

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.

2. In keeping with the tradition of regular high-level exchange of visits between India and Nepal, President, Dr. Ram Baran Yadav, First President of Nepal, paid an official visit to India 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) and Prime Minister Pushpa Kamal Dahal 'Prachanda' (14-18 September, 2008). 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.

3. 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.

4. 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.

5. 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 2009-10 under 'Aid to Nepal' budget was ` 161 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 approx. ` 3600 crores which includes the Small Development Projects scheme offered by the Embassy of India delivers development assistance at grass-roots level in sectors identified with the local population. It now covers over 370 projects with an outlay of approx. ` 402 crores. As part of India's effort to assist with capacity building and development of Human Resources in Nepal, over 1500 scholarships are offered annually for Nepalese students to pursue various courses in India and Nepal.

6. India continues to be Nepal's largest trade partner, source of foreign investment and tourist arrivals. Bilateral trade between India and Nepal has increased substantially since the signing of the Trade Treaty in 1996 and 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 figures for the Nepalese fiscal year 2066 (July 2010), bilateral trade with India accounted stood at ` 16129.7 crores which accounted for for 58.7% 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 treaty was last renewed for seven years in March 2006. The two countries have concluded a Rail Services Agreement (RSA) and a revised Air Services Agreement (ASA) to enhance bilateral connectivity. A Motor Vehicles Agreement (MVA) for passenger vehicles is awaiting formal signature. India also remains Nepal's largest source of foreign investment and Indian investments in Nepal amount to ` 1586 crores with 462 FDI projects. India accounts for 44% of the total foreign investments in Nepal .

7. India had played a leading role in helping the Nepal Army (NA) in its modernization through provision of equipment and training. More than 180 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 1.23 Lakh ex-servicemen residing in Nepal. in 2010-11 the payments of pensions to the Indian ex-service men in Nepal amounted to ` 1100 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)".

8. 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.

9. 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.

10. 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.

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