



The Changing Paradigm of India- Nepal Relations: Problems and Prospects

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I. INTRODUCTION

Till 2006 Nepal was the only Hindu state in the world. It is a landlocked country, situated on the southern slopes of Himalayas. It has Tibet in the north and India in the south. It has common frontiers both with India and China. Ever since China established its full sovereignty over Tibet, Nepal's position has become all the more important for India. It may be regarded as a buffer state between India and China. Nepal shares an open border with India and is bounded by three sides, east, south and west. Nepal has her unique position in the South Asian Region, either in geographical terms or in political aspects. Nonetheless, Nepal comes under the category of "least developing countries".

Relations between India and Nepal have traditionally been close since ancient times as a result of geographical location and common religious, linguistic and cultural identities that overlap the two countries. This also manifests in state to state relations which have grown stronger over the years, reinforced by regular exchange of visits at high levels, notwithstanding the political changes in both the countries in the past few years. Both the countries have periodically acknowledged each other's value and importance and have also described the relationship as 'special' on various occasions. India and Nepal initiated their special relationship with the 1950 Indo- Nepal Treaty of Peace and Friendship and accompanying letters that defined security relations between the two countries, and an agreement governing both bilateral trade and trade transiting Indian soil. The 1950 treaty and letters stated that "neither government shall tolerate any threat to the security of the other by a foreign aggressor" and obligated both sides "to inform each other of any serious friction or misunderstanding with any neighbouring state likely to cause any breach in the friendly relations subsisting between the two governments". These accords cemented a "special relationship between India and Nepal that granted Nepal preferential economic treatment and provide Nepalese in India the same economic and educational opportunities as Indian citizens. The indo- Nepal border is open; Nepalese and Indian nationals may move freely across the border without passports or visas and may live and work in either country.

The Indo- Nepal Treaty of Peace and Friendship of 1950 is a bilateral treaty between Nepal and India establishing a close relationship between the two South Asian neighbours. The treaty was signed on July 31, 1950. The treaty allows for the free movement of people and goods between the two nations and a close relationship and collaboration on matters of defence and foreign affairs. While India values the treaty as deflecting the influence of its regional competitor, the People's Republic of China, the treaty has been unpopular in many segments of Nepal, which often regards it as a breach of its sovereignty.

The Indo- Nepal Treaty of Peace and Friendship provided for an open border between the two nations, permitting free and unrestricted travel of people and goods and allowing the immigration of Indians to Nepal and of Nepalese people to India, granting equal rights to them. Both nations agreed to respect each others territorial integrity and independence. The Treaty also facilitated extensive cooperation on strategic issues, with both nations required to consult each other on affairs of regional security

II. HISTORICAL OVERVIEW

➤ 1950- 1970

During the 1950s, Nepal welcomed close relations with India, but as the number of the Nepalese living and working in India increased and the involvement of India in Nepal's economy deepened during the 1960s and after, so too did Nepalese discomfort with the special relationship. Tensions came to ahead in the mid 1970s, when Nepal pressed for substantial amendments in its favour in the trade and transit treaty and openly criticized

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India's annexation of Sikkim as an Indian state. In 1975, King Birendra Bir Bikram Shah Dev proposed that Nepal be recognized internationally as a zone of peace; he received support from China and Pakistan. In New Delhi's view, if the King's proposal did not contradict the 1950 treaty and was merely an extension of non-alignment, it was unnecessary; if it was a repudiation of the special relationship, it represented a possible threat to India's security and could not be endorsed. In 1984, Nepal repeated the proposal, but there was no reaction from India. Nepal continuously promoted the proposal in international forums, with the Chinese support; by 1990 it had won the support of 112 countries.

➤ **1970-1980**

Remarkably, in 1978, India agreed to separate trade and transit treaties, satisfying a long - term Nepalese demand. In 1988, when the two treaties were up for renewal, Nepal's refusal to accommodate India's wishes on the transit treaty caused India to call for a single trade and transit treaty. Thereafter, Nepal took a hard-line position that led to a serious crisis in India-Nepal relations. After two extinctions, the two treaties expired on March 23, 1989, resulting in a virtual Indian economic blockade of Nepal that lasted until late April 1990. Although economic issues were a major factor in the two countries' confrontation, Indian dissatisfaction with Nepal's 1988 acquisition of Chinese Weaponry played an important role. New Delhi perceived the arms purchase as an indication of Kathmandu's intent to build a military relationship with Beijing, in violation of the 1950 treaty and letters exchanged in 1959 and 1965, which included Nepal in India's security zone and precluded arms purchases without India's approval. India linked security with economic relations and insisted on reviewing India- Nepal relations as a whole. Nepal had to back down after worsening economic conditions led to a change in Nepal's political system, in which the king was forced to institute a parliamentary democracy. The new government sought quick restoration of amicable relations with India.

