India- Nepal Relations

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. Nepal has an area of 147,181 Sq. Kms. and a population of 29 million. It shares a border of over 1850 Kms to the south with five Indian States - Sikkim, West Bengal, Bihar, Uttar Pradesh and Uttarakhand and in the north with the Tibet autonomous region of the People's Republic of China.

In keeping with the tradition of regular high level exchange of visits between India and Nepal, Dr. Ram Baran Yadav, President of Nepal, paid an official visit to India from 24-29 December 2012 (He earlier paid State Visit to India in February 2010 and official visit from 27 January – 5 February 2011). Other visits from Nepal to India in the recent years have been by Prime Minister Dr. Baburam Bhattarai (20-23 October 2011), Prime Minister Madhav Kumar Nepal (18-22 August 2009), Prime Minister Pushpa Kamal Dahal ‘Prachanda’ (14-18 September, 2008 and 28-30 April 2013) and former Prime Minister Sher Bahadur Deuba (9-14 June 2013). External Affairs Minister, Shri. S. M. Krishna visited Nepal from 15-17 January 2010 and again from 20-22 April 2011. Finance Minister Shri Pranab Mukherjee visited Nepal on 27 November 2011.

India-Nepal Treaty of Peace and Friendship of 1950 is the bedrock of the special relations that exist between India and Nepal. Under the provisions of the treaty, Nepalese citizen have enjoyed unparalleled advantages in India, availing the facilities and opportunities at par with Indian citizens. The Treaty has enabled Nepal to overcome the disadvantages of being a land-locked country. Overtime, many regimes in Nepal have raised the issue of revision of the treaty. India has maintained that it is willing to examine all bilateral arrangements with a view to further strengthening our relations. Specific suggestions from the Nepalese side have not been forthcoming.

Beginning with the 12-Point Understanding reached between the Seven Party Alliance (SPA) and the Maoists in Delhi in November 2005, Government of India welcomed the roadmap laid down by the historic Comprehensive Peace Agreement of November 2006 towards political stabilization in Nepal through peaceful reconciliation and inclusive democratic processes. India has consistently responded with a sense of urgency to the needs of the people and Government of Nepal in ensuring the success of the peace process and institutionalization of multi-party democracy through the framing of a new Constitution by a duly elected Constituent Assembly.

India contributes to the development efforts of Government of Nepal (GoN) by undertaking various development projects in the areas of infrastructure,
health, rural and community development, education, etc. The grant assistance extended to Nepal during 2012-13 under ‘Aid to Nepal’ budget was ` 300 crores. In addition, GOI has extended considerable economic assistance to the ongoing peace process in Nepal. The overall quantum of India’s assistance to Nepal is over Rs.4000 crores which includes the Small Development Projects Scheme offered by the Embassy of India that delivers development assistance at grassroots level in sectors identified with the local population. It now covers over 425 projects with an outlay of over Rs.500 crores. As part of India’s efforts to assist with capacity building and development of Human Resources in Nepal, around 1800 scholarships are offered annually for Nepalese students to pursue various courses in India and Nepal.

India continues to be Nepal’s largest trade partner, source of foreign investment and tourist arrivals. Bilateral trade between India and Nepal has received further impetus after the signing of the revised Trade Treaty in 2009 which has provisions that allow Nepal greater access to the Indian market. According to the figures for the Nepalese fiscal year (ending July 2012), bilateral trade with India stood at Rs.21812.8 crores which accounted for 65.1% of Nepalese total external trade. India and Nepal have a treaty of transit, which confers transit rights through each other’s territory through mutually agreed routes and modalities. The Transit Treaty was renewed on 5 January 2013 for 7 years. The two countries have concluded a Rail Services Agreement (RSA) and a revised Air Services Agreement (ASA) to enhance bilateral connectivity. India also remains Nepal’s largest source of foreign investment and Indian investments in Nepal amount to Rs.2175.5 crores with 525 FDI projects. India accounts for 46% of the total foreign investments in Nepal. In October-November 2011 the two countries have also concluded the Bilateral Investment Protection & Promotion Agreement (BIPPA) and the Double Taxation Avoidance Agreement (DTAA) which provide legal framework for enhancing Indian investment into Nepal and further integrating the two economies.

