

# **India–Nepal Relations**

## **A. Overview**

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.

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 Indian citizens. Nearly 6 million Nepali citizens live and work in India.

## **B. High Level Exchanges**

There are regular exchanges of high level visits and interactions between India and Nepal. In 2014, Prime Minister Shri Narendra Modi visited Nepal twice – in August for a bilateral visit and in November for the SAARC Summit – during which several bilateral agreements were signed. The Nepalese Prime Minister, Mr. K.P. Sharma Oli, was on a State visit to India from 19 to 24 February 2016. During his visit several bilateral agreements were signed. Mr. Bimalendra Nidhi, Deputy Prime Minister and Minister of Home Affairs, visited India from 18-22 August 2016 as Special Envoy of the Prime Minister of Nepal. Nepalese Prime Minister, Mr. Pushpa Kamal Dahal 'Prachanda' paid a state visit to India from 15-18 September 2016. A high-level delegation comprising Foreign Minister of Nepal, Dr. Prakash Sharan Mahat, Minister of Physical Infrastructure and Transport, Mr. Ramesh Lekhak, members of the Legislature-Parliament, senior officials, and a business delegation accompanied the PM. Prime Minister Prachanda visited Nathpa Jhakri hydro-electric power project in Himachal Pradesh and the Food and Herbal Park at the Patanjali Yogpeeth near Haridwar. Again, the Prime Minister of Nepal, Mr. Pushpa Kamal Dahal 'Prachanda' visited India from 15-17 October 2016 to participate in the BRICS-BIMSTEC leaders' summit in Goa. Shri Pranab Mukherjee, Hon'ble President of India paid a state visit from 2-4 November, 2016 accompanied by a high-level delegation included MoS Defence Dr. Subhash Bhamre and four Members of Parliament.

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 approx. US\$ 67 million. The Government of India had 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. During the visit of Prime Minister of Nepal, Mr. Pushpa Kamal Dahal 'Prachanda' to India from 15-18th September, 2016, amendatory agreement to US\$ 1bn Line of Credit agreement signed on 25 Nov. 2014, enabling reapportioning of unutilized funds for post-earthquake reconstruction projects in Nepal and a New Line of Credit agreement for US\$ 750 mn for post-earthquake reconstruction projects in Nepal have signed.

#### **D. Economic**

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 61.2% in 2015-16. The bilateral trade grew from IRs. 1,755 crores in 1995-96 to IRs.32294Crores (US\$ 4.8 billion) in 2015-16. Exports from Nepal to India increased from IRs. 230 crores in 1995-96 to IRs.2468.3 crores (US\$ 371 million) in 2015-16. Similarly, India's exports to Nepal increased from IRs. 1,525 crores in 1995-96 to IRs.29825.7.6crores (US\$ 4.48 billion) in 2015-16. 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%); hotrolled 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 the biggest investors in Nepal, accounting for about 40% of the total approved foreign direct investments. There are about 150 Indian ventures operating 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.

#### **E. Water Resources**

Cooperation in Water Resources primarily concerning the common rivers is one of the most important areas of our bilateral relations and has immense potential. It is estimated that around 250 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, but without planning, are a source of devastating floods in Nepal's Terai region, and the Indian States of Bihar and Uttar Pradesh. A three-tier bilateral mechanism established in 2008, to discuss issues relating to cooperation in water resources and hydropower between the two countries, has been working well.

#### **F. India's Development Assistance to Nepal**

Government of India provides substantial financial and technical development assistance to Nepal, which is a broad-based programme focusing on creation of infrastructure at the grass-root 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, Nepalgunj Road-Nepalgunj, Nautanwa-Bhairhawa, and New Jalpaigudi-Kakarbhitta; and establishment of Integrated Check Posts at Raxaul-Birgunj, Sunauli-Bhairhawa, Jogbani-Biratnagar, and Nepalgunj Road-Nepalgunj. More than 537 large, intermediate and small-scale projects at an estimated cost of US \$ 76 million have been implemented across Nepal under Indian financial support since 1951. The total economic assistance earmarked under 'Aid to Nepal' budget for FY 2016–17 amounts to Rs. 300 crore.

During the FY 2016–17, a total of around 18 intermediate and large projects are under various stages of implementation in Nepal. These include creation of a Nepal Bharat Maitri Dharamshala at Pashupati area at Kathmandu (Rs 23 crore); construction of a Polytechnic at Hetauda (Rs. 38 crore), providing Indian faculty support to BP Koirala Institute of Health Sciences at Dharan (Rs. 1 crore per annum for five years), Installation of 2700 shallow tube wells in various districts across Nepal (Rs. 16 crores) etc. Till date, India has gifted 582 ambulances and 114 school buses to various institutions and health posts across Nepal's 75 districts.

