

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, Nepalese Prime Minister Shri Sushil Koirala, accompanied by a high-level delegation, attended the swearing-in ceremony of Shri Narendra Modi as the new Prime Minister of India, on 26th May 2014. Other visits from Nepal to India in the recent past include visits by Minister of Foreign & Home Affairs Mr. Madhav Prasad Ghimire (14–15 January 2014), Minister of Finance, Industry, Commerce & Supplies Mr. Shankar Prasad Koirala, (16–17 January 2014), Minister of Health & Population Mr. Khag Raj Adhikari (26–27 March 2014), Prime Minister Mr. Pushpa Kamal Dahal 'Prachanda' (28–30 April 2013), and President Dr. Ram Baran Yadav (24–29 December 2012). 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. Other visits from India to Nepal in the recent past include visits by Dr. Farooq Abdullah, Minister of New & Renewable Energy (20–21 December 2013) Dr. Karan Singh, Member of Rajya Sabha and President, ICCR (14–16 February 2014), Shri Akhilesh Yadav, Chief Minister of Uttar Pradesh (17–18 February 2014), Gen. Bikram Singh, Chief of Army Staff (13 to 14 March 2014),.

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, peacefully 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.

The first meeting of the 2nd Constituent Assembly was held on 22 January 2014. Surya Bahadur Thapa, being the oldest member, was sworn in as Acting Chairman of the CA and Acting Speaker of the Legislature–Parliament. The first meeting of the Legislature–Parliament was held on 26 January 2014. Presently, the CA consists of 575 members (236 under the FPTP category and 335 under the Proportional Representation category). The Government is yet to nominate 26 members.

After intense negotiations on the issue of power sharing, the two major parties, Nepali Congress and CPN–UML, reached a 7–point agreement following which Sushil Koirala (Nepali Congress’ Parliamentary Party Leader) was elected as Prime Minister on 10 February 2014. He was sworn in as the 37th Prime Minister of Nepal on 11 February 2014. A 21–member Cabinet was formed which was later expanded by PM Suhsil Koirala to include two Cabinet Ministers and one MOS. Subhas Chandra Nembang, senior leader of CPN–UML & Chairperson/Speaker of the last CA–cum–Parliament, was elected as the Chairperson of the second CA/Speaker of the Legislature–Parliament, and Onsari Gharti Magar, UCPN(M) leader, was elected as Deputy Chairperson of CA/Deputy Speaker of Legislature–Parliament. Under the 7–point agreement, fresh elections for President, Vice–President, Speaker and Deputy Speaker are to be held after promulgation of the new constitution by the CA, but before commencement of the new constitution. For this, necessary amendments in the Interim Constitution will be made by the CA. Progress has made progress towards Constitution drafting with the formation of five Constitution related Committees of CA. The Truth and Reconciliation Commission (TRC)/Commission on Enforced Disappearances (CED) Bill was passed by the Parliament on 26 April 2014.

Bilateral Trade & Investments:

The previous trade treaty revised in 1996 can be considered as a turning point in the trade relations between the two countries. 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 total external trade of Nepal in year 1995-96 has reached 66% in 2012-13. The bilateral trade grew from IRs. 1,755 crores in 1995-96 to IRs. 26126.9 Crores (US\$ 4.7 billion) in 2012-13. Exports from Nepal to India increased from IRs. 230 crores in 1995-96 to IRs. 3187.4 crores (US\$ 579.8 million) in 2012-13 and India's exports to Nepal increased from IRs. 1,525 crores in 1995-96 to IRs. 22939.4 crores (US\$ 4.17 billion) in 2012-13. Main items of exports from India to Nepal are petroleum products, vehicles and spare parts, mild-steel billets, machinery and parts, medicines, hot and cold rolled sheets, wires, rods, coils, bars, electrical equipments, cement, threads and chemicals. Main items of exports from Nepal to India are polyester yarn, textiles, jute goods, threads, zinc sheet, juice, cardamom, wire, ms pipe, copper wire rod.