➤ **1990s**

The special security relationship between New Delhi and Kathmandu was re-established during the June 1990 New Delhi meeting of Nepal's Prime Minister Krishna Prasad Bhattarai and the Indian Prime Minister, V.P. Singh. During the December 1991 visit to India by Nepalese Prime minister Girija Prasad Koirala, the two countries signed new, separate trade and transit treaties and other economic agreements designed to accord Nepal additional economic benefits. Indian- Nepali relations appeared to be undergoing still more reassessment when Nepali's Prime Minister Man Mohan Adhikary visited New Delhi in April 1995 and insisted on a major review of the 1950 peace and friendship treaty. In the face of benign statements by his Indian hosts relating to the treaty, Adhikari sought greater economic independence for his landlocked nation while simultaneously striving to improve ties with China.

In 1996, India signed the Mahakali River Water Treaty with Nepal with the purpose of building up barrages that would facilitate better movement of goods and people from one side to another. A new era of mutual trust has been entered with the conclusion of Mahakali Treaty. The treaty allowed Nepal to trade through the Chittagong area of Bangladesh. Similarly, the transit routes reduced the transport costs and at the same time made it possible for India to check and control the activities of ISI agents operating from Nepal. This transit route further enhanced intra- regional trade between India and her neighbours. India sponsored Nepal's admission to the UNO in 1990.

➤ **21st Century**

Nepal remains poor and deprived in 21st century while India has acquired a central place in the world with a very high development rate. In 2005, after king Gyanendra took over, Nepalese relations with India soured. However after the restoration of democracy, in 2008, Prachanda, the Prime Minister of Nepal, visited India, in September 2008. He spoke about a new dawn, in the bilateral relations, between the two countries. He said, "I am going back to Nepal as a satisfied person. I will tell Nepali citizens back home that a new era has dawned. Time has come to effect a revolutionary change in bilateral relations. On behalf of the new government, I assure you that we are committed to make a fresh start." He met Indian Prime Minister, Manmohan Singh and foreign Minister, Pranab Mukherjee. He asked India to help Nepal frame a new constitution, and to invest in Nepal's infrastructure, and its tourism industry.

In 2008, Indo- Nepal ties got a further boost with an agreement to resume water talks after a 4 year hiatus. The Nepalese Water Resources Secretary Shanker Prasad Koirala said the Nepal- India Joint committee on Water Resources meet decided to start the reconstruction of breached Kosi embankment after the water level goes down. During the Nepal Prime Minister's visit to New Delhi in September the two Prime Ministers expressed satisfaction at the age- old close, cordial and extensive relationships between their states and expressed their support and cooperation to further consolidate the relationship.

The two issued a 22-point statement highlighting the need to review, adjust and update the 1950 treaty of Peace and friendship, amongst other agreements. India would also provide a line of up to 150 crore rupees to

Nepal to ensure uninterrupted supplies of petroleum products, as well as lift bans on the export of rice, wheat, maize, sugar and sucrose for quantities agreed to with Nepal. They will also provide 20 Crore as immediate flood relief. In return, Nepal will take measures for the “promotion of investor friendly, enabling business environment to encourage Indian investments in Nepal”. In 2010 India extended Line of Credit worth \$250 millions and 80,000 tonnes of foodgrains. Furthermore , a free – tier mechanism at the level of ministerial, secretary and technical levels will be built to push forward discussions on the development of water resources between the two sides. Politically, India acknowledged a willingness to promote efforts towards peace in Nepal. The then Indian External affairs minister Pranab Mukherjee promised the Nepali Prime Minister Prachanda that he would “extend all possible help for peace and development”.

III. PROBLEMS AND PROSPECTS

Nepal and India has a long – standing relationship, both at the level of the people of the two centuries and that of the two governments, there is also an open border of 1,800 km between the two. Both Nepal and India are secular countries, which have a predominantly Hindu population. But a big question rises: whether if these compelling conditions are to declare that Nepal and India have a “special relationship”? So in the perspective of foreign policy, this seems to be a difficult question to answer. Because Nepal and India do not have a special bloc, they do not have special alliance for against. They do not have anything “special” that signifies this relationship to be a “special relationship”.