Apart from our grant assistance, Government of India has also extended three Lines of Credit of USD 100 million, USD 250 million and USD 1 billion to Government of Nepal in 2006-2007, 2011-12 and 2013-14, respectively, for undertaking infrastructure development projects.

## **G. DEFENCE COOPERATION**

India has played a leading role in helping the Nepalese Army (NA) in its modernization through provision of equipment and training. About 250+ training slots are provided every year for training of NA personnel in various Indian Army Training institutions. The 10th Indo-Nepal Army Battalion level Joint Exercise was conducted at Saljhandi (Nepal) from 31 October to 13 November 2016. The 11th Indo-Nepal Army Battalion level Joint Exercise is proposed to be conducted at Pithoragarh (India) in March 2017.

The Nepalese Needs Assessment Team visited Indian Disaster Facilities from 28 November to 02 December 2016. The two sides exchanged information on existing disaster management structures, capabilities and further discussed areas for future cooperation. Both sides discussed to jointly assess the quantum of assistance required by Nepal and to exchange draft SOPs on disaster management cooperation and agreed to continue further discussion to strengthen bilateral cooperation in the important areas of disaster management.

## **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. During the year 2015-16, pensions in excess of INRs 1974 Crores (NRs 3158.4 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 & State Services. In the current financial year, pension in excess of INRs 1773 Crores (NRs 2836 Crores), has been disbursed, till 31 Dec 2016. In addition to Military Pension Branch Kathmandu, Pension Paying Offices Pokhara and Dharan, there are 22 District Soldier Boards in Nepal, all functioning under the Defence Wing, Embassy of India, which arrange the disbursement of pensions and organize welfare programmes for re-training, rehabilitating and assisting ex-Gorkha Soldiers and their families. Indian Army organizes recruitment rallies for Gorkha Soldiers within Nepal for identifying and recruiting Nepalese citizens in the Indian Army.

Since 1950, India and Nepal have been awarding Army Chiefs of each other with the honorary rank of General in recognition of mutual harmonious relationship between two Armies.

#### **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, short term augmentation of the existing grid has been completed. Under mid-term augmentation, with grant assistance from Gol, 132 KV Kataiya–Kushaha and 132 KV Raxaul–Parwanipur transmission lines are being operationalized. For long-term augmentation of the cross-border grid infrastructure, with a funding of US\$ 13.2 million (from Gol's US\$ 100 Million LoC), the construction of a 400 KV Muzzafarpur–Dhalkebar transmission line is in progress. On completion, the Muzzafarpur–Dhalkebar transmission line would allow import of up to 1000 MW of power by Nepal from India and also export from Nepal to India. At present, the total supply of electricity to Nepal from India is about 400 MW.

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 is power surplus and subsequently imports 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) formed for preparation of long-term integrated transmission plan covering projects upto 2035. The Fourth meeting of JWG/JSC was held in Kathmandu from 13-14 February 2017.

#### **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 Nepali 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**

Government of India initiatives to promote people-to-people contacts in the area 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. An MoU between the Sahitya Kala Akademi (India) and the Nepal Academy is already in operation. Four more MoUs have been signed between Doordarshan and Nepal TV, Press Council of India and Press Council of Nepal, Lalit Kala Akademi, India and Nepal Academy of Fine Arts, and an MoU on Youth Exchange between the Governments of India and Nepal. MoUs between the Sangeet Natak Akademi, India and the Nepal Academy of Music & Drama, and between Akashvani (AIR) India and Radio Nepal are under consideration to promote cultural and information exchanges between the two countries. The Governments of India and Nepal have signed three sister-city agreements for twinning of Kathmandu-Varanasi, Lumbini-Bodhgaya and Janakpur-Ayodhya. India is establishing an E-library system across Nepal. The setting up of a Light & Sound show at Lumbini with Indian assistance is under process. The Archaeological Survey of India (ASI) is involved in the renovation of the Pashupatinath Temple Complex in Kathmandu. Two ASI teams have already visited Kathmandu to assess the work to be done for conservation/restoration of the Pashupatinath shrine, for which aMoU is under consideration.

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 in Kathmandu has generated considerable goodwill through the 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 a 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**

Besides Embassy of India which is located in Kathmandu, a Consulate General Office is located in Birgunj (South-Central part of Nepal) and a Representative Office is also

located in Biratnagar (South Eastern part of Nepal). Government of Nepal has its Embassy in New Delhi and it also has a Consulate General Office 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](http://www.twitter.com/IndiaInNepal)

YouTube channel: [www.youtube.com/eoiktmnp](http://www.youtube.com/eoiktmnp)

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

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

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