



ISSUE BRIEF

No. 175

March 2019

Indo-Nepal Ties: Transmute from Dominance to Equality



Col **Rajeev Kapoor** is a Senior Fellow at CLAWS.

*“There is some self-interest behind every friendship.
There is no friendship without self-interests. This
is a bitter Truth.”*

— Chanakya

The world has moved into a new and disconcerting geopolitical phase which is multi-conceptual and not multipolar, as perceived. The present geopolitical realm has four prominent underpinnings: intensification of strong state-centred politics, i.e., Nationalism; abrading of global norms; expanding relevance of regionalism; and aggressive geo-economic agendas. Analysing these, it seems India has alighted the “wrong bus,” as its present geopolitical narrative appears to be primeval and archaic.

Talking of “relevance of regionalism,” India has derived two proactive policies of “Neighbourhood first” and “Act East,” which are conceptually brilliant but lack in their execution. If we scan our neighbourhood, it is astonishing to observe as to how our clout is incrementally diminishing over the years. Be it Maldives, Sri Lanka, Bhutan, Nepal or

Key Points

1. India sees Nepal as a buffer between itself and China.
2. India and Nepal have a symbiotic bonhomie. Nepal satisfies India’s security needs while India obviates Nepal’s challenge of being landlocked.
3. Nepal, instead of being historically pro-India, is now mostly cheering for anti-India tirade.
4. The drifted bilateral relations, can be attributed to— Bilateral issues, Regional dimensions and Nepal’s internal issues.
5. India’s “indifference,” has forced Nepal to gravitate towards China.
6. There is a tectonic shift in Nepal’s stance from counterbalancing India and China, to tilting towards China.
7. Nepal currently is entangled between anti-India sentiments, lure of Chinese money and its national interests.
8. Can Nepal afford to tilt towards China, at the expense of India?
9. The task of improving India-Nepal relations chiefly rests on India.
10. India to proactively address Nepal’s grievances and recalibrate its relationship from dominance to equality.

The Centre for Land Warfare Studies (CLAWS), New Delhi, is an independent think-tank dealing with national security and conceptual aspects of land warfare, including conventional and sub-conventional conflict and terrorism. CLAWS conducts research that is futuristic in outlook and policy-oriented in approach.

Indo-Nepal Ties ...

Myanmar. This can be partially attributed to India's most cardinal faultline of engaging only with the "Regimes," which if they fall or change, make India gasp for fewer or intangible alternatives thereby weaning its leverage. Examples to substantiate are galore; Maldives, when Mr. Abdulla Yameen came to power; Sri Lanka, when government of Mr. Wickremesinghe was thrown out undemocratically; Nepal, with the advent of communists; and the latest being the change of guard in Bhutan. One can also perceive the consequences, had Begum Khalida Zia come to power in the recently concluded Bangladesh elections.

The most "painful" and astounding, out of the above, has been the severe downturn in relationship between India and Nepal. It is also distinctly confounding since on the Indian "Diplomacy Menu," Nepal has always been one of the "starters." Therefore, the present Indo-Nepal narrative has undoubtedly emerged as the one which is very difficult to decipher and digest.

The basic question which raises the curiosity of strategists and mil thinkers is, as to why Nepal instead of being historically pro-India, is now mostly cheering for anti-India tirade; if Nepal was so relevant to our security and economic calculus then why did the things not move on ground? Also, as to why have we awakened now, for amends, when Nepal has started moving on the "alternate path" offered to it?