Since Nepal, moreover the Nepalese people, have the impression or the believe that they are badly been cheated upon, by India in all water agreements, treaties on water resources and other cases, the people in Nepal look onto every Indian activity with great suspicion. The issue of replacing the 1950 Friendship treaty with India according to the spirit and aspirations of the Nepalese and according to the need of the time and situation is another issue in the relationship between India and Nepal. Nepal grumbled that the treaty had been signed on unequal terms. The Nepalese government argued that the treaty was signed at a time when Nepal was weak and not in a position to articulate its demands. Nepal’s opposition to the treaty led to the treaty being negotiated and redrawn. According to the new treaty , Nepalese goods could be imported into India minus the tax usually levied on foreign goods. The Indian companies took advantage of this and set up cigaratte companies in Nepal. India’s repeated stress on the treaty or India’s attempt to institutionalize the unequal 1950 treaty against the interest of the Nepalese moods has created further confusions in their relationship.

Some of the major contending issues in the India- Nepal relations concern the people of Indian origin in Nepal and the ill treatment meted out to them by the Nepalese government. Some sections of Nepalese origin in India have been sympathetic to the demand for Gorkhaland. Over the past few decades, the Gorkha people have been struggling to carve out a place for themselves within the Indian Territory. This demand for Gorkhaland continues even today. Further people of Nepalese origin in Bhutan have also allegedly supported the United Liberation Front of Assam (ULFA) morally as well as materially.

Another issue and challenge is the “Gorkha Recruitment”. The recruitment of Gorkha soldiers in the British and Indian army are “mercenary troops”, though calls as “a link between two friendly countries”, which became a question of controversy in Nepal. In November 9, 1947, a Memorandum of Agreement among the Government of the United Kingdom, the Government of the Dominion of India and the Government of Nepal was signed in Kathmandu regarding the recruitment of Gorkha soldiers. With the implementation of this tripartite agreement “Tens of thousands of brave Gorkha soldiers are recruited in to the Indian army and at times have fought for India”.(Jha 1998:1) Those soldiers were used against Nepal’s neighbouring and friendly countries (eg. Against China in 1962, against Pakistan in 1965, 1971 and 1999, and in Srilanka), which has raised serious doubts about Nepal’s non alignment. This causes anti- India activities in Nepal.

Water has been a contentious issue between the two countries because of the controversies surrounding the water treaties as Kosi, Gandak and Mahakali. As a result Indian investors in the hydropower sector in Nepal face problems on several counts. There is a sentiment in Nepal that India has cheated Nepal in those treaties and Nepali’s natural resources have been sold out without taking into accounts its interests.

China’s growing interest in hydroelectricity projects in Nepal as a means of fueling Tibet’s development would raise the stakes for India, which has traditionally seen Nepal’s water resources are failing exclusively within its Zone of control. Many Nepalese have long - suspected that New Delhi is less interested in the development of the country’s hydropower potential and more interested in controlling Nepal’s water resources. With china’s emergence as a potential investor – and importer – the geo – political risks are certain to increase. Topography would continue to favour India, where all the Nepalese rivers flow. But that would provide small comfort. China is poised to enter as a direct stakeholder in Nepal’s water resources at a time when New Delhi is already wary of Beijing’s plans to divert the rivers of Tibet for irrigation, a move which could leave parts of India parched.

So far as the Indo – Nepal border demarcation is concerned, Nepal – India Joint Technical Level Boundary Committee is working for the last 21 years (since 15 November 1981).

But the boundary business is not yet completed. There may be so many reasons the boundary business not to be completed in due time, though it has the target to complete it by 2003. However, this type of target was not materialized. The main reasons and issues of the boundary business with India is the border encroachments, disputes on certain segments, divergence of opinion on basic materials such as maps and old documents for demarcation, slackness in joint survey field arms and so on and so forth.

Kalapani is another important issue of debate between Nepal and India. During Jaswant Singh's tenure as the external affairs minister high level talks were held between the two countries on the issue of Kalapani, an enclave located at the tri-junction of India, Nepal and China. Nepal claim that the enclave was located within her territory was strongly objected by India. Although the Indian Government kept quite in this issue, the Nepalese parliament, political parties and the general people and the street were heated by the Indian army presence in Kalapani. The Indian presence on Nepalese territory and Kalapani started from 1962 during the autocratic Panchayath period ruled by king Mahendra. It was king Mahendra, who kept silence in the establishing of an Indian security station at Kalapani using Nepalese territory. He wanted to please the Indians so he could achieve Indian support so it would legitimise his royal coup and prolong his autocratic rule. In order to settle the dispute, both sides have agreed to form a joint working group of experts. The mainstream political parties seemed to be mature and pragmatic in the Kalapani issue and viewed that "the issue should be resolved through diplomatic channels on the basis of historical facts and evidence."

