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India-Nepal Bilateral Relations: An Analytical Study

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Abstract

Nepal is the nearest neighboring country of India. It is situated between two powerful nations India and China. Nepal serves as the buffer state between India and China. It is good relations with India and China. But Nepal is unique relations with India. which is mainly due to social and geographical factors. Despite the differences in geographic areas, natural and human resources, and economics, there are many reasons that drives the Indo-Nepal relations closer and also many-a-times diversifies. Geography, politics, cultural trends, and history are the factors that do prompt the two countries to establish closer bilateral relations. Wiese may also be considered as a factor, providing a foundation for various stimuli and constraints between the two neighbor nations. This article provides a brief analysis of Indo-Nepal relations, political and economic dynamics, and the challenges facing these relations, as well as new developments in Indo-Nepal relations.

Keywords: *Political Relations, landlocked, Cross- Border, Treaty, Security Cooperation, Trade*

Introduction

Nepal is located between the two great powers of India and China. The geographical area of Nepal is 147,092 square kilometers. The population is about 30.4 million. It shares more than 1,830 km of borders with five Indian states (Uttarakhand, U.P., Bihar, West Bengal, and Sikkim) and borders Tibet (Republic of China) to the north.

Although Nepal established diplomatic relations with India on June 13, 1947 and August 1, 1955 respectively. The main foundation of Indo-Nepal relations is the "Treaty of Peace and Friendship'' of 1950. The 1950 Indo-Nepal Treaty of Peace and Friendship is the cornerstone of the special relationship. Under the treaty, Nepalese citizens enjoy unparalleled advantages in India and enjoy the same facilities and opportunities as Indian citizens. The treaty enabled Nepal to overcome its disadvantage as a landlocked country. Indo-Nepal relations have gone through different events, stages, and historical periods. These relationships have experienced various ups and downs, developing from simple linear relationships to complex, exotic relationships. At present, Nepal has established diplomatic relations with 155 countries, but Nepal's diplomatic relations with India and China are broader, broader, more dynamic, more dynamic, and more distinctive. After the promulgation of the new constitution, Nepal established a ''federal" system.

Indo-Nepal Relations

Indo-Nepal relations have a proud history. The relationship between India and Nepal is multifaceted, and its basic features are open borders and close people-to-people and cultural exchanges. The cross-border marriage of Nepalese and Indians has been the historical cornerstone of Indo-Nepal relations since ancient times.

Currently, Indo-Nepal relations are guided by the "Indo-Nepal Treaty of Peace and Friendship" (1950), which the Nepali side considers unequal. India has more influence in Nepalese domestic politics, which Nepalese citizens don't like. Although India and Nepal have agreed to amend all previous unfair treaties - especially Indo-Nepal's Treaty of Peace and Friendship (1950). The relationship between people is always good and stable, while the political relationship is changeable and fluctuating. There are some border disputes between India and Nepal, which also often make the border area tense. Despite these facts, Nepal is able to maintain good relations with India while respecting each other's integrity, sovereignty, and independence.

India's attitude towards Nepal can be best understood from the statement of the Indian Embassy in Nepal on the new constitution, which was supported by more than two-thirds of the members of the ''Constituent Assembly", as follows:

"Nepal's second Constituent Assembly promulgated a Constitution on 20 Sep. 2015 amid protests by Madhes - based parties and other groups. India's Government has expressed grave concern regarding the ongoing protests and has urged the Nepali Government to make efforts to resolve all issues through a credible political dialogue."

This statement clearly evidences that India has its own concerns and interests in Nepal's domestic issues. Today, the governments of India and Nepal have begun to respond wisely to review the "Treaty of Peace and Friendship'' (1950). After the implementation of the new constitution in Nepal, the situation changed, and the left-wing coalition formed the government from the center to the lowest level in the Nepalese government. In this way, India and Nepal have both friendly and hostile relations.

Political Relations

India-Nepal relations are by nature far more than the sum of the treaties and agreements concluded between the two countries. The frequent political visits and interactions between the leaders of the two countries at different points in time are a sign of the relationship between the two countries.

Exchange of political Visits

In line with the Indian government's "Neighborhood First" policy, Prime Minister Modi has visited Nepal four times since 2014, and the Nepalese Prime Minister also visited India regularly. In 2021, the Prime Minister of India had two phone conversations with the Prime Minister of Nepal, including a congratulatory call from S.B. Deuba, the new Prime Minister upon his inauguration on July 19, 2021. The two leaders also met on the sidelines of the COP26 summit in Glasgow, UK on 2 November 2021 to discuss multifaceted ways to further strengthen bilateral cooperation, including in the context of ongoing efforts to combat the COVID-19 pandemic. In fact, Prime Minister Sher Bahadur visited India during his first four terms as Prime Minister of Nepal, this was his fifth visit to India and his fifth time as Prime Minister of Nepal.

