence’, India East Asia, Center. Born in Shillong, a social entrepreneur, educationist, artist and a student of Indian history and international relations, Sabyasachi has had a successful career spanning 12 years in the Silicon Valley, California USA in cutting edge technology, innovation and entrepreneurships in large corporations such as SONY Corp. as well as several successful start-ups, and holding several patents. He left that to start several social innovation projects in India. He pioneered a unique leadership program for rural youth of India; a unique model of youth led rural development which was lauded by the World Bank; set up a chain of eighty primary schools using the model of community participation propelled by youth leadership and introduced several innovations in education. In his current avatar, Sabyasachi continues to facilitate cultural programs, exchange programs, talks, discussions and symposia with scholars and leaders of culture and thought, from India and abroad. He holds a Masters Degree in Electrical Engineering with a special paper in Media and Communication from Arizona State University, USA.

# INDIA-NEPAL: RICH HISTORY, BRIGHT FUTURE

Avadhesh Mathur



Pashupatinath Temple, Kathmandu

## Historical and Cultural Connection

India and Nepal share very close historical and cultural relations, which has been the bedrock of their ties. As mentioned in the ancient Indian epic, Ramayana, Lord Rama of Ayodhya was married to Goddess Sita of Janakpur. Kirats were an important part of the Pandav Army in the battle of Kurukshetra in Mahabharata. During 6th Century BC, Magadh, Shakya and Briji Republics occupied territories on both sides of the current Indo-Nepal border. Prince Siddhartha was born in 566 BC in Lumbini near Kapilvastu, the capital of Shakya rulers which is now in Nepal. He attained Nirvana in Sarnath near Varanasi, a city whose connection with Nepal is as old as history. Some of the rarest texts of Skandpurana are preserved in Nepal, palm leaf manuscripts dated AD 810 that are available in Kathmandu. Kashi has been the centre for

Nepali pilgrims, priests and at one time, even the exiles. When King Rajendra was asked to choose the destination for his exile, he chose Varanasi in 1846.

K.P. Bhattarai was born in Varanasi. He joined the Indian independence movement against the British Raj in India and the Rana rule in Nepal. Banaras was also one of the main venues where the anti-Rana movement started. The Colony Dugdh Vinayak continues to be known as Nepali Colony and the language spoken in this Colony is Nepali.

Banaras Hindu University (BHU) was the main centre for Nepali students and intellectuals. Krishna Prasad Koirala with more than 40 members of his family lived in Banaras in 1917. They launched publications “Gorkhali” and “Janmbhoomi” which highlighted atrocities and injustices of the Rana regime. The Koiralas also joined the Non-Cooperation Movement and had

a formal membership of the Indian National Congress. In 1947, the Nepal National Congress decided to establish its head office in Banaras while K.P. Bhattarai was heading the office. On the other hand, the Communist Party of Nepal was founded in Calcutta by Pushp Lal Shreshtha in 1950. All India Gorkha League was formed in 1921 in Dehradun.

Since 1815, after the Treaty of Sugauli, Nepalis have been recruited in the British Indian / Indian Army. The pension (\$615 million) to ex-Gurkha regiment personnel is more than the annual budget of Nepal (\$450 million). Even in present times, Prachanda lived in India during most part of his Maoist Movement.

**India and Nepal have a special relationship by way of Treaty of Peace and Friendship (1950) which laid down the foundation for Nepalis to enjoy national rights in India making them eligible to serve in Indian Government and security forces. The two Armies also have a tradition of awarding the honorary rank of General to each other's Army Chiefs.**

Socially, culturally and by way of religion, there are many commonalities between India and Nepal. There is also close cooperation between India and Nepal in other fields including defence, police, intellectual development, security issues, water sharing, academic exchanges, student admissions etc. Because of the open border between India and Nepal, the people-to-people relations among the citizens of the countries have remained unparalleled.