India had played a leading role in helping the Nepal Army (NA) in its modernization through provision of equipment and training. More than 250 training slots are provided every year for training of NA personnel in various Indian Army training institutions. The Chief of Army Staff of the Indian Army is given the honorary rank of a General in the Nepal Army and a reciprocal honour is conferred on the Chief of the Nepal Army. India has always been proud to have Nepalese as soldiers in her Forces and has made every effort to ensure that they are looked after and cared for in their twilight years. As of now, we have over 1.26 Lakh ex-servicemen residing in Nepal. In 2012-13 the payments of pensions to the Indian ex-service men in Nepal amounted to 1387 crores. The Government of India has made every effort to ensure that these ex-servicemen, their families and dependents are looked after in the best possible manner. To ensure this, the Government of India has established “The Indian Ex-Servicemen Welfare Organisation in Nepal (IEWON)”. Ex-servicemen Contributory Health Scheme (ECHS) has been launched in Nepal during 2012 vide which free
medical treatment to the Indian ex-serviceman of Nepal domicile and their dependants will be provided within Nepal. The ECHS beneficiaries will also have the option to avail free treatment in private empanelled hospitals in India.

There is vast potential for cooperation between India and Nepal in the field of water resources. Nepal has 43,000 MWs hydropower potential that is known to be technically feasible and economically viable. However, major projects have not taken-off due to considerations outside the realm of economics. Ironically, India is a net exporter of power to Nepal. Both countries have recognized the importance of cooperation in this field and decided to inject a new dynamism by establishing a three-tier bilateral mechanism at the Ministerial (Joint Ministerial Level Commission on Water Resources- JMCWR), Secretary (Joint Committee on Water Resources- JCWR) and technical (Joint Standing Technical Committee- JSTC) levels to oversee the entire gamut of cooperation in water related issues. First JMCWR meeting was held in New Delhi in February 2012. The Nepalese delegation was led by Mr. Post Bahadur Bogoti, Minister of Energy, GON. Mr. Mahendra Prasad Yadav, Minister for Irrigation, GON also accompanied the Nepalese delegation. The Indian delegation was led by Mr. Pawan Bansal, Minister for Water Resources.

Cooperation on issues of mutual security concerns relating to the open border has been a hallmark of our relations with Nepal. Nepalese side has assured at various levels that it would not allow its territory to be used for any activity against India. There are streamlined bilateral mechanisms to address all issues concerning security, including cross-border crime, and establishing effective communication links between and along the bordering districts to further facilitate the exchange of information. India has repeatedly stressed the need for strengthening the legal framework, in order to counter their common cross border security challenges. India has also provided liberal assistance to the security apparatus in Nepal in development of infrastructure, capacity building, equipment and training of human resources.

A Joint Technical Committee (JTC) led by Surveyors General of India and Nepal has jointly prepared and initialed strip maps of 98% of the India-Nepal boundary (December 2007). These strip maps are awaiting authentication at Plenipotentiary level. Recently there were some politically motivated attempts in Nepal to portray the status of the boundary in an unfavorable light alleging instances of Indian encroachment, although the matter has not been formally taken up by the Government of Nepal. India has emphasized the necessity of early signature of the strip maps at plenipotentiary level so that work on installation of boundary pillars where they are missing and repairs where they are damaged could begin. Nepal has conveyed that they are building political consensus for the signing of the strip maps.

The Embassy of India, Kathmandu and BP Koirala India-Nepal Foundation (BPKF) organized several events to promote people to people contacts in areas
of culture, art, technology, academics and media during the year. Indo-Nepal Youth Conference in which eminent young professionals from film, fashion, music, literature and business took part was held at the Nepal Tourism Board in Kathmandu on 13-14 May 2012. As part of the festival “Tribute to Dev Anand” two of the legendary actor’s much acclaimed films - *Hare Rama Hare Krishna* and *Johny Mera Naam* were screened at the Kumari Cinema Hall in Kathmandu on 8 July 2012. The Embassy and BPKF in association with the South Asia Foundation, Nepal Tourism Board and Government of Goa organized the India-Nepal Crafts Exhibition which was inaugurated by President of Nepal Dr Ram Baran Yadav on 27 April, 2012 at Nepal Academy in Kathmandu. President Dr. Ram Baran Yadav also inaugurated the function to celebrate the 150th Birth Anniversary of Mahamana Madan Moha Malaviya held on 30 November - 1 December 2012. The event was organized by Mahamana Malaviya Mission in Kathmandu, in associating with Ministry of Culture, Govt. of India and the Embassy of India. The seminar highlighted Malaviya's contribution to Modern Education - Banaras Hindu University and its impact in Nepal. Vishwa Hindi Diwas and birth anniversary of Swami Vivekananda were organized in January 2013. The Embassy has also started monthly literary and art conversations in form of Poemandu and Cinemandu.

Approximately 6,00,000 Indians are living / domiciled in Nepal. These include businessmen and trading community living in Nepal for a long time, professionals (doctors, engineers, IT professionals) and labourers (including seasonal migratory in construction sector).

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