The ties between India and Nepal have been further strengthened, with high-level exchanges of visits and virtual meetings of various bilateral mechanisms. On September 25, 2021, Foreign Minister Jai Shankar and Nepalese Foreign Minister Narayan Kadkar held a bilateral meeting on the sidelines of the United Nations General Assembly in New York, and exchanged New Year greetings by telephone on January 7, 2022, and the bilateral cooperation between the two countries were discussed. On December 7, 2021, the Minister of Foreign Affairs (EAM), Nepal's largest partner in recovery after the devastating earthquake in 2015, delivered a virtual speech at the ''International Conference on Reconstruction of Nepal (ICRN).".

In April and May 2022, the Prime Minister of Nepal and Prime Minister of India recently conducted country-to-country visits to push bilateral relations to a new level on the basis of mutual trust, equality, respect, mutual benefit, and win-win results.

Operation Maitri & post-earthquake Humanitarian assistance

The 7.9-magnitude earthquake that hit Nepal on April 25, 2015, caused widespread damage in 30

regions, killing more than 7,000 people and leaving thousands homeless. "Buildings in various parts of the capital city of Kathmandu were razed to the ground, leaving food, fuel, electricity, and shelter in short supply. The situation in the countryside was much worse, with rescuers struggling to reach mountain villages a few days after the earthquake. An estimated eight million people were affected by the earthquake. The international community has dispatched relief and rescue forces to help Nepal cope with this disaster. Within hours of the earthquake, Prime Minister Narendra Modi spoke with Nepalese President Ram Baran Yadav and Prime Minister Sushil Koirala and assured them that India is committed to helping their country cope with the disaster. The first Indian plane with rescuers, medical aid, and heavy earth-moving equipment landed in Kathmandu within six hours of the earthquake." India has played a major role in the relief and rescue efforts in Nepal.

The Indian aid to the earthquake-stricken areas in Nepal is the largest rescue operation that India has carried out outside the country. The NDRF, the Army, and other agencies joined the program from the ground up. As a close neighbor, India is almost unique to Nepal's institutions and people, including the Nepalese Army, which leads rescue and relief efforts. Indian Air Force planes transport heavy earth-moving equipment, relief supplies, food, and water, as well as medical teams and equipment. Stranded Indian citizens were brought home on return flights. Helicopters were forced into service to deploy rescue teams, medical teams, and relief supplies in the interior to evacuate the wounded. These teams are working around the clock and in close coordination with Nepal.

Indo-Nepal Economic Ties

As neighbors in the South Asian region, India and Nepal have traditionally had close trade and commercial ties. Even in the four decades that Nepal has faced ongoing political instability and uncertainty, India has remained the country's closest business partner, which has created some obstacles for business and investment. India is Nepal's largest foreign aid donor, largest foreign equity investor, largest source of imports, and largest export market. India also provides transit facilities for trade with Nepal.

Major Projects undertaken in Nepal with the financial assistance of India

BP Koirala Institute of Health Sciences, Dharan (Nepal); Emergency and Trauma Centre, Bir Hospital, Kathmandu; Manmohan Memorial Polytechnic and Manmohan Memorial Polytechnic in Biratnagar are few instances of the "flagship projects'' completed and put into operation with Indian assistance.

Integrated checkpoints have been proposed at four points along the India-Nepal border, namely (i) Raxaul-Birganj, (completed and operational in April 2018) (ii) Sunauli-Bhairahawa, (iii) Jogbani-Biratnagar and (iv) Nepalganj Road - Nepalganj. ICP construction at Biratnagar is underway, while procedures at Bhairahawa and Nepalganj are underway. Likewise, the implementation process has already begun, as envisaged in the MoU for the construction of the Terai Highway in the first phase.

An MoU on the development of railway infrastructure at five points along the Nepal-India border was signed in 2010. The construction process in the Jayanagar-Janakpur-Bardibas-Bijalpura and Jogbani-Biratnagar districts has been ongoing. For the remaining three links, both parties have already started preliminary work. Likewise, an MoU on the establishment of Nepal India Maitri Institute of Technology in Hetauda, Makawanpur district, Nepal, was signed in New Delhi on 16 February 2010. The project is under implementation.

At the ''Nepal Reconstruction International Conference" in Kathmandu in June 2015, the Indian government pledged $250 million in grants and $750 million in soft loans. Grant and loan agreement signed. A list of projects using the grant has been identified and projects using the line of credit are being finalized. In addition to the past two credit lines ($100 million and $250 million), another $1 billion line of credit will be used for

financing, as announced by Indian Prime Minister Narendra Modi during his visit to Nepal in August 2014. selected development projects. The Nepalese government has completed these projects. The modalities for contracting these projects are being developed.