## Developmental Assistance

Despite its own pressing requirements, India has assisted Nepal since the time it became independent in 1947. This has been in sync with India's desire to support its neighbours and the South-South cooperation philosophy followed by

Indian leadership. Some of the major projects implemented have been :

- The first highway linking the Kathmandu valley with the plains (1953);
- Nepal's first six airports at Gauchar (1951), Simra (1964), Janakpur (1964), Bhairahawa (1964) Pokhara (1964) and Biratnagar (1968);
- Koshi Barrage (1963), Devighat Hydropower and Irrigation Project (1983);
- Bir Hospital in Kathmandu (1984), Institute of Forestry (1950), the railways at Janakpur (1996);
- Most parts of the East-West Highway (1966) and key sections of the Tribhuvan University, one of the first centres for higher education in the country (1960);
- B.P.Koirala Institute of Earth Science, Optical Fibre Cable Project, Lumbini Museum 2004, Kathmandu airport, Bagmati bridge in Mathmandu, Janakpur, Birganj and Raxaul railway.
- There are a number of other initiatives underway to further strengthen the relationship. However, there is scope for further cooperation in various fields.

## Way Ahead and Recommendations

**New Delhi and Kathmandu could establish a joint high-level Commission on Common Himalayan Environment and Bio-diversity, keeping in mind the common challenges posed by climate change.**

The following recommendations would help to further cement India-Nepal ties, especially cultural, connectivity and people to people aspects.

1. There should be tie ups between Indian Agricultural Research Institute (IARI) and similar institutions in Nepal. India could also establish an Agriculture University in Nepal with the help of Indian universities, for example Pant Nagar Agriculture



University. India's Dairy Development Board may facilitate transfer of milk technology to Nepal on the pattern of Amul.

2. India can look at the possibility of extending IT services/optical fibre and establishing IT back offices in Nepal.
3. There is ample scope to hold trade fairs in Nepal/India that would increase awareness about mutual business opportunities among small and medium traders.
4. India can also assist Nepal in improving its cricket infrastructure, coaching and training methods.
5. Nearly six million Nepalis live and work in India, some of whom have done extremely well. They need to be brought on common India-Nepal friendship platforms to further strengthen people to people contacts.
6. A platform for promoting religious links between Hindus and Buddhists of the two countries needs to be established. Religious leaders like Sri Sri Ravishankar, Baba Ramdev, Brahma Kumaris are active in this field.
7. Centres may also be established in Indian/Nepali universities/ colleges/ schools for research/study of common languages including Hindi, Maithili, Bhojpuri/Nepali etc.
8. Number of Nepali students studying in India can remain in touch with their alma mater through their alumni associations. Tie ups could be established between the Banaras Hindu University, University of Allahabad, University of Patna, University of Lucknow, University of Calcutta, JNU (traditionally Nepalis come to these places) etc. and universities in Nepal to enhance cooperation between higher educational and professional institutions. A quota may also be fixed for Nepali students in these Universities. There is no authentic study of common history, culture between the two countries. These tie-ups can further encourage research in common religious traditions and ethnology.
9. India has extended support to Nepal during natural calamities and disasters. India's expertise in Disaster Management can be used to train Nepali staff and for creating institutions like National Disaster Management Authority (NDMA).
10. India's considerable expertise in cyber security can be shared with Nepal to make sure they are not subject to cyber threat/banking frauds as in the recent past.
11. Both India and Nepal have a wealth of herbs grown in Himalayan region. Further research could be undertaken for medicinal properties of these herbs.
12. While tremendous progress has been made in establishing hydroelectricity power plants in Nepal in collaboration with India, research on transborder environmental issues like flood, glacial melt, earthquake, landslides etc for preventing damage to soil and ecosystem can be jointly undertaken by both countries. Existing flood forecasting and disaster early warning systems need to be established for effective public dissemination.
13. In April 2018, an understanding between Indian and Nepal's Prime Ministers was reached for river navigation. This needs to be followed up.
14. Early completion of all pending projects like Pancheshwar Project, Koshi, Sharda Barrage, Gandhak Barrage Arun-III and Upper Karnali Project etc. has been already undertaken by both governments.
15. India can launch a Satellite for Nepal's exclusive use like weather/education.
16. Both Varanasi and Kathmandu have already been declared sister cities as also Sarnath/Lumbini. Joint cultural programs, business projects, preference in educational institutions and scholarships to students belonging to sister cities may be considered.
17. An air service between Ayodhya-Janakpur-Kathmandu will also further promote tourism. Nepal has a number of tourist spots; however, more information needs to be disseminated to Indian tourists about those places. Tourist information and promotion centres in various parts of Nepal and India need to be established.
18. Development of special corridors like Lumbini-Bodhgaya, Sarnath-Kushinagar, Pashupatinath-Kashivishwanath, Ramayana circuit (Janakpur- Ayodhya), Runtek

-Thangboche, Muktinath-Tirupathi etc. are under consideration and need to be developed.

