

India–Nepal Relations

A. Overview

As close neighbors, India and Nepal share unique ties of friendship and cooperation characterized by an open border and deep-rooted people-to-people contacts of kinship and culture. There has been a long tradition of free movement of people across the border. Nepal shares a border of over 1850 km with five Indian states – Sikkim, West Bengal, Bihar, Uttar Pradesh and Uttarakhand.

The India-Nepal Treaty of Peace and Friendship of 1950 forms the bedrock of the special relations that exist between India and Nepal. Nepalese citizens avail facilities and opportunities on par with Indian citizens in accordance with the provisions of the Treaty. Nearly 6 million Nepalese citizens live and work in India.

B. High Level Exchanges

There are regular exchanges of high-level visits and interactions between India and Nepal. Prime Minister Shri Narendra Modi visited Nepal twice in 2014 – on 03-04 August for a bilateral visit and on 25-27 November for the 18th SAARC Summit. Nepalese Prime Minister Mr. K.P. Sharma Oli paid a State visit to India on 19-24 February 2016. Deputy Prime Minister and Minister of Home Affairs of Nepal Mr. Bimalendra Nidhi visited India on 18-22 August 2016 as Special Envoy of the Prime Minister. Nepalese Prime Minister Mr. Pushpa Kamal Dahal ‘Prachanda’ visited India twice in 2016 – on 15-18 September on a State visit and on 15-17 October to participate in the 1st BRICS-BIMSTEC leaders’ summit in Goa.

President of India Shri Pranab Mukherjee paid a State visit to Nepal on 02-04 November 2016. This was the first State visit by an Indian President to Nepal after a gap of 18 years. President of Nepal Mrs. Bidya Devi Bhandari paid a State visit to India on 17-21 April 2017. Prime Minister of Nepal Mr. Sher Bahadur Deuba paid a State visit to India on 23-27 August 2017. Prime Minister of Nepal Mr. K.P. Sharma Oli paid a State visit to India on 06-08 April 2018. Prime Minister of India Shri Narendra Modi paid a State visit to Nepal on 11-12 May 2018. Prime Minister Modi also visited Nepal on 30-31 August 2018 for the 4th BIMSTEC Summit, which was held in Kathmandu. This was his fourth visit to Nepal since 2014.

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. The Fourth Joint Commission Meeting was held on 26-27 October 2016 in New Delhi.

C. Earthquake 2015

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 over US\$ 67 million. The Government of India announced a post-earthquake reconstruction package

of US\$ 1 bn (which comprises US\$ 250 mn grant and US\$ 750 mn concessional Line of Credit) during the International Conference on Nepal's Reconstruction held in Kathmandu on 25 June 2015.

In February 2016, an MoU on the Utilization of the Grant of US\$ 250 million was signed, inter-alia, allocating US\$ 100 million to support reconstruction of 50,000 private houses and US\$ 50 million each for health, education and cultural heritage sectors. Implementation-MoUs were signed on 24 August, 2017 between the two Governments. Similarly, in September 2016, a Line of Credit (LoC) Agreement for post-earthquake reconstruction projects for US\$ 750 million was signed. The Line of Credit was operationalized in February 2017.

In March 2018, Government signed two Partnership Agreements with UNDP and UNOPS to provide socio-technical facilitation to support housing beneficiaries in Gorkha and Nuwakot districts of Nepal, respectively. In this regard, Government reimbursed to the Government of Nepal a sum of NPR 210.43 crores (equivalent to INR 132 crores) on 27 July 2018, towards reimbursement of the 1st tranche of housing support.

