

India–Nepal Relations

Overview

1. 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 in the east, south and west 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. The India-Nepal Treaty of Peace and Friendship of 1950 forms the bedrock of the special relations that exist between India and Nepal. Under the provisions of this Treaty, the Nepalese citizens have enjoyed unparalleled advantages in India, availing facilities and opportunities at par with Indian citizens. Nearly 6 million Nepali citizens live and work in India.

2. There are regular exchanges of high level visits and interactions between India and Nepal. Nepalese Prime Minister Shri Sushil Koirala visited India to attend the swearing-in ceremony of Prime Minister Shri Narendra Modi on 26 May 2014. In 2014, Prime Minister Shri Narendra Modi visited Nepal twice – in August for a bilateral visit and in November for the SAARC Summit – during which several bilateral agreements were signed. India and Nepal have several bilateral institutional dialogue mechanisms, including the India-Nepal Joint Commission co-chaired by External Affairs Minister of India and Foreign Minister of Nepal.

3. When a devastating 7.8 magnitude earthquake struck Nepal on 25 April 2015 (followed by a powerful aftershock of 7.4 magnitude on 12 May 2015), the Government of India swiftly dispatched National Disaster Response Force (NDRF) teams and special aircrafts with rescue and relief materials to Nepal. India's assistance, which reached Nepal within six hours of the earthquake, included 16 NDRF teams, 39 IAF aircraft sorties with 571 tons of relief material including rescue equipment, medical supplies, food, water, tents, blankets and tarpaulin. Medical teams from India were deployed in various parts of Nepal. India helped in restoring 3 power sub-stations in Kathmandu valley. The total Indian relief assistance to Nepal amounted to approx. US\$ 67 million. At an International Donors' Conference organized by the Government of Nepal in Kathmandu on 25 June 2015 towards post-earthquake reconstruction, External Affairs Minister Smt. Sushma Swaraj announced Indian assistance of US\$ 1 billion to Nepal, one-fourth of which would be as grant.

Political

4. Beginning with the 12-Point understanding reached between the Seven Party Alliance and the Maoists at Delhi in November 2005, Government of India has 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 has always believed that only an inclusive Constitution with the widest possible consensus by taking on board all stakeholders would result in durable peace and stability in Nepal. India's core interest in Nepal is a united Nepal's peace and stability which has a bearing on India as well because of the long and open border shared between India and Nepal.

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

Economic

6. Since 1996, Nepal's exports to India have grown more than eleven times and bilateral trade more than seven times; the bilateral trade that was 29.8% of Nepal's total external trade in 1995-96 reached 66% in 2013-14. Exports from Nepal to India increased from INR 230 crore in 1995-96 to INR 3713.5 crore (US\$ 605 million) in 2013-14 and India's exports to Nepal increased from INR 1525 crore in 1995-96 to INR 29545.6 crore (US\$ 4.81 billion) in 2013-14. The main items of exports from India to Nepal are petroleum products, motor vehicles and spare parts, m.s. billets, machinery and spares, medicines, hot rolled sheets, wires, coal, cement, threads and chemicals. The main items of exports from Nepal to India are polyester yarn, textiles, jute goods, threads, zinc sheet, packaged juice, cardamom, G.I. pipe, copper wire, shoes and sandals, stones and sand.

7. Indian firms are the biggest investors in Nepal, accounting for about 38.3% of Nepal's total approved foreign direct investments. Till 15 July 2013, the Government of Nepal had approved a total of 3004 foreign investment projects with proposed FDI of Rs. 7269.4 crore. There are about 150 operating Indian ventures in Nepal engaged in manufacturing, services (banking, insurance, dry port, education and telecom), power sector and tourism industries. Some large Indian investors include ITC, Dabur India, Hindustan Unilever, VSNL, TCIL, MTNL, State Bank of India, Punjab National Bank, Life Insurance Corporation of India, Asian Paints, CONCOR, GMR India, IL&FS, Manipal Group, MIT Group Holdings, Nupur International, Transworld Group, Patel Engineering, Bhilwara Energy, Bhushan Group, Feedback Ventures, RJ Corp, KSK Energy, Berger Paints, Essel Infra Project Ltd. and Tata Power etc.

Water Resources

8. A three-tier mechanism established in 2008 to discuss all bilateral issues relating to cooperation in water resources and hydropower has been working well. Regular meetings are being held on and off site. In the area of river training and embankment construction, Government of India has been providing assistance to Nepal for strengthening and extension of embankments along Lalbakeya, Bagmati and Kamla rivers. It is proposed to extend this assistance for construction of embankments on other rivers as well. Started in 2008, with the present assistance, the total grant assistance already disbursed for embankments construction along these rivers stands at NRs. 3,670.66 million.

9. A Development Authority was set up in September 2014 to carry out the Pancheshwar Multipurpose project. India and Nepal signed an agreement on "Electric Power Trade, Cross-Border Transmission Interconnection and Grid Connectivity" popularly known as the Power Trade Agreement (PTA) in October 2014. A Power Development Agreement (PDA) for the 900 MW Arun-III hydroelectric project between India's Satluj Jal Vidyut Nigam Limited and the Investment Board of Nepal (IBN) was concluded in November 2014. Also, a PDA for the 900 MW Upper Karnali hydroelectric project was concluded between IBN and M/s GMR in September 2014. There are more than twenty 132 KV, 33 KV and 11KV transmission interconnections which are used both for power exchange in the bordering areas and power trade. A 400 KVA cross-border transmission line between Muzaffarpur-Dhalkebar and two 132 KVA lines between Kataiya-Kushaha and Raxaul-Parwanipur are under construction.

