



India-Nepal Relations

For Prelims: India-Nepal Treaty of Peace and Friendship of 1950, Kalapani Boundary Issue

For Mains: India-Nepal Relations - Significance, Associated Challenges and Ways to Resolve the Challenges

Why in News?

Pushpa Kamal Dahal “Prachanda” was sworn in as Nepal’s new Prime Minister.

- It is believed that **Deuba’s predecessor - KP Sharma Oli was pro-China**, and the coming together of Communist forces is a turning back of the clock for India.
- After the bitterness in ties during Oli’s terms in office from 2015-2016 and 2018-2021, **India-Nepal relations had improved after Deuba became PM in 2021.**

What are the Areas of Cooperation Between the Two Countries?

- **Trade and Economy:**
 - India remains **Nepal’s largest trade partner**, with bilateral trade crossing USD 7 billion in FY 2019-20.
 - India provides transit for almost the entire third country trade of Nepal.
 - Indian firms are among the largest investors in Nepal, accounting for **more than 33% of the total [Foreign Direct Investment \(FDI\) stock in Nepal](#)**, worth nearly USD 500 million.
- **Connectivity:**
 - Nepal **being a landlocked country is surrounded by India from three sides** and one side is open towards Tibet which has very limited vehicular access.
 - India-Nepal has undertaken various connectivity programs to enhance people-to-people linkages and promote economic growth and development.
 - India is looking to develop the inland waterways for the movement of cargo, within the framework of trade and transit arrangements, providing additional access to sea for Nepal calling it linking **[Sagarmatha \(Mt. Everest\)](#) with [Sagar \(Indian Ocean\)](#).**
- **Defence Cooperation:**
 - **Bilateral** defence cooperation includes assistance to the Nepalese Army in its modernisation through the provision of equipment and training.
 - The **[Gorkha Regiments of the Indian Army](#)** are raised partly by recruitment from hill districts of Nepal.
 - India from 2011, every year undertakes a joint military exercise with Nepal known as **[Surya Kiran](#).**
- **Humanitarian Assistance:**
 - Nepal lies in the sensitive ecological fragile zone which is prone to **[earthquakes and floods](#)** causing massive damage to both life and money, whereby it remains the biggest recipient of India’s humanitarian assistance.
- **Multilateral Partnership:**
 - India and Nepal share multiple multilateral forums such as BBIN (Bangladesh, Bhutan,

India, and Nepal), [BIMSTEC](#) (Bay of Bengal Initiative for Multi Sectoral Technical and Economic Cooperation), [Non Aligned Movement](#), and [SAARC](#) (South Asian Association for Regional Cooperation) etc.

What are the Challenges?

- **Territorial Disputes:** One of the main challenges 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.
- **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.
- **China's Intervention:**
 - In recent years, Nepal has drifted away from India's influence, and China has gradually filled the space with investments, aid and loans.
 - China considers Nepal a key partner in its [Belt and Road Initiative \(BRI\)](#), and wants to invest in Nepal's infrastructure as part of its grand plans to boost global trade
- **Internal Security:** It is a major concern for India as the Indo-Nepal border is virtually open and lightly policed which is exploited by terrorist outfits and insurgent groups from North Eastern part of India e.g., supply of trained cadres, fake Indian currency.

Way Forward

- 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.
- **India should engage more proactively with Nepal** in terms of people-to-people engagement, bureaucratic engagement as well as political interactions.
- The [Bilateral Investment Promotion and Protection Agreement \(BIPPA\)](#) signed between India and Nepal needs more attention from Nepal's side.

UPSC Civil Services Examination Previous Year Question (PYQ)

Q. Consider the following pairs: (2016)

Community sometimes In the affairs of mentioned in the news

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)

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