Anti- India feeling in Nepal is largely politically motivated and has been present since the reinstallation of monarchy in 1951. The monarchy used anti- Indianism as a rallying point, both to create a popular support – base for itself and to generate a sense of national unity amongst the people. The Nepalese monarchy viewed India's latent support for democracy with suspicion, even though it benefited immensely from such policies, because they led to removal of the Ranas. In fact, over the years, both the monarch and the democratic forces have looked at India with suspicion, given their own interests. The anti- India feeling among certain ethnic groups in Nepal emanates from the perception that India is still backing the monarchy clandestinely. On several occasions, both the right and leftwing political forces in Nepal (the Royalists, Communists and the Maoists) have generated anti- Indian sentiment for their own political benefit. Even many Kathmandu – based intellectuals and journalists indulge in anti- India rhetoric to get monetary benefits from external agencies known for their adversarial position towards India.

Some Nepal army officers and the royalists believe that India is responsible for the end of the monarchy and the rise of the Maoists. They point to the fact that India's refusal to supply arms in 2005 after the royal coup d'état indirectly strengthened the Maoists. Maoists blame and accuse of India of interfering in the internal affairs of Nepal and encouraging encroachment of Nepalese territory along the borders. The Maoists have also tried to convince the people that India does not want political stability in Nepal. They argue that the instability in Nepal is mainly due to unnecessary involvement of India in the internal politics of Nepal.

Economic factors also add to the anti- Indianism. Every day , thousands of unskilled labourers from mid-western Nepal cross the Indian border in search of jobs and are harassed in various ways – inhuman living conditions, lower wages than their Indian counterparts, ill- treatment by employees and misbehaviour by security force personnel while crossing the border and at airports. In fact, many retired Gurkha soldiers from rural areas also face harassment from Indian officers for retirement benefits.

India's decision in March 1989, to close all the border transit points except four in response to Chinese arms supplies is often cited as an example of Indian high- handedness. As far as bilateral economic relations are concerned, firstly, the growing trade imbalance between the two countries has led some political leaders, economists and traders to allege that this is a deliberate strategy by India to keep Nepal poor. Nepal's other major concern has been the non-tariff barriers on sanitary and phytosanitary measures (SPS) imposed by India. Secondly, Nepal is unable to export pharmaceutical products because these companies are denied registration in India. Thirdly, India does not allow Nepali entrepreneurs to send their machineries for repair and maintenance after three years of their import.

In December 1999 relations received a jolt with the hijacking of IC 814 Indian Airlines aircraft from Kathmandu. Before this even India had been complaining about the use of Nepalese soil by ISI to sponsor insurgency in India especially in North- East.

IV. LOOKING INTO THE FUTURE

Neither India nor Nepal can afford to let the past drift in their relations continue. From India's perspective, while the possibility of threat from the North cannot be ignored in the long run, no matter how remote and insignificant it looks at the moment, the emerging possibilities of Nepal being used as a conduit by India's adversaries to support terrorism, insurgency and disruption in India need to be curbed and eliminated. The relevance and status of the treaty of 1950 are important in this regard, because this treaty provides the basis for mutual understanding in security matters and multifaceted cooperation in social and economic fields. Third countries are exploiting the latter to subvert the former. The Nepali side has been asking for the review of the

treaty, perhaps to dilute its mutual security content and obligations regarding the treatment of Indian nationals in Nepal to their disadvantage. Informally, but at a very high level of political leadership in Nepal, objections have been raised against the provisions in the treaty restricting import of arms by Nepal from third countries.

During prime minister I K Gujral's visit to Nepal in June 1997, the Nepali demand of reviewing the treaty was accepted in the spirit that treaties and agreements work well only when there is basic political understanding and trust between the two sides. In the same spirit, Nepal must understand that India cannot allow its immediate and long-term security interests overlooked while it continues generously to accommodate Nepal's interests and sensitivities in other areas. If some sections in Nepal's power structure are tempted by the lure of attractive commissions in the purchase of arms from third countries and their private "merchants of death", they have to satisfy India's concerns about the legitimate need for such purchases. Whether the Nepal-bound deadly arms cargoes pass through the Indian territory or not the Indian people and security forces may have to bear the brunt of their end – use.

