

India-Nepal Relations – The Diplomat

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Abstract

India and Nepal initiated their relationship with the 1950 Indo-Nepal Treaty of Peace and Friendship and accompanying secret letters that defined security relations between the two countries, and an agreement governing both bilateral trade and trade transiting Indian territory. The 1950 treaty and letters exchanged between the Indian government and Rana rulers of Nepal, 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 neighboring 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. The treaty also granted Nepalese the same economic and educational opportunities as Indian citizens in India, while accounting for preferential treatment to Indian citizens and businesses compared to other nationalities in Nepal. 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. However, Indians are not allowed to own land-properties or work in government institutions in Nepal, while Nepalese nationals in India are allowed to work in Indian government institutions (except in some states and some civil services (the IFS, IAS, and IPS)). After years of dissatisfaction by the Nepalese government, India in 2014, agreed to revise and adjust the treaty to reflect the current realities. However, the modality of adjustment hasn't been made clear by either side.

Keyword: Nepal, India, Relations , China, Political, Border, Disputes

Introduction

Nepal, a landlocked country and a buffer state between two rivals India and China. Nepal has been always a strategically important country for India. It shares a long border which stretches over 1100 km sharing borders with five Indian states, Uttarakhand, UP, Bihar, West Bengal and Sikkim. To understand Indo-Nepal relations we need to go back a couple of centuries before. In 1814 a war broke between British East India Company and Nepal kingdom. After a fierce battle between the two, Nepal lost Sikkim in the east and Garhwal and Kumaon in the west, and the treaty of Suguli got ratified in the year 1816. In 1950, the Rana dynasty ruler Shamsheer Rana Jung Bahadur was scared of losing his territory and throne to China as Tibet was almost captured by the Chinese. 1950 India-Nepal Treaty of Peace and is a bilateral treaty between Nepal and India establishing a close strategic relationship between the two South Asian neighbours. The treaty was signed at Kathmandu on 31 July

1950 by the last Rana Prime Minister of Nepal Mohan Shumsher Jang Bahadur Rana and Indian ambassador to Nepal, Chadreshwar Narayan Singh. It came into force the same day as per Article 9 of the Treaty. However, Rana rule in Nepal ended just 3 months after the treaty was signed. The treaty allows free movement of people and goods between the two nations and a close relationship and collaboration on matters of defence and foreign policy. All previous treaties and agreements stand null and void.

Independent Political History

The foundation of relations between India and Nepal was laid with Indo-Nepalese friendship Treaty in 1950. In the 1950s, the Rana rulers of Nepal welcomed close relations with India, fearing a China-backed communist overthrow of their (Rana) autocratic regime. Rana rule in Nepal however collapsed within 3 months of signing the 1950 Indo-Nepal Treaty of Peace and Friendship, only to be replaced by the only pro-Indian party of the time – Nepali Congress. As the number of Indians living and working in Nepal's Terai region increased and the involvement of India in Nepal's politics deepened in the 1960s and after, so too did Nepal's discomfort with the special relationship. India's influence over Nepal increased throughout the 1950s. The Nepalese Citizenship Act of 1952 allowed Indians to immigrate to Nepal and acquire Nepalese citizenship with ease—a source of huge resentment in Nepal (This policy was not changed until 1962 when several restrictive clauses were added to the Nepalese constitution). Also in 1952, an Indian military mission was established in Nepal, which consisted of a Major General and 20 other Indian army personnel (later extended to 197 in total). At the same time, Nepal's Royal family's dissatisfaction with India's growing influence began to emerge, and overtures to China were initiated by Nepal as a counterweight to India. Further the Nepalese government, as a deliberate attempt to show pro-USA tilt in Nepalese foreign policy, established diplomatic ties with the state of Israel on 1 June 1960, while the Indian government supported Palestine and remained pro-USSR throughout the cold war.

Following the 1962 Sino-Indian border war, the relationship between Kathmandu and New Delhi thawed significantly. India suspended its support to India-based Nepalese opposition forces (opposing the dissolution of democratic government by King Mahendra). The defeat of Indian forces in 1962 provided Nepal with the breathing space and Nepal extracted several concessions in trade. In exchange, through a secret accord concluded in 1965, similar to an arrangement that had been suspended in 1963, India won a monopoly on arms sales to Nepal. In 1969 relations again became stressful as Nepal challenged the existing mutual security arrangement and asked that the Indian security checkpoints and liaison group be withdrawn. Resentment also was expressed against the 1950s TPF. India withdrew its military checkpoints and liaison group consisting of 23 military personnel in 1970 from Nepal, although the treaty was not abrogated.

