

**Ministry of External Affairs
[Northern Division]**

India-Nepal Bilateral Brief

India and Nepal share close and friendly relations characterized by age-old historical and cultural linkages, open border and deep-rooted people-to-people contacts. The multifaceted relations between the two countries have been given a renewed momentum in the last few years through intensified high-level political exchanges, regular meetings of bilateral mechanisms across diverse sectors of cooperation, expanding economic and development partnership, boosting connectivity, cooperative initiatives in water resources and hydro-power sectors, defense and security, and most importantly initiatives to promote people-to-people contacts between our two countries.

High-level exchanges:

In consonance with Government's 'Neighbourhood First' policy, Prime Minister Shri Narendra Modi has visited Nepal four times since 2014 and similarly Nepalese Prime Ministers have paid regular visits to India. In 2021, Prime Minister held two telephonic conversations with the Prime Minister of Nepal, including the congratulatory telephonic call made to incoming Prime Minister Mr. Sher Bahadur Deuba on 19 July 2021, post his assumption of charge. Both the leaders also met at Glasgow, UK on 02 November 2021, on the sidelines of the COP26 Climate Summit and discussed ways to further strengthen the multiple aspects of the bilateral cooperation, including in the context of ongoing efforts against the Covid-19 pandemic. In fact, PM Deuba had visited India once during each of his four previous terms as the Prime Minister of Nepal and this is his fifth visit to India, on his fifth term as the PM of Nepal.

The engagement between India and Nepal was further strengthened with high-level visits and virtual meetings of various bilateral mechanisms. External Affairs Minister Dr. S. Jaishankar and the Foreign Minister of Nepal Dr. Narayan Khadka had a bilateral meeting on the sidelines of UNGA in New York on 25 September 2021 and both held a telephonic conversation on 07 January 2022 to exchange New Year 2022 greetings and also discuss bilateral cooperation between the two countries. EAM virtually delivered his remarks at the International Conference on

Reconstruction of Nepal (ICRN) on 07 December 2021, as the largest partner of Nepal's recovery in the aftermath of devastating Earthquake in 2015. Earlier in 2021, the sixth meeting of the India-Nepal Joint Commission was co-chaired by EAM and the Minister of Foreign Affairs of Nepal in New Delhi on 15 January 2021.

Foreign Secretary Shri Harsh Vardhan Shringla visited Nepal from 26 - 27 November 2020 and the Chief of Army Staff General MM Naravane visited Nepal from 04-06 November 2020. In turn, the Chief of Army Staff of Nepal, Gen. Prabhu Ram Sharma visited India from 09-12 November 2021 on the invitation of his counterpart and was conferred with the rank of Honorary General of Indian Army by the President of India, in continuation of age-old unique tradition between the two countries.

Joint Project Monitoring Committee (JPMC) meeting on Earthquake reconstruction (September 2021), Talks between the Border Guarding Forces of the two countries (October 2021), India-Nepal Working Groups on Defence and Security issues (October 2021), Railway Cooperation (October 2021), Joint Working Group (JWG) and Joint Steering Committee (JSC) on Power Cooperation (23-24 February 2022), Joint Steering Committee meeting on Fertilizers (15 March 2022), JPMC on Hetauda Polytechnic (March 2022), Joint Commission on Inundation and Flood management (09-13 March 2022), JWG on Petroleum and Natural Gas (07 March 2022) are some of the recent bilateral engagements. The 15th edition of India-Nepal Joint Military Training, Exercise Surya Kiran between Indian Army and Nepali Army was conducted in Uttarakhand during September-October 2021.

Operation Maitri & post-earthquake reconstruction assistance:

In the wake of the 2015 earthquake in Nepal, Gol was the first responder and carried out its largest disaster relief operation abroad (Operation Maitri). India extended US\$ 1 billion Nepal as part of its long-term assistance for post-earthquake reconstruction in housing, education, health and culture heritage sectors. The reconstruction projects in education, health, culture heritage and housing sectors were reviewed by Joint Project Monitoring Committee on 30 September 2021 in Kathmandu. Gol has successfully handed over all the 50,000 reconstructed houses in Nepal's Gorkha and Nuwakot districts on 15 November 2021, assistance of US\$ 150 million. 14 higher secondary schools have also been completed and inaugurated in last one year. The work on reconstruction of more than 130 hospital/health centres and 28 cultural heritages sites in Nepal is under various stages of implementation.