## Conclusion

The geographical contiguity, historical cultural links and socioeconomic opportunities that connect India and Nepal have created a natural partnership that should be nurtured with mutual understanding, trust and sensitivity, for furthering prosperity and security for both countries. There are ample opportunities for both sides to further deepen their ties and the future holds an optimistic outlook.



### Avadhesh Mathur

Served in the Ministry of Home Affairs and Cabinet Secretariat for approximately 37 years and retired as Secretary in the Prime Minister's Office in 2012. He also served in the United Nations as Head of the UN Mission in North Kosovo (2012-2014). He is currently a Member of the National Security Advisory Board.

During the span of almost 48 years, Shri Mathur has been closely involved in national security issues both at operational and policy level. He has been involved in political analysis and negotiation, conflict resolution, security sector development and strategic communication in bilateral and multilateral settings. Shri Mathur has served in Indian Embassies in Belgium and Pakistan. During his assignments as Secretary to the Government of India, his special area of interest had been study of issues affecting national security in India's neighbourhood

His other area of interest has been Northeast India where he was successful in bringing peace in some regions through political reconciliation and integration of militants/insurgents into the national mainstream.

Shri Mathur has been awarded medals by the President and the Prime Minister of India besides various other awards and commendations.

Shri Mathur belongs to the Indian Police Service (1975 batch).

# INDIA-NEPAL HYDRO-ENERGY COLLABORATION: CONTEMPORARY CHALLENGES AND NEGOTIATIONS

Nihar R. Nayak



## Introduction

Despite the longstanding and fruitful geo-historical, cultural, economic, security, diplomatic, and people-to-people ties between India and Nepal, which have been institutionalised since 1950, the relationship is not without its challenges. Over the years, differing perspectives on critical issues have emerged, casting a shadow on the otherwise robust connection. The hydro-energy sector, in particular, stands out as a significant point of contention, with its roots traced back to the signing of the 1950 Treaty of Peace and Friendship and the Koshi agreement in 1954, contributing to persistent strains in bilateral relations.

## Early Hiccups

The perception among the Nepalese often characterises agreements and cooperation as a unilateral effort by India to exploit their natural resources, with the assumption that India stands to gain more from these projects. However, a closer examination reveals a different narrative. India's inability to execute large-scale hydro-projects in the 73 years of cooperation has fuelled interpretations by civil society, overlooking the original intent of the Koshi and Gandak barrage, primarily designed for flood control and irrigation. It's essential to note that India faced technological and financial constraints in the 1960s and 1970s, hindering the pursuit of mega projects in the Himalayas. Nevertheless, this situation has been misconstrued by some Nepalese, leading to the perception that India's interests lie solely in developing dams along the border and exploiting Nepali water resources for its advantage.

These initial challenges significantly impacted the trajectory of hydro-energy partnership in the subsequent years.

Nepalese authorities exhibited non-cooperation with India until 1992, a turning point marked by Nepal's decision to permit private sector involvement in the hydro-energy sector through the Electricity Act.

However, India faced another setback with the onset of the Maoist insurgency in 1996, resulting in further delays for many planned Indian projects.

## New Momentum

However, the collaboration gained momentum in the aftermath of the Maoist conflict. A significant turning point occurred with the signing of the Agreement on Electric Power Trade, Cross-Border Transmission Interconnections, and Grid Connectivity in October 2014. This agreement, formulated under Prime Minister Modi's HIT (Highways, I-ways, and Trans ways) initiative, marked a pivotal moment during his inaugural foreign visit to Nepal after assuming office in New Delhi. This period also coincided with Nepal enduring more than 18 hours of daily load shedding, despite possessing the potential to generate 42,000 MW of hydroelectricity, showcasing the pressing need for enhanced energy cooperation.

In response to the ongoing load shedding, the democratically elected government took decisive action by declaring the National Energy Crisis Reduction and Development Decade (2016-2026) in 2016.

This strategic initiative aimed to boost power generation capacity through the active

involvement of private developers, enhance domestic transmission lines, establish power purchase agreements with independent power producers, construct additional cross-border power lines, and explore market expansion opportunities in the Bangladesh, Bhutan, India, and Nepal (BBIN) sub-region.