The "Gujral Doctrine" of improving relations with the neighbours, without insisting on reciprocity, clearly underlines that India's security cannot be compromised. Any such compromise will also adversely affect India's security concerns in the subcontinent as whole. Therefore, review or revision of the 1950 treaty may be carried out to update and streamline its provisions and accommodate Nepal's activities. But this should not be done at the cost of eroding India's security interests in Nepal. Similarly, the problem of border management from the security perspective may be looked into, but options for undoing the open border arrangement are expensive, cumbersome and impracticable. For ensuring a peaceful and friendly border, the two countries will also have to cooperate in dealing with the spill-over of socio-political turmoil in their respective countries. They will together have to nip in the bud the process of intrusion by third parties rather than deal with the outcome of the process. Vested political interests cannot be allowed to vitiate the prospects of such cooperation.

India's Nepal policy has already been influenced by the growing salience of the economic factor and the challenge of development. While Nepal offers India a huge source of meeting its expanding energy requirements, India also offers Nepal a huge market for trade along with a promising and dependable source of investments and technology. The two countries have started exploring these mutual advantages to build viable structures of interdependence. India's accommodation of Nepal on the issues of trade and transit and the slow but hopeful implementation of the Mahakali Treaty between the two countries- this process will have to be sustained with greater momentum as there are still persisting political stigmas and lingering suspicions. With the growth of interdependence, the political atmosphere between the two countries will also improve. India in the past had not been able to make proper and effective use of economic factors, but in future, this challenge will have to be met.

V. CONCLUSION

As close neighbours, India and Nepal share a unique relationship of friendship and cooperation characterized by open borders and deep-rooted people-to-people contacts of kinship and culture. There has been a long tradition of free movement of people across the borders. India continues to be Nepal's largest trade partner, source of foreign investment and tourist arrivals. India had played a leading role in helping the Nepal Army (NA) in its modernization through provision of equipment and training.

Although their relationship has sometimes gone off the rails, Modi's forthcoming visit will probably do much to put the bilateral relationship between the two countries back on track, first by improving trust, and secondly by implementing concrete projects that would tie the two nations closer together.

Here I conclude my topic with the explanation of a new episode of hope. Despite of these problems, Prime Minister Narendra Modi's two day visit to Nepal, on 3- 4 August 2014, marked a new beginning in Indo-Nepal relations. The Prime Minister expressed his commitment to Nepal's development and promised to take all necessary steps to take the relations into a new height. Moreover, with repeated emphasis on sovereignty and assurance of non-interference in internal affairs of Nepal, he made a successful attempt to win the hearts and minds of the Nepalese people and dispelling India's image as a hegemonic power to a certain extent.

Prime Minister showed his willingness to revise the 1950 Treaty of Peace and Friendship, and clearly stated that 'India is ready to consider suggestions from government of Nepal, if any, to review the treaty'. Modi extended support to Nepalese constitution makers and political leaders and "conveyed best wishes of the government and people of India to the Nepalese leadership and people for their commitment to promulgate the new constitution by early next year". Nepal is facing constitutional crisis since the Constituent Assembly was dissolved without drafting a new constitution in 2012. Prime minister Modi hoped that the Constituent Assembly would draft a constitution to support federal and democratic political structure and promote equality in the country. Assuring the political leaders of Nepal, Modi said "we are ready to extent all necessary helps to bring the constitution on time". His address to the Constituent Assembly of Nepal was appreciated by many Nepalese leaders across the 'political spectrum'.

A joint statement issued at the end of the visit clearly underlined the need to explore ways to enhance economic and trade cooperation. Modi outlined the concept HIT- to help Nepal through development of highway, information technology and transmission lines for electricity. The dilapidated condition of roads in Indo- Nepal frontier region , huge gap of demand and supply of electricity in bordering states and poor and pathetic state of communication networks in Nepal and border areas of Indian side need steps to improve the condition of roads, information ways and electricity on a priority basis.

It was anticipated that Power Trading Agreement (PTA) would be signed during the visit of Prime Minister but both governments could not reach a consensus on power trade ahead of the visit. Nepal's apprehension regarding the India's 'possible' monopoly on water resources is causing delay in the arriving at a mutually accepted agreement. Despite obstacles, both sides are optimistic and will make necessary preparations to clinch the deal in coming months.

The visit opened a fresh chapter in Indo- Nepal relations. His momentous speech in Nepal's parliament won the hearts and minds of Nepalese. Both countries endorsed new developmental projects, showed their willingness to improve the peace and security at border, promised to improve border infrastructure and express concern over the slow pace of implementation of many projects. In fact, a momentum has already been generated in Indo- Nepal relations and it must be continued with better follow up and implementations. Thus a new chapter has begun in Indo- Nepal relations.

India and Nepal are both very important for each other. Nepal looks up to emerging India as an opportunity for growth in the form of easy access to technology, investment and market. Nepal hopes for greater tangible cooperation from India. That way it look at the fact of being India- locked as an opportunity rather than a hindrance.

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