Indian Investment in Nepal:

Indian firms are the biggest investors in Nepal, accounting for about 40% of total approved foreign direct investments. Till 15th July, 2013, the Government of Nepal has approved a total of 2652 foreign investment projects with proposed FDI of Rs. 6325.50 crore. Indian ventures lead the list with 566 projects and proposed FDI of Rs. 2539.2 crore. There are about 150 operating Indian ventures in Nepal. They are 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.

Inter-Governmental Committee (IGC):

An IGC, headed by Commerce Secretaries, looks into all issues relating to trade, transit and cooperation to control unauthorized trade between the two countries. The last meeting was held in Kathmandu on 21st – 22nd December, 2013. Some of the important agreement reached during the meeting was to allow Nepal to bring imported vehicles 'on their own power' from the Kolkata port ; use of Jogbani-Biratnagar and Nautanawa-Bhairahawa customs points, in addition to Raxual-Birgjunj, for importing bulk cargo from third countries. Most of the other agreements reached were aimed at promoting Nepal's international trade, including with India, the largest trading partner, at a time when Nepal has been suffering an ever-increasing trade deficit.

Water Resources

Cooperation in Water Resources and River Training are one of the most important areas of our bilateral relations and has immense potential. It is estimated that about 250 small and large rivers flow from Nepal to India and constitute an important part of the Ganges river basis. These rivers have the potential to become major sources of irrigation and power for Nepal and India, but without planning, are a source of devastating floods in Nepal's Terai region, and states of Bihar and Uttar Pradesh in India. A three-tier bilateral mechanism which was established in 2008 to discuss all issues relating to cooperation in water resources and hydropower between

the two countries has been working well. All the meetings have been conducted on and off site regularly.

Construction of Embankments:

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. Started in 2008, with the present assistance, the total grant assistance already disbursed for embankment construction along these rivers, stands at NRs. 3,284.4 million. Separately, India has committed grant assistance of NRs.226 million for flood protection works along Gagan, Trijuga, Lakhandei, Sunsari, Kankai and Kaligandaki rivers in Nepal. The flood protection works along Trijuga, Kankai and Lakhandei rivers have been already completed. It is being considered to extend this assistance for construction of embankments to other rivers as well.

Power Exchange and Trade:

India and Nepal have a Power Exchange Agreement since 1971 for meeting 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 11KV transmission interconnections which are used both for power exchange in the bordering areas and power trade. For enhanced transmission of electricity, short term augmentation of the existing grid is completed, for the medium term and long term the new transmission lines projects are being executed. A cooperation agreement in power sector is also being discussed along with the proposal to establish a dedicated bilateral mechanism on Power Sector.

Lines of Credit (LoCs):

Government of India (GoI) has extended two Lines of Credit (LoC) of USD 100 million and USD 250 million, to Government of Nepal (GoN) in the years 2006-2007 and 2011-12 respectively for the infrastructure projects.

Cultural Relations

India and Nepal share traditional cultural bonds and people-to-people relations. Indian culture is popular among all strata of Nepalese society. As part of cultural exchange programmes many well-noted artists and troupes visited Nepal.

Conservation of Monuments in Pashupatinath Temple Complex, Kathmandu:

For further strengthening our cordial bilateral relations a proposal is under consideration for conservation of Monuments in Pashupatinath Temple Complex, Kathmandu.

MoU between Nepal Academy of Music and Drama and Sangeet Natak Akademi, New Delhi:

An MOU is under consideration to further enhance mutual understanding and friendly relationship between the academicians, Music writers - directors, Drama writers - directors, Dance directors - dancers, scholars and intellectuals of the two countries through the exchanges of delegations relating to various Musical, Drama, Dance and

cultural issues, and translation of subject related publication and literature on a reciprocal basis.