## India's Neighbourhood First Policy and Energy

The neighbourhood occupies a central position in India's foreign policy. India holds the conviction that political stability, economic prosperity, and strategic security in neighbouring countries are crucial. The belief is rooted in the understanding that the influence of extra-regional powers in South Asia, if unchecked, could pose challenges to India's geo-cultural advantages in the region. Former Prime Minister of India, Dr. Manmohan Singh, succinctly stated, "The real test of foreign policy is in the handling of neighbours."<sup>1</sup>

In the post-independence era, India actively advocated for multiparty democracy and provided extensive economic and technical support to neighbouring nations for infrastructure development and economic growth. Since the 1990s, India's overarching objective has been to foster partnerships and extend the benefits of its economic prosperity to its immediate neighbours.

Emphasising the significance of fostering partnerships with neighbouring nations, External Affairs Minister S. Jaishankar reaffirmed on July 16, 2021, that "Economic growth is universally driven by 3Cs: Connectivity, Commerce, and Contacts. All three need to come together to ensure regional cooperation and prosperity."<sup>2</sup> In addition to addressing economic and security concerns, a notable development was the inaugural convening of the Inter-Ministerial Coordination Group (IMCG) on Neighbouring Countries at the Secretary level on April 12, where cross-border connectivity took centre stage.

For the Modi government, the initiation of India's foreign policy journey begins with the neighbourhood. The invitation extended to all SAARC leaders to attend Modi's oath-taking ceremony in May 2014 distinctly conveyed the message that neighbours hold a paramount position.

Subsequently, Modi's foreign visits to the two Himalayan countries not only underscored the precedence given to neighbouring nations but also signalled a departure from the previous foreign policy focus on Pakistan. The renewed focus on neighbouring countries can be attributed to India's pursuit of development and energy requirements. Presently, India views its smaller neighbours as strategic partners in achieving its economic growth and developmental objectives. Another factor influencing this shift is the shared sphere of influence, driven by the increasing presence of external forces, notably China, in the region. China has made significant diplomatic strides in India's neighbourhood through substantial investments in infrastructure, bilateral trade enhancements, strengthened defence and cultural cooperation, and the revitalisation of maritime and land silk routes.

Furthermore, beyond establishing a prominent presence in international forums and cultivating relations with major powers, India recognises the potential to leverage platforms like SAARC and other sub-regional mechanisms to fulfil its more immediate national interests. Similarly, India is actively pursuing green energy solutions to decrease its reliance on fossil fuels. While Nepal currently relies on India for its energy needs, the long-term perspective shifts toward mutual cooperation. India seeks Nepal's collaboration to fulfil its commitments made in Paris and Glasgow regarding climate change, as well as to realise Prime Minister Modi's vision of "One Sun, One World, One Grid."

Reflecting this commitment, two out of the four

agreements signed during Prime Minister Deuba's visit to India in March 2022 were related to the energy sector. This included Nepal joining the India-led International Solar Alliance, aligning with the shared goal of sustainable energy solutions. Another significant agreement involved the exchange of terms for the supply of petroleum products between the Indian Oil Corporation (IOC) and the Nepal Oil Corporation (NOC).

## The New Phase of Cooperation

In 1971, India and Nepal engaged in a Power Exchange Argument to address the power needs in the border region shared by both countries. Over twenty transmission interconnections, each with varying capacities, were established. Furthermore, a comprehensive agreement covering 'Electricity Power Trade, Cross Border Transmission Interconnections, and Grid Connectivity' was formalised on October 21, 2014, deepening the collaboration between the two nations.

A significant development occurred in November 2021 when India granted permission to Nepal to sell its surplus energy. This aligns with the Cross Border Trade of Electricity (CBTE) guidelines issued in February 2021, marking a step forward in fostering energy cooperation between the two countries. In November 2021, India endorsed Nepal's proposition to export 39 MW of electricity to the Indian market. The electricity would be transmitted through the 400 KV-Muzafarpur-Dhalkebar cross-border transmission line. Additionally, India has made commitments to develop substantial hydro projects, including Arun-III, Lower Arun, Upper Karnali, and Pancheswar, all designed to be storage-based. This strategic approach aims to assist Nepal in generating electricity during non-peak periods and exporting surplus energy to India and other nations. Honouring this commitment, the Indian Central Electricity Authority approved the Nepal Electricity Authority's proposal to sell an additional 325 MW of electricity to India in April 2022.