Trade and Investment

India remains Nepal's "largest trading partner," with bilateral trade exceeding $7 billion in 2019-20. India provides transit for almost all third-country trade in Nepal. India's exports to Nepal have grown more than eightfold in the past 10 years, while Nepal's exports have almost doubled. Despite the difficulties caused by the pandemic, India has ensured uninterrupted trade and supplies to Nepal.

Nepal is India's eleventh largest export destination, up from 28th in 2014. In 2021-22, it accounted for 2.34% of India's exports. In fact, India's exports account for nearly 22% of Nepal's GDP. The main products Nepal imports from India are petroleum products, steel, grains, vehicles and parts, and machinery parts. Nepal's main exports include jute fibers and products, soybean oil, spices, synthetic yarns, and tea. Under the G2G arrangement, India and Nepal reached a memorandum of understanding on 28 February 2022 for the long-term supply of urea and DAP fertilizers from India to Nepal.

Indian companies are among the largest investors in Nepal, accounting for more than 33 percent of Nepal's total foreign direct investment, worth nearly $500 million. There are about 150 Indian businesses operating in Nepal in manufacturing, services (banking, insurance, dry ports, education, and telecommunications), the power sector, and tourism.

India and Nepal also entered into a "Double Taxation Avoidance Agreement" in November 2011. Bilateral remittance flows are estimated to be around USD 1 billion (India to Nepal) and USD 3 billion (Nepal to India).

Security Cooperation and Boundary Management

Security-related issues are the top concerns of both countries. To jointly address each other's security concerns, the two countries have institutionalized Home Secretary-level meetings and established "Joint Working Groups" on Border Management (JWGs) and Border Districts Coordinating Committees (BDCCs).

Established in 1981, the Nepal-India Joint Technical Committee has made important achievements in the scientific surveying and mapping of the Nepal-India border. The Border Working Group (BWG), established in 2014, took over technical work related to the Nepal-India border. The BWG has mobilized a joint team on-site to carry out the construction, maintenance, and restoration of boundary stakes, compile lists of no-man's land occupation and cross-boundary occupation, and conduct GPS observations of boundary stakes.

Educational and people-to-people exchanges

India and Nepal have extended visa-free entry within their respective territories to each other's nationals. Nearly 8 million Nepalese citizens live and work in India, and about 6 lakh Indians live in Nepal. Indians make up about 30 percent of foreign tourists to Nepal. To strengthen people-to-people and cultural exchanges, sister city agreements (Kathmandu-Varanasi, Lumbini-Bodhgaya, Janakpur-Ayodhya) have been signed, and the India-Nepal Ramayana circuit has been launched.

The Government of India provides around 3000 scholarships/places annually to Nepalese nationals for various programs at Ph.D., Master, Bachelor, and Plus-two levels in India and Nepal.

On January 26, 2021, the Sampark India-Nepal Alumni Network was launched by former Nepalese President Dr Ram Baran Yadav and Indian Ambassador to Nepal Shri Vinay Mohan Kwatra. This is a new initiative to bring together Nepalese alumni and students currently studying in India on a common platform to build a vibrant alumni network. Sampark also focuses on sharing the knowledge, skills, and expertise of alumni to contribute to the development of different sectors in Nepal. So far, more than 1,500 Nepalese alumni have registered on the "Sampark India-Nepal Alumni Network Portal," which is growing day by day.

Multilateral and Regional Fora

Both India and Nepal have a common approach in regional and multilateral institutions and therefore cooperate with the United Nations, the Non-Aligned Movement, and other international forums on the most important international issues. In addition, the two countries are deeply engaged in the regional and subregional frameworks of SAARC, BIMSTEC, and BBIN to strengthen cooperation for greater economic integration by jointly harnessing the potential and complementarities of the region.

Challenges in India - Nepal Relations

Territorial Disputes: One of the main challenges in Indo-Nepal relations is the "Kalapani border issue''. These borders were established by the British in 1816, and India inherited the British-controlled area in 1947.

- While 98% of the Indo-Nepal border has been demarcated, two areas - Susta and Kalapani - remain in limbo.
- In 2019, Nepal released a new political map claiming Kalapani, Limpiyadhura, and Lipulekh in Uttarakhand and Susta region (West Champaran district of Bihar) are part of the territory of Nepal.

Issues with Peace and Friendship Treaty: The Nepalese authorities sought the 1950 Treaty of Peace and Friendship in 1949 to continue their special ties with British India and to provide them with open borders and the right to work in India.

