



Repairing India-Nepal Ties

This editorial is based on [“Repairing the Complex India-Nepal Relationship”](#) which was published in The Hindu on 07/04/2022. It talks about the challenges in Indo-Nepal Relations.

For Prelims: India-Nepal Relations, India-Nepal Treaty of Peace and Friendship of 1950, Kalapani Boundary Issue, India’s Neighbourhood First Policy.

For Mains: India-Nepal Relations - Significance and Major Challenges, China’s interventions in Indo-Nepal Relations.

The [Prime Minister of Nepal made his first bilateral visit abroad to India](#) since taking his oath in July 2021. The visit was a success in terms of launching connectivity projects and signing Memorandums of Understanding (MoUs).

However, there still exist some pinpricks in the relation between the two, China being one of the major ones. Bilateral dialogues, strengthened economic connections and more sensitisation towards the people of Nepal is what India needs to pursue to fulfil the objectives of its [neighbourhood first policy](#).

How have been India’s Ties with Nepal?

- The India-Nepal [Treaty of Peace and Friendship of 1950](#) forms the bedrock of the special relations that exist between India and Nepal.
- Nepal is an important neighbour of India and occupies **special significance in its foreign policy** because of the **geographic, historical, cultural and economic linkages/ties** that span centuries.
- India and Nepal share similar ties in terms of [Hinduism](#) and [Buddhism](#) with **Buddha’s birthplace Lumbini** located in present day Nepal.
- In recent years, **India’s relations with Nepal have witnessed some ‘lows’**. The relationship between the two took a nosedive in 2015, with India first **getting blamed for interfering in the Constitution** drafting process and then for an **“unofficial blockade”** that generated widespread resentment against India.

What are the Highlights of the Recent Visit?

- The **operationalisation of the 35 kilometre cross-border rail link** from Jayanagar (Bihar) to Kurtha (Nepal) which **will be further extended** to Bijalpura and Bardibas.
- Another project includes a **90 km long 132 kV double circuit transmission line** connecting Tila (Solukhumbu) to Mirchaiya (Siraha) close to the Indian border.
- Additionally, agreements providing **technical cooperation in the railway sector**, Nepal’s induction into the [International Solar Alliance](#), and between **Indian Oil Corporation and**

Nepal Oil Corporation on ensuring regular supplies of petroleum products were also signed.

- India called for taking full advantage of **opportunities in the power sector**, including through **joint development of power generation projects** in Nepal and development of **cross-border transmission infrastructure**.

How Influential has China been for Nepal?

- China considers Nepal an important element in its growing South Asian footprint with Nepal being a key partner in its [Belt and Road Initiative \(BRI\)](#).
- In 2016, Nepal negotiated an **Agreement on Transit Transportation** with China and in 2017, China provided a **military grant of \$32 million** to Nepal.
- In 2019, a Protocol was concluded with China providing **access to four sea ports and three land ports to Nepal. China is also engaged with airport expansion projects** at Pokhara and Lumbini.
- China has **overtaken India as the largest source of [foreign direct investment](#)** with the **annual development assistance being worth \$120 million**.
- Recently the PM of Nepal pushed for the ratification of the Pancheshwar Multipurpose project with the U.S. Millennium Challenge Corporation (MCC) which saw **street protests and big-time social media campaigns supported by China**.
 - Although the Chinese Foreign Minister has assured his Indian counterpart that China would stay out of Nepal's equation with India, in reality, the Chinese engagement has been very deep.

What are the Irritants in India-Nepal Ties?

- **Issues with Peace and Friendship Treaty:** The 1950 Treaty of Peace and Friendship was sought by the Nepali authorities in 1949 to continue the special links they had with British India and to provide them an open border and the right to work in India.
 - But today, it is **viewed as a sign of an unequal relationship, and an Indian imposition**.
 - The idea of revising and updating it has found mention in Joint Statements since the mid-1990s but in a **sporadic and desultory manner**.
- **The Demonetisation Irritant:** In November 2016, India withdrew ₹15.44 trillion of high value (₹1,000 and ₹500) currency notes. Today, over ₹15.3 trillion has been returned in the form of fresh currency.
 - Yet, many Nepali nationals who were legally entitled to hold ₹25,000 of Indian currency (given that the Nepali rupee is pegged to the Indian rupee) were left high and dry.
 - The Nepal Rastra Bank (central bank), holds ₹7 crore and estimates of public holdings are ₹500 crore.
 - **India's refusal to accept demonetised bills** with the Nepal Rastra Bank and the unknown fate of the report submitted by the Eminent Persons Group (EPG) have not helped in securing it a better image in Nepal.
- **Territorial Disputes:** Another irritant in the Indo-Nepal ties is the [Kalapani boundary issue](#). These boundaries had been fixed in 1816 by the British, and India inherited the areas over which the British had exercised territorial control in 1947.
 - While 98% of the India-Nepal boundary was demarcated, two areas, **Susta and Kalapani remained in limbo**.
 - In 2019, **Nepal released a new political map** claiming Kalapani, Limpiyadhura and Lipulekh of Uttarakhand and the area of Susta (West Champaran district, Bihar) as part of Nepal's territory.

How Can India Resolve its Differences with Nepal?

- **Dialogues for Territorial Disputes:** The need today is to avoid rhetoric on territorial nationalism and **lay the groundwork for quiet dialogue** where both sides display sensitivity as they explore what is feasible. **India needs to be a sensitive and generous partner** for the neighbourhood first policy to take root.
 - The dispute shall be negotiated diplomatically under the aegis of [International law on](#)

Trans-boundary Water Disputes.

- In this case, [boundary dispute resolution between India and Bangladesh](#) should serve as a model for this.
- **Sensitising Towards Nepal:** India should **engage more proactively with Nepal** in terms of **people to people engagement**, bureaucratic engagement as well as political interactions.
 - It should maintain the policy of **keeping away from internal affairs of Nepal**, meanwhile in the spirit of friendship India should **guide the nation towards more inclusive rhetoric**.
- **Strengthening Economic Ties:** The power trade agreement needs to be such that India can build trust in Nepal. Despite more renewable energy projects (solar) coming up in India, **hydropower is the only source that can manage peak demand in India**.
 - For India, buying power from Nepal would mean managing peak demand and also saving the billions of dollars of investments which would have to be invested in building new power plants, many of which would cause pollution.
- **Investments from India:** The **Bilateral Investment Promotion and Protection Agreement (BIPPA)** signed between India and Nepal needs **more attention from Nepal's side**.
 - The private sector in Nepal, especially the cartels in the garb of trade associations, are fighting tooth and nail against foreign investments.
 - It is important that **Nepal conveys this message that it welcomes Indian investments**.

Drishti Mains Question

“With its immense strategic relevance in the Indian context as an Indian security concern, a stable, secure and friendly Nepal is one requisite which India can’t afford to overlook”. Discuss.

UPSC Civil Services Examination, Previous Year Questions (PYQs)

Q. Consider the following pairs: (2016)

	Community sometimes mentioned in the news	In the affairs of
1	Kurd	Bangladesh
2	Madhesi	Nepal
3	Rohingya	Myanmar

Which of the pairs given above is/are correctly matched?

- (a) 1 and 2
- (b) 2 only
- (c) 2 and 3
- (d) 3 only

Ans: (c)