## Advantage Nepal

**Nepal stands poised to emerge as a net beneficiary in the energy trade, not only with India but also with other countries such as Bangladesh, Sri Lanka, and Myanmar.**

The earnings from electricity exports to India have shown a consistent upward trend, totalling nearly NPRs 11.8 billion until mid-October 2023. This surge in export revenue has played a crucial role in reducing the trade deficit with India, concurrently bolstering Nepal's foreign exchange reserves.

In the fiscal year 2022-23, electricity export earnings secured the third position in overall export revenues, following palm oil (NPRs 20 billion) and yarn (NPRs 20 billion). This underscores the growing significance of Nepal's electricity trade in contributing to its economic gains and trade balance.<sup>3</sup>

In response to Nepal's request, India made a significant commitment in June 2023, pledging to purchase up to 10,000 MW over the next decade. India, in support of Nepal's power export initiatives, established multiple channels, demonstrating a willingness to facilitate energy trade, albeit with a preference for controlled quantities in a single transaction. Addressing this, the Central Electricity Authority (CEA) took a noteworthy step by amending India's Cross Border Electricity Trade (CBET) rules in August 2023. This amendment specifically catered to neighbouring countries like Bhutan, Nepal, Myanmar, and Bangladesh, allowing them to engage in buying or selling electricity through India's real-time market (RTM), a departure from the previous restriction to the day-ahead market (DAM) in power exchanges.

This progressive move by the Indian government is poised to empower these nations, enabling them to import and export electricity more closely aligned with India's real-time market. Engaging in real-time trading offers greater

flexibility to cross-border entities, allowing them to optimally utilise their resources by procuring power on a closer-to-real-time basis.<sup>4</sup> On September 6, 2023, the Indian Cabinet granted approval for the purchase of 10,000 MW of electricity from Nepal over the span of ten years, marking a significant step towards a long-term inter-government power trade agreement. The formalisation of this agreement is anticipated to take place either in 2023 or early 2024. This agreement is poised to stimulate additional investments in Nepal's power sector and facilitate the export of power to the Indian market.

## Major Negotiating Issues

Despite the significant strides made and financial gains for Nepal in cross-border energy trade, Nepalese stakeholders have raised concerns about the prolonged approval process for selling hydroelectricity from specific private developers. These delays are attributed to issues related to third-country investments. The apprehension stems from the procedure implemented by the Central Electricity Authority of India in February 2021, which prohibits the import of power from projects directly or indirectly involving countries with whom India lacks bilateral hydro-energy cooperation.

**As of October 2023, India has granted approval for Nepal to sell 450 MW of electricity in its market. Furthermore, 520 MW has received clearance for sale in India's exchange market, encompassing both day-ahead and real-time markets.**

Despite these allocations, Nepali authorities express disappointment, as India has only permitted the sale of 110 MW of electricity under a longer-term arrangement. The Nepali authorities are seeking a guaranteed, long-term commitment from India for the purchase of electricity at fixed prices exceeding INRs 4.00 per unit. Notably, Nepali developers are advocating for guaranteed fixed-price electricity sales to India, favouring this approach over engaging in

transactions through the day-ahead market (DAM) and real-time market (RTM). Nepal has also articulated a demand for India to permit a higher volume of hydroelectricity exports to Bangladesh through Indian transmission lines, surpassing the current limit of 40 MW.

## Conclusion

Green energy has witnessed surging demand, particularly in the post-Paris agreement era. The disruptions in the global energy supply chain, compounded by the effects of COVID-19 and the escalation of global oil prices due to the Ukraine crisis, have intensified the call for green energy solutions. Consequently, this sector is in a state of evolution, with considerable progress yet to be made. Nepali developers are encouraged to maintain confidence in India and persist in negotiating for optimal solutions and benefits. Given the shared imperative of hydro energy, this collaboration has the potential to serve as a role model in fostering partnerships at both bilateral and regional levels. The cooperation could prove forward-looking and mutually rewarding if both countries are willing to address their sensitivities independent of regional issues and third-party influences in bilateral matters.

## Endnotes

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# INDIA-NEPAL RELATIONS IN THE CONTEMPORARY GEOPOLITICAL CONTEXT

Ranjit Rae



Indian PM Modi and Nepalese PM Prachanda hold bilateral talks in New Delhi in June 2023 | Twitter/MEA

## Introduction

Nepal is increasingly buffeted by geopolitical cross currents. With an economy only recovering slowly from the COVID 19 pandemic, Nepal was hit by the soaring oil, fertilizer and food prices following the Russia-Ukraine conflict. Thereafter the possibility of the Israel-Palestine conflict expanding to the wider region has also led to fears of a spurt in oil prices.

