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Name of the Teacher-Tanushree Sarkar

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# An Overview

1. Nepal and India enjoy excellent bilateral ties.
  2. Founded on the age-old connection of history, culture, tradition and religion, these relations are close, comprehensive and multidimensional and are pronounced more in political, social, cultural, religious and economic engagements with each other.
  3. Both the countries established diplomatic relations on 17 June 1947.
  4. Nepal shares a border of over 1850 km with five Indian states – Sikkim, West Bengal, Bihar, Uttar Pradesh and Uttarakhand.
  5. The India-Nepal Treaty of Perpetual Peace and Friendship of 1950 forms the bedrock of the special relations that exist between India and Nepal.
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1. Nearly 6 million Nepalese citizens live and work in India.

# Indo-Nepal Treaty of Perpetual Peace and Friendship, 1950

- The 1950 Treaty (31<sup>st</sup> July,1950) provided “for everlasting peace and friendship” between the two countries .
- Under this treaty both the government agreed to acknowledge and respect “ complete sovereignty, territorial integrity and independence of each other. ”
- It was also agreed by the two governments would inform each other, should any friction or misunderstanding with any neighbouring states cause any breach in the friendly relations subsisting between them.
- Furthermore, it was also agreed that Nepal “could import from or throughout the territory of India” armaments as would necessary for its security.
- 1950 also saw the signing of the Trade and Commerce between India and Nepal for a period of ten years.

## **Areas of Cooperation**

### **High Level of Exchanges**

- There are regular exchanges of high-level visits and interactions between India and Nepal.
- Prime Minister Shri Narendra Modi visited Nepal twice in 2014 – on 03-04 August for a bilateral visit and on 25-27 November for the 18th SAARC Summit.
- Nepalese Prime Minister Mr. K.P. Sharma Oli paid a State visit to India on 19-24 February 2016.
- Nepalese Prime Minister Mr. Pushpa Kamal Dahal ‘Prachanda’ visited India twice in 2016 – on 15-18 September on a State visit and on 15-17 October to participate in the 1st BRICS-BIMSTEC leaders’ summit in Goa.
- Prime Minister of Nepal Mr. K.P. Sharma Oli visited India from 30-31 May 2019 to attend the Swearing-In ceremony of Prime Minister, Shri Narendra Modi.
- Besides, there were/are several exchange of visits of the Foreign Ministers and Deputy Ministers of both the countries relating to treaties and agreements
- Frequent visits have helped promote goodwill, trust, understanding and cooperation between the two countries and, have injected fresh momentum to further consolidate age-old and multi-faceted bilateral relations of friendship and cooperation on a more mature and pragmatic footing.

## **2. Earthquake 2015 (Humanitarian Assistance)**

Nepal lies in the ecological fragile zone which is prone to earthquake and floods causing damage to life and money. In this respect Nepal remains the biggest recipient of India's humanitarian assistance.

- When a devastating 7.8 magnitude earthquake struck Nepal on 25 April 2015, the Government of India swiftly dispatched 16 National Disaster Response Force (NDRF) teams and 39 IAF special aircrafts with 571 tons of rescue and relief materials to Nepal.
- Medical teams from India were deployed in various parts of Nepal.
- India helped in restoring 3 power sub-stations in Kathmandu valley. The total Indian relief assistance to Nepal amounted to over US\$ 67 million.
- The Government of India announced a post-earthquake reconstruction package of US\$ 1 billion on 25 June 2015.

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- In February 2016, an MoU on the Utilization of the Grant of US\$ 250 million was signed for reconstruction of 50,000 private houses and health, education and private sectors.
- Similarly, in September 2016, a Line of Credit (LoC) Agreement for post-earthquake reconstruction projects for US\$ 750 million was signed. and was operationalized in February 2017.
- In March 2018, Government signed two Partnership Agreements with UNDP and UNOPS to provide socio-technical facilitation to support housing beneficiaries in Gorkha and Nuwakot districts of Nepal, respectively. In this regard, Government of India reimbursed to the Government of Nepal a sum of INR 437 crore for payment of first and second tranche to GoI beneficiaries in Nepal.
- Again in 2019, India provided Rs 233 Crore to the Nepal Government for various infrastructure including roads and reconstructions of houses destroyed in the massive earthquake in 2015

# 3. Economic Cooperation

- India has been a key development partner of Nepal. The latter received strong support and solidarity from the people and Government of India in advancing its home-grown peace process as well as in the process of writing the Constitution through the elected Constituent Assembly.
- The Indian cooperation started in 1952 with the construction of an air-strip at Gaucharan. India's economic assistance to Nepal has grown manifold in the past few decades, particularly since the restoration of multiparty democracy in Nepal in 1990.
- In September 2016, a Nepal-India Joint Oversight Mechanism has been constituted co-chaired by the Foreign Secretary of Nepal and the Indian Ambassador to Nepal to review the progress made and resolve issues in the implementation of the projects under India's economic and development cooperation. The Mechanism meets once every two months.