D. Economic

In the past ten years, bilateral trade grew over six times from INR 5585 crores in 2006-07 to INR 39564 crores (US\$ 5.89 billion) in 2016-17. During the same period, exports from Nepal to India more than doubled from INR 1384 crores in 2006-07 to INR 2985 crores (US\$ 445 million) in 2016-17. Similarly, India's exports to Nepal grew over eight times from INR 4201 crores in 2006-07 to INR 36579 crores (US\$ 5.45 billion) in 2016-17. Nepal's main imports from India are petroleum products (13.7%); motor vehicles and spare parts (13.1%); M. S. billet (4.7%); rice & paddy (4.5%); other machinery & parts (4%); medicine (4%); hot-rolled sheet in coil (2.8%); electrical equipment (2.5%); cement (2.4%); agricultural equipment & parts (1.9%); coal (1.9%); m.s. wires, rods, coils, bars (1.6%); vegetables (1.6%); cold rolled sheet in coil (1.4%); thread (1.3%), etc.

Indian Investment in Nepal

Indian firms are among the largest investors in Nepal, accounting for about 30% of the total approved foreign direct investments. As on 15 September 2018, Indian ventures lead foreign investment with FDI commitments of INR 5942.68 crores. There are about 150 Indian ventures operating 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, India etc.

E. Water Resources

Cooperation in water resources primarily concerning the common rivers is one of the most important areas of bilateral relations. A large number of small and large rivers flow from Nepal to India and constitute an important part of the Ganges river basins. These rivers have the potential to become major sources of irrigation and power for Nepal and India. A three-tier bilateral mechanism established in 2008, to discuss issues relating to cooperation in water

resources, flood management, inundation and hydropower between the two countries, has been working well.

F. India's Development Assistance to Nepal

Government of India's development assistance to Nepal is a broad-based programme focusing on creation of infrastructure at the grass-roots 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; and establishment of Integrated Check Posts at Birgunj, Biratnagar, Bhairahawa, and Nepalgunj. The total economic assistance earmarked under 'Aid to Nepal' budget for FY 2017-18 was Rs. 375 crore. A total of Rs. 650 crore was allocated under the 'Aid to Nepal' budget head for FY 2018-19, registering an increase of 73% over the previous year.

During the visit of Prime Minister of Nepal in April 2018, the two Prime Ministers jointly inaugurated the Integrated Check Post in Birgunj (Nepal) built with GoI assistance. On 10 July 2018, Prime Minister of Nepal inaugurated a three-storied library for Nepal Academy in Kathmandu. On 31 August 2018, the two Prime Ministers jointly inaugurated the Nepal-Bharat Maitri Pashupati Dharmashala in Kathmandu.

Over 559 large, intermediate and small-scale projects at an estimated cost of NPR 76 billion have been implemented across Nepal with Indian assistance since 1951. Till date India has gifted 692 ambulances and 136 school buses to various institutions and health posts across Nepal's 77 districts.

Apart from grant assistance, Government of India has extended Lines of Credit of USD 1.65 billion for undertaking development of infrastructure, including post-earthquake reconstruction.

New Partnership in Agriculture

During the visit of Prime Minister of Nepal Mr. K. P. Sharma Oli's to India in April 2018, the 'India-Nepal New Partnership in Agriculture' was launched with a focus on collaborative projects in agricultural research, development and education. This is an important and timely initiative as vast populations of the two countries predominantly depend on agriculture and related activities for their livelihood. Minister for Agriculture, Land Management and Cooperatives of Nepal Mr. C.P. Khanal visited India on 19-23 June 2018 for the inaugural ministerial meeting of the New Partnership in Agriculture with Agriculture Minister of India Shri Radha Mohan Singh.

G. DEFENCE COOPERATION

India and Nepal have wide-ranging cooperation in the defence sector. India has been assisting the Nepal Army (NA) in its modernisation by supplying equipment and providing training. Assistance during disasters, joint military exercises, adventure activities and bilateral visits are other aspects of India's defence cooperation with Nepal. A number of defence personnel from Nepal Army attend training courses in various Indian Army training institutions. The 'Indo-Nepal Battalion-level Joint Military Exercise *SURYA KIRAN*' is conducted twice a year

alternately in India and in Nepal. The 13th Surya Kiran exercise was held in Pithoragarh (India) in May-June 2018. Since 1950, India and Nepal have been awarding each other's Army Chief with the honorary rank of General in recognition of the mutual harmonious relationship between the two armies.

