**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 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.

Approximately 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).

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. Other visits from Nepal to India in the recent past include visits 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). From the Indian side, the External Affairs Minister, Shri. Salman Khurshid, was on a goodwill visit to Nepal on 9 July 2013. Foreign Secretary Smt. Sujatha Singh paid an official visit to Nepal from 14–15 September 2013.

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 the Indian citizens. The Treaty has allowed Nepal to overcome the disadvantages of being a land–locked country. Over the years, 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 at Delhi in November 2005, the 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.

The formation of the Interim Election Government (IEG) headed by the Chairman of the Council of Ministers, Mr. Khil Raj Regmi, on 14 March 2013 ended the long period of political uncertainty prevailing in Nepal since the dissolution of the Constituent Assembly in May 2012. The IEG, in cooperation with the political parties and the Election Commission, successfully conducted the 2nd Constituent Assembly–cum–Parliament Elections in Nepal on 19 November 2013. India provided 764 vehicles at a cost of Rs. 56.12 crores to the Election Commission and Police agencies of Nepal for use during the Constituent Assembly–cum–Parliament elections. GOI also provided vehicles and other logistical support to the Nepal Army, besides providing two helicopters on loan basis, for election purposes.

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 to Nepal during 2013–14 under the ‘Aid to Nepal’ budget amounts to Rs. 300 crores. 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 grass-roots 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 2200 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 received further impetus after the signing of the revised Trade Treaty in 2009 which allows Nepal greater access to the Indian market. According to Nepalese figures for the fiscal year ending July 2013), Nepal’s bilateral trade with India stood at Rs.26126.9 crores, which is 66% of its 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.2539.2 crores with 566 FDI projects. India accounts for 40% of the total foreign investments in Nepal. In October–November 2011, the two countries had also concluded the Bilateral Investment Protection & Promotion Agreement (BIPPA) and the Double Taxation Avoidance Agreement (DTAA), which provide the legal framework for enhancing Indian investment in Nepal and further integration of the two economies.
India has 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 soldiers in its defence forces and has made every effort to ensure that they are looked after and well cared for in their twilight years. As of now, we have over 1.26 lakh ex–servicemen residing in Nepal. In 2012–13, the payment of pension to the Indian ex-service men in Nepal amounted to Rs. 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 Organization in Nepal (IEWON)”. An Ex–servicemen Contributory Health Scheme (ECHS) was launched in Nepal during 2012 through which free medical treatment to the Indian ex–serviceman of Nepal domicile and their dependants is being provided within Nepal. The ECHS beneficiaries also have the option to avail free treatment in private empanelled hospitals in India.

There is a 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, some 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 on water related issues.

Cooperation on issues of mutual security concerns relating to the open border has been a hallmark of our relations with Nepal. The 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 border districts to further facilitate the exchange of information. India has repeatedly stressed the need for strengthening the legal framework, in order to counter common cross border security challenges. India has also provided liberal assistance to the security apparatus in Nepal for development of infrastructure, capacity building, equipment and training of human resources.

A Joint Technical Committee (JTC) led by the Surveyors General of India and Nepal jointly prepared and initialled strip maps of about 96% of the India–Nepal boundary in December 2007. These strip maps are awaiting
authentication at the Plenipotentiary level. India has emphasized the necessity of early signature of the strip maps at the Plenipotentiary level so that work on installation of missing boundary pillars and repair of damaged pillars could begin. Nepal has conveyed that it is trying to build political consensus for the signing of the strip maps.

The Indian Mission/Posts in Nepal organize various events to promote people–to–people contacts in the areas of culture, art, technology, academics and media. These include cultural programmes, symposiums, events in partnership with different local bodies of Nepal, and conferences & seminars in Hindi. Grant assistance is being provided to several organizations in Nepal working to promote Indian culture and bilateral relations. Familiarization visits to India and short–term training in India are also arranged for Nepali editors/journalists/experts.

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