India's Development Assistance to Nepal

10. Government of India provides substantial financial and technical development assistance to Nepal, which is a broad-based programme focusing on creation of infrastructure at the grass-root level, under which various projects have been implemented in the areas of infrastructure, health, water resources, education and rural & community development. In recent years, India has been assisting Nepal in development of border infrastructure through upgradation of roads in the Terai areas; development of cross-border rail links at Jogbani–Biratnagar, Jaynagar-Bardibas, Nepalgunj Road-Nepalgunj, Nautanwa-Bhairhawa, and New Jalpaigudi-Kakarbhitta; and establishment of Integrated Check Posts at Raxaul-Birgunj, Sunauli-Bhairhawa, Jogbani-Biratnagar, and Nepalgunj Road-Nepalgunj. The total economic assistance extended under 'Aid to Nepal' budget in FY 2014-15 was Rs. 300 crore.

11. Currently, 36 intermediate and large projects such as construction of a National Police Academy at Panauti, Nepal Bharat Maitri Pashupati Dharmashala at Tilganga, a Polytechnic at Hetauda, and the National Trauma Centre at Kathmandu are at various stages of implementation. In addition, Government of India's Small Development Projects (SDPs) programme in Nepal extends assistance for the implementation of projects costing less than NRs 5 crore (approx.. INR 3.125 crore) in critical sectors such as health, education & community infrastructure development. So far, 243 SDPs have been completed and 233 are under various stages of implementation in 75 districts of Nepal, with a total outlay of over Rs 550 crore. Till date, India has gifted 502 ambulances and 98 school buses to various institutions and health posts across Nepal's 75 districts.

12. Apart from our grant assistance, Government of India has also extended three Lines of Credit of USD 100 million, USD 250 million and USD 1 billion to Government of Nepal in 2006-2007, 2011-12 and 2013-14, respectively, for undertaking infrastructure development projects.

Education

13. Over the years, India's contribution to the development of human resources in Nepal has been one of the major aspects of bilateral cooperation. GOI provides around 3000 scholarships/seats annually to Nepali nationals for various courses at the Ph.D/Masters, Bachelors and plus-two levels in India and in Nepal. These scholarships cover a wide spectrum of subjects including engineering, medicine, agriculture, pharmacology, veterinary sciences, computer application, business administration, music, fine arts etc.

Culture

14. Government of India initiatives to promote people-to-people contacts in the area of art & culture, academics and media include cultural programmes, symposia and events organized in partnership with different local bodies of Nepal, as well as conferences and seminars in Hindi. Familiarization visits to India by Nepalese journalists/editors and short term training in India for Nepalese editors/journalists/experts/officials in the field of print & electronic media and archaeology are also arranged. Assistance is also provided to several India-Nepal Friendship Organizations working to promote Indian culture and India-Nepal bilateral relations. An MoU between the Sahitya Kala Akademi (India) and the Nepal Academy is already in operation. Four more MoUs have been signed between Doordarshan and Nepal TV, Press Council of India and Press Council of Nepal, Lalit Kala Akademi, India and Nepal Academy of Fine Arts, and an MoU on Youth Exchange between the Governments of India and Nepal. MoUs

between the Sangeet Natak Akademi, India and the Nepal Academy of Music & Drama, and between Akashwani (AIR) India and Radio Nepal are under consideration to promote cultural and information exchanges between the two countries. The Governments of India and Nepal have signed three sister-city agreements for twinning of Kathmandu-Varanasi, Lumbini-Bodhgaya and Janakpur-Ayodhya. India is establishing an E-library system across Nepal. The setting up of a Light & Sound show at Lumbini with Indian assistance is under process. The Archaeological Survey of India (ASI) is involved in the renovation of the Pashupatinath Temple Complex in Kathmandu. Two ASI teams have already visited Kathmandu to assess the work to be done for conservation/restoration of the Pashupatinath shrine, for which an MoU is under consideration.

15. An Indian Cultural Centre was set up in Nepal in August 2007 to showcase the best of Indian culture not only in the capital city but in the areas outside Kathmandu. The Indian Cultural Centre in Kathmandu has generated considerable goodwill through the various cultural events it has undertaken in the past. The Nepal–Bharat Library was founded in 1951 in Kathmandu. It is regarded as the first foreign library in Nepal. Its objective is to enhance and strengthen cultural relations and information exchange between India and Nepal.

16. The B.P.Koirala India-Nepal Foundation was set up in 1991 through a MoU signed between the Governments of India and Nepal. The Foundation's objective is to foster educational, cultural, scientific and technical cooperation between India and Nepal and to promote mutual understanding and cooperation through sharing of knowledge and professional talents in academic pursuits and technical specialization.

Indian Community

17. Around 6,00,000 Indians are living/domiciled in Nepal. These include businessmen and traders who have been living in Nepal for a long time, professionals (doctors, engineers, IT personnel) and labourers (including seasonal/migratory in the construction sector). An Indian Citizens' Association (ICA) of Nepal was formed on 14 September 1990. ICA is the only association of resident Indian citizens in Nepal with branches at Pokhara, Damak and Bhairahawa, and provides a platform for discussion on matters pertaining to the legitimate interest of resident Indians in Nepal and works for the protection of such interests.

Useful Resources

Website of the Embassy of India in Kathmandu: <http://www.indianembassy.org.np>

Nepal chapter of MEA website <http://mea.gov.in/indian-mission.htm?162>

Facebook page: <https://www.facebook.com/IndiaInNepal/>

Twitter account: www.twitter.com/IndiaInNepal

YouTube channel: www.youtube.com/eoiktmnp

India Global: AIR FM Gold Program featuring India–Nepal Relations:

<https://www.youtube.com/watch?v=KAB65DkNj4Q>

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