Gorkha Soldiers in the Indian Army

The Gorkha regiments of the Indian Army are raised partly by recruitment from hill districts of Nepal. Currently, about 32,000 Gorkha Soldiers from Nepal are serving in the Indian Army. In 2017-18, pensions in excess of INR 2923 Crores (NPR 4677 Crores) were disbursed by the Indian Army to about 1,25,000 retired Gorkha soldiers and civilian pensioners, who had served in the Indian Army and other central and state services. In 2018-19, pensions in excess of INR 1682 Crores (NPR 2692 Crores) has been disbursed till 30 September 2018. In addition to Military Pension Branch in Kathmandu, there are two Pension Paying Offices at Pokhara and Dharan, and 22 District Soldier Boards in Nepal, all functioning under the Defence Wing of the Indian Embassy in Kathmandu, which arrange the disbursement of pensions and organise welfare programmes for re-training, rehabilitating and assisting ex-Gorkha soldiers and their families.

H. Power

India and Nepal have a Power Exchange Agreement since 1971 for meeting the power requirements in the border areas of the two countries, taking advantage of each other's transmission infrastructure. There are more than twenty 132 kV, 33 kV and 11 kV transmission interconnections which are used both for power exchange in the bordering areas and for power trade. For enhanced transmission of electricity, the first high-capacity Muzaffarpur (India) - Dhalkebar (Nepal) cross-border power transmission line (initially charged at 132 kV), with GoI LoC funding of US\$ 13.2 million, was completed in 2016. Two additional 132 kV cross-border transmission lines between Kataiya (India) - Kusaha (Nepal) and Raxaul (India) - Parwanipur (Nepal), built with GoI grant assistance, were completed in 2017. India is currently supplying a total of about 450 MW of power to Nepal.

An Agreement on 'Electric Power Trade, Cross-border Transmission Interconnection and Grid Connectivity' between India and Nepal was signed on 21 October 2014. The Agreement is aimed at facilitating and further strengthening cross-border electricity transmission, grid connectivity and power trade between Nepal and India. The Agreement provides a framework for power trade between the two countries, import by Nepal from India until it becomes power surplus and subsequent import by Indian entities from Nepal, on mutually acceptable terms and conditions. Two mechanisms, Joint Working Group (JWG) and Joint Steering Committee (JSC) envisaged under the Agreement have been established. Joint Technical Team (JTT) was formed for preparation of a long-term integrated transmission plan covering projects upto 2035. The 5th meeting of the JSC/JWG on power cooperation was held in New Delhi in April 2018.

I. Education

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 Nepalese 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.

J. Culture

GoI initiatives to promote people-to-people contacts in the fields 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. India is establishing an e-library system across Nepal.

MoUs/Agreements have been signed between: (i) Sahitya Kala Akademi (India) and Nepal Academy, (ii) Doordarshan (India) and Nepal TV, (iii) Press Council of India and Press Council of Nepal, (iv) Lalit Kala Akademi (India) and Nepal Academy of Fine Arts, (v) GoI and Government of Nepal for cooperation on youth affairs, (vi) Sangeet Natak Akademi (India) and Nepal Academy of Music & Drama, and (vii) GoI and Government of Nepal for twinning of sister cities Kathmandu-Varanasi, Lumbini-Bodhgaya and Janakpur-Ayodhya.

The Swami Vivekananda Centre for Indian Culture was set up in Kathmandu in August 2007 to showcase the best of Indian culture. The Centre has generated considerable goodwill through 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.

The B.P. Koirala India-Nepal Foundation was set up in 1991 through an 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.

K. Indian Community

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.

L. Diplomatic Missions

Government of India has its Embassy in Kathmandu and a Consulate General in Birgunj (south-central part of Nepal).

Government of Nepal has its Embassy in New Delhi and a Consulate General in Kolkata.

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/eoiktmdp

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

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

November 2018