Development Partnership:

GoI provides substantial financial and technical assistance to Nepal for implementation of large development and infrastructure and connectivity projects, as well as small development projects/ high impact community development projects in key areas of education, health, irrigation, rural infrastructure, livelihood development, etc. all across the country. A series of cross-border connectivity project like rail links, roads, Integrated Check Posts are under implementation with GoI's grant assistance.

Despite COVID restrictions, work on the ongoing connectivity and developmental projects continued and showed considerable progress. In February 2021, 13 Terai road packages were completed under GOI assistance of INR 400 crores and handed over to Government of Nepal. Some of the High Impact Community Development Projects (HICDPs) inaugurated in Covid period include Fateh Bal Eye Hospital in Nepalgunj, Rapti Cold Storage Building in Lamahi Bazar and Rehabilitated Small Hydro Power Plant in Jumla District. India and Nepal have also expanded bilateral cooperation to include new initiatives in the areas of agriculture, railways and inland waterways connectivity. The 'New Partnership in Agriculture' was announced in April 2018, which focuses on collaborative projects in Agriculture, Education and R&D.

India is providing financial and technical assistance for construction of two broad gauge cross-border railway links viz., Jaynagar-Bardibas and Jogbani-Biratnagar. India and Nepal signed a Letter of Exchange (LoE) to the India-Nepal Rail Services Agreement (RSA), which enabled all authorized cargo train operators including private container trains operators to carry Nepal's container and other freight. In addition to that, GoI handed over 34.9 km long cross-border rail link connecting Jaynagar (in Bihar) to Kurtha (in Nepal) to Nepalese government and both countries also signed a MoU for conducting Final Location Survey of the proposed broad gauge line between Raxual and Kathmandu, both during October 2021. The signing of the Standard Operating Procedures (SOPs) for starting passenger train services on the Jaynagar-Kurtha section took place during September 2021. Regarding inland waterway connectivity between India and Nepal, discussions are underway for operationalisation of four multi-modal routes using inland waterways of India. Recently, a MoU was signed between India and Nepal on 1 February 2022 for the construction of a motorable bridge across the Mahakali River connecting Dharchula (India) with Darchula (Nepal), under Indian grant assistance.

Cooperation in water resources:

Cooperation in water resources, primarily concerning the common rivers, is an important area of cooperation. Three-tier bilateral mechanism (with Ministerial meeting at the apex) has been established in 2008 to discuss issues relating to cooperation in water resources, flood management, and inundation. In the area of river training and embankment construction, Gol has been providing assistance to Nepal for strengthening and extension of embankments along rivers in Nepal. Discussions on flood management and inundation related matters are underway in existing bilateral mechanisms. Besides the above, there are specialized committees which implement the recommendations of the three-tier mechanism, that meet more regularly and report to this three-tier mechanism. These specialized committees are the (i) Joint Team of Experts (JTE) on Saptkosi and Sunkosi projects; (ii) Joint Committee on Inundation and Flood Management (JCIFM) and (iii) Joint Committee on Kosi and Gandak Projects (JCKGP). The 14th JCIFM meeting between India and Nepal took place in Kathmandu from 09-13 Mar 2022.

Power cooperation:

India and Nepal have robust cooperation in the power sector. Three cross-border transmission lines were completed recently with Gol assistance: 400 kV Muzaffarpur-Dhalkebar line (2016); 132 kV Kataiya-Kusaha and Raxaul-Parwanipur lines (2017). A total of about 600 MW of power is currently being supplied by India to Nepal through different transmission lines, assisting Nepal to overcome power shortage in the country. The cooperation in power and energy sectors got another fillip with the notification of the procedure for facilitation of cross border trade of electricity by Government of India, which enables export/ import of electricity with Nepal. The cross-border transmission lines have been augmented and the 106 kms long Koshi corridor double circuit transmission line 220 kV completed under GOI Lines of Credit to Nepal was handed over to Government of Nepal on 06 October 2021.

Gol has granted permission to Nepal Electricity Authority (NEA) in November 2021 to sell its surplus energy under Cross Border Trade of Electricity (CBTE) guidelines issued in February 2021 and in the first phase, 39MW power including, 24MW produced by NEA-owned Trishuli hydropower and 15MW Devighat power house, have been permitted for trading in Indian Energy Exchange (IEX). Both these projects were developed with India's assistance. Recently, the 9th Joint Steering Committee (JSC) and Joint Working Group (JWG) on Power Sector Cooperation

led by Secretary (Power) between India and Nepal met at Kathmandu on 23-24 February 2022.