**However, it is the ongoing US-China contestation for global influence and the India-China tensions that pose the biggest challenge for Nepal.**

## Nepal-China-US Interplay

The public US-China spat in Nepal before the

adoption by Nepalese Parliament of the USD 500 million Millennium Challenge Corporation (MCC) grant for road maintenance and construction of transmission lines is only a precursor of things to come. The Nepalese political class is deeply polarised. The Communists, egged on by China, felt that the MCC was part of the Indo-Pacific Strategy that was aimed against China. The Nepali Congress and other parties supported the grant on the grounds that it contributed to Nepal's economic development. A compromise was finally worked out with a declaratory statement in Parliament that enabled adoption of the MCC. However, another proposal of the US, the State Partnership Project (SPP) that involved cooperation between the Nepalese Army and the Utah National Guards primarily for humanitarian assistance and disaster management was rejected on the grounds that Nepal cannot join any military pact despite the US stating categorically that the SPP did not imply any military alliance.



Following the adoption of the MCC compact, the US has stepped up its activities in Nepal. A series of high-level visits from the US have taken place in recent months. These visits include the Deputy Secretary of State Victoria Nuland, the USAID Administrator Samantha Power, the Under Secretary for Human Rights and Tibetan Affairs and several other officials, also from the military. The CIA Director too had wished to pay a visit but this was politely declined by the Nepalese. The Nepalese Foreign Minister has paid an official visit to Washington. Though Nepal has endorsed the MCC pact, it remains opposed to the Indo-Pacific Strategy.

Meanwhile, Nepal, which under Oli was an enthusiastic supporter of the Chinese Belt and Road Initiative, (BRI) has seen little forward movement in terms of project implementation. None of the nine flagship connectivity projects, including the Trans Himalayan railway have seen significant progress.

**No framework plan for BRI was finalised during PM Prachanda's recent visit to China, 23-30 September 2023. Similarly, no consensus has emerged on modalities for financing these big-ticket projects with Nepal insisting of grants or concessional loans (a salutary lesson learnt from the Sri Lanka economic and debt crisis) which the Chinese are reluctant to agree to.**

A controversy has also arisen within Nepal on whether or not the Pokhara International Airport that was commissioned recently is within the ambit of the BRI; the Chinese insist that it is and Nepal disagrees. This is not a simple matter since the airport was built on the basis of a financial package comprising concessional and commercial Chinese loans that could become a precedent for future BRI projects. As of now, the airport appears to be a white elephant with few, if any, international flights. Nepal's efforts to persuade the Chinese to convert loans for the project into a grant also do not appear to have borne any fruit.

Of the many Chinese initiatives, Nepal has signed on to the BRI and the Global Development Initiative, though it has so far not endorsed the Chinese sponsored Global Security Initiative and Global Civilizational Initiative, even though the then President of Nepal Bidya Devi Bhandari did participate in a GSI event organised by China in September 2022. The Nepalese and Chinese Communist parties, particularly under PM Oli had significantly stepped-up engagement with an MOU signed between them prior to President Xi Jinping's visit to Nepal in October 2019. However, efforts by China for a united communist front in Nepal have not been durable though some, albeit temporary success was achieved with the formation of the Nepalese Communist Party (NCP) following a merger of the Communist Party of Nepal (Unified Marxist–Leninist) and Maoist Centre in 2018. This was short-lived; the merger collapsed after three years due to internal contradictions and the poor interpersonal relationship between the top leaders. China, however, is a long-term player and their strategic goal for a united Communist front in Nepal will remain, particularly in light of growing US involvement.

One less commented development during Prachanda's recent visit to Nepal relates to Taiwan. For the first time the Nepalese Government has explicitly expanded its commitment to the 'One China' policy to include Taiwan. The Joint Statement issued at the end of the visit stated that "Recognizing that the Government of the People's Republic of China is the sole legal Government representing the whole of China, and Taiwan is an inalienable part of China's territory, the Nepali side is against "Taiwan independence."

## India-Nepal Relations

The poor state of the India-China relationship has also impacted Nepal. India's refusal to buy power from Nepalese projects that have a Chinese footprint has led to some resentment within Nepal. Several articles have appeared suggesting that India wants to corner the entire hydro-generation capacity of Nepal. During Prachanda's recent visit to China, the two

countries have agreed to establish a Trans-Himalayan transmission line, a means for Nepal to diversify its power exports to countries other than India.