- Currently, it is seen as a sign of unequal relations and India's imposition.
- The idea of revising and updating it has been mentioned in the joint statement since the mid-1990s, but it has been sporadic and intermittent.

The Demonetization Irritant: In November 2016, India withdrew Rs 15.44 trillion in high-value (Rs 1,000 and Rs 500) banknotes. Today, more than 15.3 trillion rupees are returned in the new currency. However, many Nepalese nationals who are legally entitled to hold Rs 25,000 in Indian currency (given that the Nepalese rupee is pegged to the Indian rupee) have been left behind.

- Nepal Rashtra Bank (Central Bank of Nepal) holds Rs 7 crore and public holdings are estimated at Rs 500 crore.
- India's refusal to accept Nepal Rastra Bank's demonetization and the unknown fate of the report submitted by the Eminent Persons Group (EPG) did nothing to help build a better image in Nepal.

China's Intervention: In recent years, Nepal has gradually moved away from India's influence, and China has gradually filled this space with investment, aid, and loans.

- China sees Nepal as a key partner in its ''Belt and Road Initiative" (BRI) and wants to invest in Nepal's infrastructure as part of its grand plan to boost global trade.
- Growing cooperation between Nepal and China may undermine Nepal's status as a buffer between India and China.
- On the other hand, China wants to avoid any anti-China stance among Tibetans living in Nepal.

Internal Security: This is a major problem for India as the Indo-Nepal border is effectively open and has been exploited by terrorist and insurgent groups from northeast India, such as providing trained cadres and counterfeit Indian currency.

Recent Development in India - Nepal Relations

In the past, Indo-Nepal relations have experienced ups and downs. Indo-Nepal relations are also unstable at the moment, sometimes friendly and sometimes hostile, although India has always wanted to maintain stable relations with Nepal.

"Prime Minister Narendra Modi's Visit To Nepal (2022)": Indian Prime Minister Narendra Modi is doing his best to be seen as Nepal's best friend - the guardian of civilians, pilgrims, and Nepalese in need, not the prime minister of a big country. By the time he left Nepal, he had already won the hearts of Nepalis, deeply imprinted that only he had the will and ability to turn Nepal into a prosperous country. He has repeatedly stressed that India's respect for Nepal's sovereignty and the message of missed opportunities and failure to deliver on past promises

should not be a decelerator for our future journey to shared prosperity, perhaps looking to the future instead of babbling about the past.

By all accounts, many who crossed the border were excited by the Prime Minister's promise to befriend his neighbors. Modi did not disappoint. Narendra Modi, speaking to the Kathmandu Parliament and the Constituent Assembly (widely described as magical in Nepal) and wading into Kathmandu welcome crowds, may have taken away the recent past in old ties Most of the poison accumulated. By emphasizing Kathmandu's absolute sovereignty and affirming that Delhi will not interfere in its internal affairs, Modi is trying to address one of the main concerns that energize Nepal's elite - a deep fear of India. While not uncommon among small nations bordering big ones, Delhi found it difficult to overcome India's deep-seated suspicions in Kathmandu for decades. Narendra Modi confronted this central issue by proposing to amend the 1950 India-Nepal Friendship Treaty — a symbol of unequal relations for many in Kathmandu. Narendra Modi praised the new political focus on sovereign equality and presented a cogent vision for shared economic prosperity through the development of cross-border connectivity, agriculture, tourism, and hydropower.

As of June 2020, Indo-Nepal relations have turned around due to the long-standing Kalapani issue. Kalapani is a piece of land near the Indo-Nepal border, near the Liplekh Pass on the India-China border, one of the approved border trade points and the route of the Kailash-Mansarovar yatra in Tibet. The issue has been a thorn in Indo-Nepal relations since independence.

On June 13, 2020, Nepal's parliament unanimously voted to amend the constitution to redraw the country's new political map and to claim sovereignty over strategically key areas such as Liplekh, Kalapani, and Limpiyadhura on the border with India. The Nepalese Home Minister also announced that 100 more border posts will be built along the new route as the dispute continues. At present, the Indian government has invited the Nepali side to talk to resolve this long-standing border issue through ''diplomatic means".

Conclusion

It is clear from the above description that, Indo-Nepal relations is historical, social, political and culturally embodied. Both nations adhere to a unique relationship of friendship & co-operation characterized by open borders and deep-rooted people-to-people contacts of kinship and culture. There are various reasons for the tension in these bilateral relations, which should be solved through political dialogues at various levels and both India and Nepal should respect each other's sovereignty. Firmly adhering to the principles of peaceful coexistence, sovereign equality, and understanding each other's demands and sensitivities is a solid foundation for the further development of bilateral relations. In conclusion, India - Nepal bilateral relations must be directed towards regional peace, integrity and prosperity.

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