Tensions came to a head in the mid-1970s, when Nepal pressed for substantial changes in the trade and transit treaty and openly criticised Sikkim's 1975 annexation by India. In 1975 King

BirendraBirBikram Shah Dev against the backdrop of Indian annexation of Nepal's close neighbor 'The Kingdom of Sikkim' proposed Nepal to be recognized internationally as a 'Zone of Peace' where military competition would be off limits. Nepal's proposal immediately received support from Pakistan and China, but not from India. In New Delhi's view, if the king's proposal did not contradict the 1950 treaty that the-then Indian government had signed with the Rana rulers of Nepal, 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 continually promoted the proposal in international forums and by 1990 it had won the support of 112 countries including the US, the UK, and France

India and Nepal Came so Close Because of China

Many geopolitical analysts of India had an opinion that the treaty was one-sided and all the privileges would be enjoyed by Nepal. As Nepal is a landlocked country was dependent on India for all its needs including oil, gas, grains, medicines, defence and therefore two routes were identified for smooth supplies, one from Kolkata Port through West Bengal another from Uttar Pradesh. Nepalese law does not permit an open border, and Indians, by law, would not be able to buy lands and properties in Nepal or carry out businesses in their names on the contrary Nepalese could buy land and even allowed to join government jobs with some exclusion like civil service and also many state governments did not allow their recruitment but most states did allow. Nepalese claim that the 1950 treaty was signed by undemocratic rulers of Nepal and can be scrapped by a one-year notice.

In the early 60s, a large number of India settled in Nepal as citizenship rules were easy those days. As the Indians grew in numbers also started having a say in Nepali politics which didn't go well with the royal family. Nepal thought that India is interfering too much in their internal matters and started over cheers with China and got positive reciprocations from China. Nepal also built a relationship with the USA and recognized Israel whereas India was yet to do that. In 1969, the royal family of Nepal got upset by the security check posts of India but after consideration, Indian Government removed those. 1975, the kingdom of Sikkim was merged to India which left Nepal red-faced and an official statement was issued that "it's not a merger but in action." Indian intelligence RAW played a pivotal role in this merger. The kingdom of Sikkim proposed Nepal to be recognized as a zone of peace where military competition would be off-limits. China and Pakistan supported the proposal but India refused. Nepal repeatedly pushed for the proposal and eventually raised the issue in an international forum and managed to get the support of 112 countries including the USA, UK and France but India was adamant of refusing. Next four years, Indian Government allegedly allowed Nepal's opposition parties to use Indian soil against the Nepal royal family and created a lot of disturbance in Kathmandu, as claimed by Nepal. The relationship worsened when in 1988 two trade treaties were up for renewal and Nepal refused to accommodate India's demand of single trade transit. Thereafter, both India and Nepal took a hard-line position that led to a serious crisis in India-Nepal relations. Nepalese leaders asserted the

position that as per the UN charter, transit privileges were “a fundamental and a permanent right of a land-locked country” and thus India’s demand for a single treaty was unacceptable. So, after two extensions, the treaties expired on 23 March 1989, resulting in a virtual Indian economic blockade of Nepal. The economic sanctions hit Nepal hard, India also cancelled line of credit and Nepal too responded by decoupling of INR which was freely accepted there. Nepal could not hold its position for too long as its GDP crashed from 9.7% in 1988 to 1.5% in 1989. Nepal suffered economically from higher tariffs, the closure of border points and the tense political atmosphere. From one of the most thriving economies in Asia, Nepal was now quickly finding itself in the league of World’s poorest nation.” Although economic issues were a major factor in the two countries’ confrontation, Indian dissatisfaction with Nepal’s decision to impose work permits over Indians living in Nepal and its government’s attempt to acquire Chinese weaponry in 1988 played an important role.

In June 1990, the then PM of Nepal Krishna Prasad Bhattarai and Indian Prime Minister V.P.Singh re-established special security relationship and the thirteen-month economic blockade came to an end, trade was through. During, December 1991 a pro-Indian government led by Girija Prasad Koirala and PV Narasimha Rao signed two treaties on trade and transit designed specially to benefit Nepal. In 1995, Nepal PM Manmohan Adhikary visited India, the relation was still under reassessment after the 1988 economic blockage but instead of improving the relationship, he made a very hard-line statement that “ We need to look into the peace and friendship treaty of 1950” and demanded more economic independence.

The Nepalese royal massacre occurred on 1st June 2001, at a house on the grounds of the Narayanhity Royal Palace, the residence of the Nepalese monarchy. Nine members of the royal family were killed in a mass shooting during a party or monthly reunion dinner of the royal family in the house. King Gyanendra was crowned as the next monarch of the kingdom but he lacked the ability to reign and soon Maoist disturbance started and anti-monarchy wave gripped all over the country and bloodshed everywhere. The 60-year-old businessman-turned-monarch has only himself to blame, many Nepalis say, after an ill-judged power grab in 2005 when he dismissed the government, jailed politicians and declared a state of emergency. On May 28, 2008, the newly elected Constituent Assembly declared Nepal the Federal Democratic Republic, abolishing the 240-year-old monarchy.