On balance however, bilateral India-Nepal relations appear to be progressing well. Contrary to the usual practice of raising all bilateral issues, during his official India visit from 31 May to 3 June 2023, Prime Minister Pushpa Kamal Dahal 'Prachanda', chose a novel, more productive approach. Instead of focussing on a long litany of complaints and irritants in the relationship such as the 1950 Treaty of Peace and Friendship, the non-acceptance of the Eminent Person's Report, the boundary dispute, and the question of Gurkha recruitment under the Agniveer Scheme, Prachanda decided to concentrate on the substantive, economic dimension of bilateral ties. This gelled with India's own priorities under the Neighbourhood First policy of connectivity and development.

## Connectivity Projects

Significant progress was made towards developing the region as an open, interconnected, interdependent and mutually beneficial economic space where each country could exploit its own comparative advantage to the fullest potential, thereby benefitting itself and indeed, the wider region. Projects including trans-border railway lines, the Raxaul-Kathmandu railway, Integrated Check-Posts for enhanced logistical connectivity, transmission lines, oil and gas pipelines, and digital connectivity with the extension of India's digital financial sub-stack including the Universal Payments Interface (UPI) to the sub-region made steady progress. Problems remain about flight clearances for the new ADB financed, Chinese constructed Lumbini Airport at Bhairawaha that receives few if any international flights. It would have been more prudent for Nepal to have sought India's concurrence in advance of the construction since it is close to the Indian border and most flights landing or taking off immediately exit/enter Indian airspace.

Nevertheless, India should try and resolve this issue in a practical manner since it will strengthen the Buddhist Circuit and encourage tourism in both countries, failing which this airport would become another white elephant that Nepal can ill afford.

## Hydropower Cooperation

Perhaps the most far-reaching developments relate to cooperation in the field of hydro-power. The vision statement adopted in April 2022 was further fleshed out with major initiatives during PM Prachanda's recent India visit.

India agreed to purchase 10000 MW of power from Nepal over a ten-year period. Already, India is purchasing almost 650 MW of power of which over 500 MW is sold in the energy market and the rest through a longer-term power purchase agreement (PPA).

Last year alone Nepal sold USD 800 million worth of power during the wet monsoon season. This figure will only increase with time.

Nepal is not only permitted to sell power in the day ahead market but on the spot/real time market as well, thereby reaping higher peaking power prices. Several Indian promoted hydro-power projects are moving ahead. The 900 MW Arun III project together with two other projects on the Arun River, the 669 MW Lower Arun and 490 MW Arun IV are being developed by Indian PSU Satluj Jal Vikas Nigam. India's NHPC will also develop the West Seti (750 MW) and Seti River-6 (450 MW) and Phukot Karnali 480 MW projects, the last in cooperation with Nepal's Vidyut Utpadan Company Ltd (VUCL). Unfortunately, the 900 MW Upper Karnali Project promoted by GMR appears to be in a limbo with efforts by the private sector company to secure a strategic investor not successful thus

far. Fortunately, some of the problems relating to the sale of GMR power through India to Bangladesh have been resolved; this would imply some progress towards the finalization of a PPA, essential for raising debt to finance the project. Though agreed at the level of the Prime Ministers, the adoption of the detailed project report (DPR) for the massive 6000 MW + Pancheshwar Multipurpose Project has not been completed within the three-month deadline. With political will and a policy of give and take, the remaining differences over water sharing and cost/benefits of the project should be satisfactorily resolved. The project should be viewed strategically; it will bring about a fundamental transformation in the economies of the less developed far western region of Nepal and Uttarakhand's Kumaon region.

The long pending Sapt Koshi High Dam project, essential to tame the 'River of Sorrow' is seeing a new lease of life with the agreement between the two countries to expedite studies that would enable the completion of the DPR. However, a lot of ground work would be required, particularly to persuade the local inhabitants of the area of the benefits that would potentially flow from the project.