# Indian Investment in Nepal

- **Indian firms are among the largest investors in Nepal**, accounting for about 30% of the total approved foreign direct investments.
- **As on 15 September 2018**, Indian ventures lead foreign investment with FDI commitments of INR 5942.68 crores.
- **There are about 150 Indian ventures operating in Nepal engaged in manufacturing, services, power sector and tourism industries.**
- Some large **Indian investors include** ITC, Dabur India, Hindustan Unilever, State Bank of India, Punjab National Bank, Life Insurance Corporation of India, Asian Paints, CONCOR, Manipal Group, MIT Group Holdings, Nupur International, Transworld Group, Patel Engineering, Bhilwara Energy, Bhushan Group,, Berger Paints, Essel Infra Project Ltd. and Tata Power, India etc.
- In 2019, Nepal has invited Indian investments in hydro-power, roads and highways and the hotel industries to give boost to economic ties between the two countries.

# 5. Water Resources

- A large number of small and large rivers flow from Nepal to India and constitute an important part of the Ganges river basins. These rivers have the potential to become major sources of irrigation and power for Nepal and India.
- A three tier bilateral mechanism established in 2008, to discuss issues relating to cooperation in water resources, flood management, inundation and hydropower between the two countries, has been working well.

## 6. India's Development Assistance to Nepal

- Government of India's development assistance to Nepal is a broad-based programme **focusing on creation of infrastructure at the grass-roots level.**
- In recent years, India has been assisting Nepal in development of border infrastructure through **upgradation of 10 roads in the Terai area;** development of cross-border **rail links at Jogbani-Biratnagar, Jaynagar-Bardibas;** and **establishment of Integrated Check Posts at Birgunj, Biratnagar, Bhairahawa, and Nepalgunj.**

- The total economic assistance earmarked under the ‘Aid to Nepal’ budget for FY 2018-19.
- During the visit of Prime Minister of Nepal in April 2018, the two Prime Ministers jointly inaugurated the Integrated Check Post in Birgunj (Nepal) built with GoI assistance.
- On 10 July 2018, Prime Minister of Nepal inaugurated a three-storied library for Nepal Academy in Kathmandu.
- On 31 August 2018, the two Prime Ministers jointly inaugurated the Nepal-Bharat Maitri Pashupati Dharmashala in Kathmandu.
- On 10 September 2019, Prime Ministers of India and Nepal jointly inaugurated through video conference, South Asia’s first cross-border petroleum products pipeline from Motihari in India to Amlekhgunj in Nepal.

- Over 552 large, intermediate and small-scale projects at an estimated cost of NPR 77 billion have been implemented across Nepal with Indian assistance since 1951.
- Till date India has gifted 752 ambulances and 148 school buses to various institutions and health posts across Nepal's 77 districts.

## **New Partnership in Agriculture**

- During the visit of Prime Minister of Nepal Mr. K. P. Sharma Oli's to India in April 2018, the 'India-Nepal New Partnership in Agriculture' was launched with a focus on collaborative projects in agricultural research, development and education.
- In 2018 both the countries attended inaugural Ministerial meeting on the "New Partnership in Agriculture" held in India.

# Defense Cooperation

- India has been assisting the Nepal Army (NA) in its modernisation by supplying equipment and providing training. Assistance during disasters, joint military exercises, adventure activities and bilateral visits are other aspects of India's defence cooperation with Nepal.
- A number of defence personnel from Nepal Army attend training courses in various Indian Army training institutions. The 'Indo-Nepal Battalion-level Joint Military Exercise SURYA KIRAN' is conducted alternately in India and in Nepal.
- Currently, about 32,000 Gorkha Soldiers from Nepal are serving in the Indian Army.
- Besides, arrangements have been made by the GoI for the disbursement of pensions and organise welfare programmes for re-training, rehabilitating and assisting ex-Gorkha soldiers and their families.