MoU between Nepal Academy of Fine Arts, Nepal and Lalit Kala Akademi, New Delhi.

Another MOU is also under consideration to further enhance mutual understanding and friendly cultural relationship between the Fine Arts, academicians, creative artists, scholars and intellectuals of the two countries through the exchange of delegations relating to various fine arts and cultural issues and art exhibitions and exchange programs on a reciprocal basis

B. P. Koirala India-Nepal Foundation (BPKF)

The B. P. Koirala India - Nepal Foundation (BPKF) was established in December, 1991 through a Memorandum of Understanding signed between Governments of Nepal and India. The objective of BPKF is to foster educational, cultural, scientific and technical cooperation between India and Nepal; and to promote mutual understanding and cooperation through the process of wide sharing of knowledge and professional talents in both academic pursuits and technical specialization. The Foundation extends financial support for higher studies, research and other educational activities and in-service training, visits and exchanges of scholars, writers, politicians, media-persons, administrators, businessmen and other professionals in various fields. BPKF has organized several cultural programmes, seminars, conferences and has also funded translations and publication of books, research etc. The Foundation has been organizing monthly events such as Conversations, Voices, Poemandu and Cinemandu to engage the local intellectual elite since January 2013.

Indian Cultural Centre, Kathmandu

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, Kathmandu has generated goodwill through various cultural events it has undertaken in the past.

Nepal-Bharat Library

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 the cultural relations and information exchange between India and Nepal. It has been one of the biggest and extensively used centres of study and research in Kathmandu. During six decades of existence in the heart of the valley, it has been beneficial to the Nepalese people and scholars from all walks of life.

It houses many books especially on India and Nepal. The subjects include a substantial collection on Indian history, culture, society, literature, philosophy, auto/biography, geography, politics, economy, science and technology, medicine, engineering, mass communication, entertainment, international relations, diplomacy, and so on. It has around 3,474 sq ft and is a Wi-Fi zone. It is equipped with e-Granthalaya – a library automation software, which provides web-interface to publish the library catalog over Internet as well as Intranet. Users can search a desired book and its availability at: www.nblibrary.ddns.net .

Indian Community

It is estimated from interactions with various Indian associations, local immigration and other agencies that the total number of overseas Indians living/domiciled in Nepal is about 6,00,000.

In Nepal the domiciled Indians comprise of persons employed in various institutions, business establishments, trade related activities, blue collar workers, hawkers, laborers, hawkers, self-employed, businessmen/traders, professionals like doctors, engineers, computer professionals etc. A segment of the population is engaged as seasonal migratory laborers in construction sector etc.

Indian Citizens Association of Nepal

The Indian Citizen's Association of Nepal was formed on 14th September 1990, this is the only association of resident Indian Citizens of Nepal, and presently the Kathmandu unit of the Association has 462 members. They also have branches at Pokhara, Damak and Bhairahawa. The aims and objectives of the association are as under: -

To create and foster a spirit of friendship and understanding between the people of Nepal and resident Indians in Nepal:

To encourage the members to serve both the countries, India and Nepal;

To take an active interest in the cultural and social welfare of the community;

To provide a platform to the members for open discussion on all matters pertaining to the legitimate interest of resident Indians and to work for the protection of such interests, excluding discussions on issues related to partisan politics and sectarian religion;

The association works in consonance with the Embassy of India in Nepal and the Government of Nepal for attaining its objectives.

Useful Resources:

For more information and latest updates please visit

Embassy of India, Kathmandu website:

www.indianembassy.org.np

Embassy of India, Kathmandu Facebook page:

www.facebook.com/indianembassyKathmandu

Embassy of India, Kathmandu Twitter account:

www.twitter.com/eoiktmnp

Embassy of India, YouTube channel: www.youtube.com/eoiktmnp

India Global- AIR FM Gold Program featuring India and Nepal Relations:

<http://www.youtube.com/watch?v=NOx-ION26Vw>

July 2014