Defence and security cooperation:

India and Nepal have long standing and extensive mutually beneficial cooperation in the field of defence and security. Historically, both armies have shared excellent and harmonious relationship, and since 1950, India and Nepal have been awarding honorary rank of General to each other's Army Chief. Security agencies of both sides also share close cooperation including exchange of information. Law enforcement agencies hold regular bilateral meetings at various levels to discuss security issues of mutual concern including border management in institutionalized bilateral mechanisms. The 14th round of Bilateral Consultative Group on Security Issues (BCGSI) was held on 28 October 2021 at Bengaluru wherein mutual security concerns, training and capacity building requirements of defence forces of Nepal, exchange of high level and functional level visits etc., were discussed.

Trade and economic ties:

India remains Nepal's largest trade partner, with bilateral trade crossing US\$ 7 billion in FY 2019-20. India provides transit for almost the entire third country trade of Nepal. India's export to Nepal has grown over 8 times in the past 10 years while exports from Nepal have almost doubled. Despite the difficulties due to the pandemic, India ensured uninterrupted flow of trade and supplies to Nepal.

Nepal is India's 11th largest export destination, up from 28th position in 2014. In FY 2021-22, it constituted 2.34% of India's exports. Infact exports from India constitute almost 22% of Nepal's GDP. Nepal's main imports from India are petroleum products, Iron & Steel, Cereals, Vehicles and Parts, Machinery parts. Nepal's major items of exports include Soyabean oil, Spices, Jute fiber & products, synthetic yarn and tea. India and Nepal concluded a Memorandum of Understanding (MoU) for long term supply of Urea and DAP fertilizers from India to Nepal under a G2G arrangement on 28 February 2022.

Indian firms are among the largest investors in Nepal, accounting for more than 33% of the total FDI stock in Nepal, worth nearly USD 500 million. 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. India and Nepal have also signed the Double Taxation Avoidance Agreement

(DTAA) in November 2011. The bilateral remittance flow is estimated at approximately \$ 3 billion (Nepal to India) and \$ 1 billion (India to Nepal)

Educational and people-to-people exchanges:

India and Nepal extend visa-free entry in their respective territories to each other's nationals. Nearly eight (8) million Nepalese citizens live and work in India and around 6,00,000 Indians reside in Nepal. Indians account for about 30% of foreign tourists in Nepal. With a view to strengthen people to people exchanges, sister city agreements have been signed (Kathmandu-Varanasi, Lumbini-Bodhgaya, Janakpur-Ayodhya) & India-Nepal Ramayana Circuit have been launched.

Gol provides around 3000 scholarships annually to Nepali nationals studying in India and in Nepal at all levels of education in a wide range of disciplines. Under ITEC programme, professional training is offered annually to about 250 officials from Nepal at various technical institutes in India. From 2007-08, more than 1700 ITEC alumni of Nepal have received trainings under ITEC programme of Gol.

On 26th January 2021, Sampark India-Nepal Alumni network was launched by Dr. Ram Baran Yadav, former President of Nepal and H.E. Shri Vinay Mohan Kwatra, Ambassador of India to Nepal. It is a new initiative which seeks to bring Nepali alumni and students presently pursuing studies in India together on a common platform to establish a vibrant alumni network. Sampark also focuses on sharing knowledge, skill and expertise of the alumni to contribute to the development of different sectors of Nepal. So far, more than 1500 Nepali alumni have registered on the Sampark India-Nepal Alumni Network portal which is growing bigger day-by-day.

Cultural exchanges:

Gol initiatives to promote cultural exchanges include cultural programmes, symposia and events organized in partnership with different local bodies of Nepal, as well as conferences and seminars in Hindi, Sanskrit. 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. 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) Gol and Government of Nepal for cooperation on youth affairs, (vi) Sangeet Natak Akademi (India) and Nepal Academy of Music & Drama, and (vii) Gol 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.

COVID assistance:

As part of our Covid-19 assistance, India had supplied more than 23 tonnes of medicines and medical equipment to Nepal on Grant basis during the first wave of COVID-19. India has recently resumed the supply of Covid-19 vaccine to Nepal. Till date, more than 9.5 million doses of these vaccines have been sent to Nepal, both on grant and commercial basis. In order to assist Nepal to cope with the second wave of the Covid-19 pandemic, a Medical Oxygen Plant based on India's indigenous technology was installed at B.P. Koirala Institute of Health Sciences in Dharan in August 2021. This plant has a capacity to serve 200 patients simultaneously. The total Covid-19 assistance provided to Nepal is more than USD 7 Million. India's efforts to ensure uninterrupted supply of Medical Oxygen to Nepal as well as in maintaining normal trade flows through border points even during the peak of the pandemic has been greatly appreciated in Nepal.

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.

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