# Power/Electricity

- India and Nepal have a Power Exchange Agreement since 1971.
- There are more than twenty 132 kV, 33 kV and 11 kV transmission interconnections which are used both for power exchange in the bordering areas and for power trade.
- An Agreement on 'Electric Power Trade, Cross-border Transmission Interconnection and Grid Connectivity' between India and Nepal was signed on 21 October 2014. The Agreement is aimed at facilitating and further strengthening cross-border electricity transmission, grid connectivity and power trade between Nepal and India
- Two mechanisms: Joint Working Group (JWG) and Joint Steering Committee (JSC) envisaged under the Agreement have been established. Joint Technical Team (JTT) was formed for preparation of a long-term integrated transmission plan covering projects upto 2035. The 6th meetings of the JWG and JSC on power cooperation was held on Pokhara, Nepal on 23 January 2019 and 24 January 2019, respectively.

# Educational and Cultural Cooperation

- .GoI provides around 3000 scholarships/seats annually to Nepalese nationals for various courses at the Ph.D/Masters, Bachelors and plus–two levels in India and in Nepal.
- MoUs/Agreements have been signed between: (i) Sahitya Kala Akademi (India) and Nepal Academy, (ii) Doordarshan (India) and Nepal TV, (iii) Press Council of India and Press Council of Nepal, (iv) Lalit Kala Akademi (India) and Nepal Academy of Fine Arts, (v) Sangeet Natak Akademi (India) and Nepal Academy of Music & Drama etc.
- The Swami Vivekananda Centre for Indian Culture was set up in Kathmandu in August 2007 to showcase the best of Indian culture.
- The Nepal-Bharat Library was founded in 1951 in Kathmandu. It is regarded as the first foreign library in Nepal.
- The B.P. Koirala India-Nepal Foundation was set up in 1991 through an MoU signed between the Governments of India and Nepal. The Foundation's objective is to foster educational, cultural, scientific and technical cooperation between India and Nepal.

## **Indian Community**

- Around 6,00,000 Indians are living/domiciled in Nepal. These include businessmen and traders who have been living in Nepal for a long time, professionals (doctors, engineers, IT personnel) and labourers (including seasonal/migratory in the construction sector).
- An Indian Citizens' Association (ICA) of Nepal was formed on 14 September 1990 to provide a platform for discussion on matters pertaining to the legitimate interest of resident Indians in Nepal and works for the protection of such interests.

## **Multilateral Partnerships**

- Furthermore, both the countries have been deeply engaged in the regional and sub-regional frameworks of SAARC, BIMSTEC and BBIN for enhancing cooperation for greater economic integration by harnessing collectively the potentials and complementarities available in the region.

# Challenges/Problems

- Internal security is the major concern for India; Indo-Nepal Boundary is virtually open and lightly policed that is exploited by the terrorists outfits from the North Eastern part of India.
- Trust deficit has widened the between the two countries due to delaying in implementation of various projects.
- Nepal's political instability, including 10 years of insurgency.
- There is anti-indian feeling among certain ethnic groups from Nepal from the perception that India's interfering in the internal matters of nepal and hampers their political sovereignty
- The establishment of diplomatic relations between Nepal and China and its growing influence in Nepal has resulted in declining the traditional leverage of India in Nepal.

# Way Forward

- Both the countries are effected due to misuse of open border by internal and external forces. Therefore, the responsibility of border management and regulations depends on both India and Nepal.
- India should focus on fructifying the potential of hydropower cooperation which has remained untapped largely due to differing perceptions.
- India should maintain the policy of keeping away from internal affairs of Nepal and also at the same time the spirit of friendship should guide the nation towards more inclusive rhetoric.
- With immense strategic relevance in the Indian context as Indian security concerns, stable and secure Nepal is one requisite which China cannot afford to overlook

# Tentative Questions

- When was Indo-Nepal Treaty of Peace and Friendship signed?
- What is the significance/objective of Indo-Nepal Treaty of 1950?
- Name the Indian states that shares border with Nepal?
- Discuss/Analyse the areas of Cooperation between India-Bhutan Relations. (10/15 Marks )
- Discuss the challenges/areas of problem between India-Bhutan relations. (10 Marks)

# Further Readings

1. Nepal-India Relations <https://mofa.gov.np/nepal-india-relations/>
2. India–Nepal Relations [https://www.mea.gov.in/Portal/ForeignRelation/India-Nepal\\_Bilateral\\_Brief\\_September\\_2019.pdf](https://www.mea.gov.in/Portal/ForeignRelation/India-Nepal_Bilateral_Brief_September_2019.pdf)
3. History of India-Nepal Relations <http://www.southasiaathudson.org/history>
4. Neighbours Major Powers and Indian Foreign Policy, Aneek Chatterjee, 2017, Oriental Blackswan:Hyderabad
5. India's Foreign Policy and Relations, A. Appadorai and M.S. Rajan, 1985, South Asian Publishers: New Delhi