During 2008-2010, Prachanda was the first PM of the Federal Democratic Republic of Nepal; he was also the chairperson of Communist Party of Nepal. Breaking the tradition on his first foreign visit was China and then to New Delhi. This deliberate message for India was clear but Indian diplomacy should be given credit for satisfying him. Before leaving for Kathmandu he said, “I am going back to Nepal as a satisfied person.” In the same year, water talks between the two nations started after a gap of four years. In 2010, India increased the credit line to 50 million USD and also supplied eighty thousand tones of grains. This boosted the relation and it was fairly a decent relationship. It was a good diplomatic win for India and left China red-faced.

In 2014, after seventeen long years, Prime Minister Narendra Modi visited Nepal, while addressing the Constituent Assembly made it clear that India is not going to interfere in Nepal's internal issue and stressed on the need of Constitution at the earliest. He strongly advocated for Neighborhood first policy. Modi also announced a surplus of \$1 billion lines of credit (LoC) to Nepal and many agreements like power, trade that would benefit Nepal. On June 2015 after Modi's visit to Beijing, out of the 22 agreements, one was opening three borders for Trade, Nathu La in Sikkim,, Qiangla/Lipu-Lekh in Uttarkhand and Shipki La in Himachal Pradesh.

.Nepalese media, academia, civil society and ruling and opposition party leaders have all expressed concern over this development and have demanded that China and India should withdraw the mention of Lipu-Lekh in the joint statement. As Lipulekh is a tri-junction with China in the east and Nepal in the south so Nepal felt neglected for not being included in the talks. China never claimed Lipulekh as its territory but Nepal always claimed Kalapani as its territory and is disputed. Nepal promulgated its new Constitution in 2015 but the Madheshis, the Janajatis and the Tharus, who is considered as the marginalized groups felt they were being left out in the new constitution. These groups, Madheshi in particular, then blocked the border points. The Nepalese government accused India of deliberately worsening the embargo by not allowing vehicles to pass from check-points where no protests were held, questioning 'How could a handful of protesters possibly block the 1100 km long Indo-Nepal border?'. Indian government however denied all allegations of any involvement in the blockade. 2017 CPN-UML Chairman KP Sharma Oli, seen as close to China, is set to become Prime Minister of Nepal again with the Left alliance completing a clean sweep in the country's first elections to the provincial and federal assemblies. Since then, Oli dance to the tune of China.

After the abrogation of Article 370 in Jammu and Kashmir, India released its updated political map in which Kalapani, close to Lipulekh pass was shown in Indian Territory as it always was, suddenly Nepal protested officially and stated it's a disputed territory and New Delhi has no right to include the area in India. It's a complex subject, I shall discuss the same in my next article. The voting in the Pratinidhi Sabha (House of Representatives) came after day-long discussions, which included praise from co-chair of the Nepal Communist Party Pushpa Kamal Dahal "Prachanda" for the Nepalese democracy, which, he said, is reversing centuries of diplomatic humiliation. Nepal and India have a history of age-old relations in trade and commerce. India is Nepal's largest trade partner and source of foreign investment. Total bilateral trade has reached US \$3.21 billion (NRS 257.10 billion) during the Nepalese fiscal year 2009-10. During that year, Nepal's imports from India amounted US \$2.71 billion (NPR 217.11 billion), and exports to India remained about US \$0.50 billion (NPR 39.99 billion). (Source: Economic Survey 2011, GoN)

From 2015, India's policy towards Nepal was a bit more aggressive and they also missed cajoling from India. They felt humiliated as India treated them as a kid brother. Kathmandu reciprocated by making some statements which did not go well with New Delhi. "Nepal is a

sovereign nation and can protect their boundaries with might and our neighbours must realize this fact". Nepal also accused New Delhi of deliberately blocking goods, but it was the Madhesis, Janjatis who blocked the borders. After 2015, Nepal was being trapped by China as they invested a large amount of money for the infrastructural and health projects. China had been trying this for decades but Nepal and as Royal Family was pro Indian but the recent economic blockage tilted them towards China and took full advantage of the faceoff between India and Nepal.

While dealing with nations, always aggression or an eye for an eye is not the solution. At times we need to see the larger picture of the situation. Nepal was always pro India, we have always accommodated them, and given whatever they wanted to a certain extent as we did not want that China to take advantage of the situation but post 2015 the complete scenario has changed. India has two enemies China and Pakistan, can we afford another friendly country Nepal to gift China? It's a landlocked country, strategically very important in terms of China. India must re-establish the relation with Nepal by diplomacy.