**Finally, India's willingness to enable export of Nepalese power to Bangladesh through India's transmission grid opens up significant new prospects for the development of a sub-regional electricity grid that will benefit all countries. Already, an agreement of sale of 40 MW of Nepalese power to Bangladesh has been finalised, though the implementation framework needs to be fleshed out. While cooperation in hydropower remains a primary goal of both countries, it is critical to factor in environmental and climate change considerations in the Himalayan region, particularly in light of the**

**recent Glacial lake outburst flood (GLOF) outburst in Sikkim that led to the destruction of the dam of the Teesta III project and adversely affected several downstream projects.**

## Political Issues

Though political issues did not form a salient part of Prime Minister Prachanda's visit to India, there are several issues that on balance would be preferable to resolve, sooner rather than allow them to fester.

The question of Gurkha recruitment to the Indian Army is a sensitive issue with strategic implications. India has over 30,000 Nepalese servicemen in her Army. Pension payments are made to some 1,25,000 Gurkha retirees in Nepal adding up to 2% of Nepal's GDP. With the new Agniveer Scheme, all Gurkha recruitment into the Indian Army has ended. The Nepalese Government is fearful of re-introducing individuals well-trained in weaponry back into society after their four-year tenure of an Agniveer ends, given the historical backdrop of the violent Maoist insurgency. A consequence of this impasse is disturbing reports of several Nepalese joining Russian mercenary forces as well as the Ukrainian Army and potentially facing each other in the Russia-Ukraine conflict. There are also reports that China is interested in recruiting Nepalese Gurkhas for providing security to their projects in Nepal as well as Pakistan. India should engage in urgent discussions with the Nepalese authorities to find a mutually satisfactory resolution of the issue of Gurkha recruitment.

**It is unlikely that the Agniveer scheme will be amended solely for the Nepalese, but at the very least, facilities offered to Indian Agniveers post-retirement in terms of alternative avenues of employment, should be extended to the Nepalese as well.**

The Boundary question has become extremely complicated due to parliamentary endorsement by a two-thirds majority of Nepal's unilateral expanded claims in the sensitive areas near the India-Tibet border in Uttarakhand. It is impossible for India to accept this claim that has been raised some 205 years after the Treaty of Sugauli was signed between Nepal and the British East India Company. The only dispute that India has accepted in this sector relates to the limited territory of Kalapani. Nevertheless, eventually, some bilateral talks would need to be held; to begin with, perhaps, talks about laying the ground rules for discussions, could be the way forward.

The Eminent Persons Group (EPG) report for all practical purposes is moribund but discussions on the key issue in the Report, namely the 1950 Treaty of Peace and Friendship between the two countries should resume expeditiously. India is publicly committed to considering Nepalese proposals on the matter; we have successfully renegotiated the 1949 Treaty with Bhutan and there is no reason why the 1950 Treaty cannot be successfully updated for mutual benefit. The Foreign Secretary-level mechanism should be convened to begin the dialogue.

## Conclusion

Despite some political differences, overall, India-Nepal relations, focussed on economic development and mutual prosperity are strong and expanding. Nepal's multiparty democracy and democratic institutions such as the media and judiciary are robust, though there is some disenchantment with domestic political processes and widespread corruption and the inability of the ruling class to fulfil the aspirations, especially of the young Nepalese. New political forces such as the Rashtriya Swatantra Party, comprising young, educated and

charismatic leaders, are emerging. Similarly, those forces, such as the royalists that felt left out following the adoption of the new Constitution in 2015 are reasserting themselves.

A worrying development relates to several instances of tension between diverse religious and ethnic communities. This is something new. Incidents of Hindu-Muslim tensions, especially in the Terai, as well as between Hindus and some Janjatis in Dharan, can potentially destroy social harmony. Fortunately, all political parties have condemned such incidents and the authorities have clamped down hard and are taking steps to prevent their recurrence.

It is in India's interest for peace and stability to prevail in Nepal. Conflict and disharmony can make Nepal vulnerable to external forces that may be inimical to both Nepal and India, as we have experienced in the past. The new Constitution of Nepal was adopted after long, violent struggles. Reopening core elements that have been agreed upon could potentially, destabilize Nepal. In any event, these are issues for the Nepalese to decide amongst themselves. India should adopt a very cautious approach and not get pulled into these highly charged and sensitive matters.



## **Ranjit Rae**

Ranjit Rae retired as Ambassador of India to Nepal in 2017 after an extensive career in the Indian Foreign Service spanning over three decades. He has recently published a book titled *Kathmandu Dilemma: Resetting India-Nepal Ties* (Penguin 2021) and has written several articles on Nepal in national dailies.

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