Border Disputes

The territorial disputes of India and Nepal include Kalapani 400 km² at India-Nepal-China tri-junction in Western Nepal and Susta 140 km² in Southern Nepal. Nepal claims that the river to the west of Kalapani is the main Kali river; hence the area should belong to Nepal. But India claims that the river to the west of Kalapani is not the main Kali river, and, therefore the border there should be based on the ridge lines of the mountains Om Parvat to the east of the river. The river borders the Nepalese province of Sudurpashchim and the Indian state of Uttarakhand. The Sugauli Treaty signed by Nepal and British India on 4 March 1816 locates the Kali River as Nepal's western boundary with India. Subsequent maps drawn by British surveyors show the source of the boundary river at different places. This discrepancy in locating the source of the river led to boundary disputes between India and Nepal, with each country producing maps supporting their own claims. Indian government, however, from 1962 onward, forwarded the argument that border should be based on the ridge lines of the mountain Om Parvat. The Kali River runs through an area that includes a disputed area of about 400 km² around the source of the river although the exact size of the disputed area varies from source to source. The dispute intensified in 1997 as the Nepali parliament considered a treaty on hydro-electric development of the river. India and Nepal differ as to which stream constitutes the source of the river. Nepal has reportedly tabled an 1856 map from the British India Office to support its position. Kalapani has been controlled by India's Indo-Tibetan border security forces since the Sino-Indian War with China in 1962. In 2015, the Nepalese parliament objected an agreement between India and China to trade through Lipulekh Pass, a mountainous pass in the disputed Kalapani area, stating that the agreement between India and China to trade through Kalapani violates Nepal's sovereign rights over the territory. Nepal has called for the withdrawal of the Indian border forces from Kalapani area.

As the first step for demarcating Indo-Nepal border, survey teams from both countries located and identified missing pillars along the border, and, an agreement was reached to construct new pillars in some places. According to the Nepalese government estimates, of the 8000 boundary pillars along the border, 1,240 pillars are missing, 2,500 require restoration, and, 400 more need to be constructed. The survey teams conducted survey of the border pillars based on the strip maps prepared by the Joint Technical Level Nepal-India Boundary Committee (JTLNIBC). The JTLNIBC was set up in 1981 to demarcate the India-Nepal border and after years of surveying, deliberations and extensions, the committee had delineated 98 per cent of the India-Nepal boundary, excluding Kalapani and Susta, on 182 strip maps which was finally submitted in 2007 for ratification by both the countries. Unfortunately neither country ratified the maps. Nepal maintained that it cannot ratify the maps without the resolution of outstanding boundary disputes, i.e. Kalapani and Susta. India, on the other hand, awaited Nepal's ratification while at the same time urging it to endorse the maps as a confidence building measure for solving the Kalapani and Susta disputes. In absence of a ratification, the process of completely demarcating the India-Nepal boundary could not be undertaken.

Trade

India is Nepal's largest trade partner and the largest source of foreign investments, besides providing transit for almost entire third country trade of Nepal. India accounts for over two-thirds of Nepal's merchandise trade, about one-third of trade in services, one-third of foreign direct investments, almost 100% of petroleum supplies, and a significant share of inward remittances on account of pensioners, professionals and workers working in India. In the year 2017–2018, Nepal's total trade with India was about US\$8.2 billion; Nepal's exports to India were about US\$446.5 million; and imports from India were about US\$7.7 billion. Nepal's main imports from India are petroleum products (28.6%), motor vehicles and spare parts (7.8%), M. S. billet (7%), medicines (3.7%), other machinery and spares (3.4%), coldrolled sheet in coil (3.1%), electrical equipment (2.7%), hotrolled sheet in coil (2%), M. S. wires, roads, coils and bars (1.9%), cement (1.5%), agriculture equipment and parts (1.2%), chemical fertilizer (1.1%), chemicals (1.1%) and thread (1%). Nepal's export basket to India mainly comprises jute goods (9.2%), zinc sheet (8.9%), textiles (8.6%), threads (7.7%), polyester yarn (6%), juice (5.4%), catechue (4.4%), Cardamom (4.4%), wire (3.7%), tooth paste (2.2%) and M. S. Pipe (2.1%).

Conclusion

Besides the monarchy, Nepali Congress and in the recent past Madhes parties to some extent, the only other institutional ally that India has had is the Nepal army. The chief of each national army has enjoyed the status of Honorary General of the other side, on a reciprocal basis since 1950. When Oli refused to accept India's invitation for a state visit in April 2006, during a blockade, it was the armies of both sides—especially at the then chiefs' level—that did the homework for lifting it. Oli became a nationalist and gained much popularity thanks to

the blockade. But in the current sentiment triggered by the border dispute, the idea of nationalism has once again been appropriated by a Communist leader who has all through concentrated state powers upon himself. It's Oli who is dictating Nepal-India relations.

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