Historical Perspective and Converging of Interests

The close cultural relationship between India and Nepal goes back as far as 900 BCE to the Kirat dynasty of Nepal. The founder of the dynasty, Yalambar, was beheaded by the Indian deity Krishna prior to the epic battle between the Pandavas and Kauravas, because he was afraid that the brave and powerful Yalambar might fight for the Kauravas against the Pandavas. This forms the basis of the Indian epic, the Mahabharata. Another legend has it that Gautama Buddha visited Nepal during the rule of the seventh Kirat King, Jitedasti. These legends are a certitude of the long-

standing cultural ties between the two states. Besides this, Nepal remains the world's sole Hindu state and India is overwhelmingly Hindu, notwithstanding that it also has one of the world's largest Muslim population.¹

Colonial era saw Nepal as a buffer between Britain's Indian dominion and China and Russian empires Post-Independence India has seen Nepal as a buffer between itself and China, a perception that plays a large role in India's relationship with the Himalayan state.

Pandit Jawaharlal Nehru, endorsing this in his speech before Parliament in 1950, stated:

"From time immemorial the Himalayas have provided us with magnificent frontiers. We cannot allow that barrier to penetrate because it is also the principal barrier to India. Therefore, much as we appreciate the independence of Nepal, we cannot allow anything to go wrong in Nepal or permit that barrier to be crossed or weakened, because that would be a risk to our own security."

India's security concerns vis-à-vis Nepal got accentuated in 1950, after annexation of Tibet by China. Considering that India always regarded Tibet, besides Nepal, as a buffer against China, this geographical change compelled India to reassess its strategic needs. Consequently, a "Treaty of Peace and Friendship" was signed by India with Nepal in 1950 which enjoined upon both countries to consult and devise effective countermeasures, when confronted with external threat of any kind. To attenuate Nepalese fears of Indian domination, the treaty also stipulated that Indian forces could be deployed in the country only at the invitation of the Nepalese government. The treaty also included bilateral trade and transit arrangements and permitted trans-shipment of Nepalese goods through India.

From Indian perspective, Nepal's geographical location is indispensable. Nepal is situated on the Southern slopes of the Central Himalayan range and creates a natural strategic buffer between Tibet and the Gangetic plains of India. Historically, Nepal's Northern

borders have been used by China to invade Nepal, as it did during, for instance, the Tibetan-Nepalese War of 1789-92. This pertinent facet, coupled with open border between India and Nepal, concerns New Delhi as it cannot afford to have major battles fought on the densely populated Gangetic plains, the heartland of its Hindi-speaking population.²

From Nepal's outlook, being a land-locked country, it requires access to the sea which India has been providing through twenty-odd transit points in addition to the major ports in Kolkata, Mumbai and Kandla.³

In effect, Indo-Nepal bonhomie has been symbiotic with Nepal satisfying India's security needs and India reciprocating by obviating Nepal's challenge of being landlocked. However, the danger now is that China and pro-China elements within the current Nepalese dispensation are seeking to reset this relationship. They are further leveraged by a host of contentious issues between India and Nepal which have long been ignored.

Apple of Discord: Complexities, Misperceptions and Irritants

Nepal has always been a facsimile of India, and has served both as an ideological and a geographical barrier, between India and China. Lately, these barriers are being weakened by the influx of Chinese ideology, money and technology.

"Nepal wants to develop a relationship with India and its neighbours, in line with the changing times in this 21st century." The tone and tenor of this statement by Mr. Khadga Prasad Sharma Oli, the Nepalese PM, during his April 2018 visit to India, fostered and loudened their stance. He discarded outrightly the widespread notion of Nepal's dependence on India and he repeatedly underlined the importance of sovereignty, equality, non-interference and interdependence in Nepal's dealings with India. These statements have amply prophesied Nepal's changed point of view on future Indo-Nepal ties.

Though, this is not the first time that the relations between the two countries have received a setback. In fact, ever since the "Treaty of Peace and Friendship," India-Nepal relations have had a chequered history.⁴ Apparently, what has changed now is China's emergence as a global power which has emboldened Nepal to openly challenge India. Thus this anti-India rant and a pugnacious stand by Nepal has not emerged "out of the blue" and has been brewing for a long time now. There is a need to decipher reasons for this present narrative of Indo-Nepal ties for contriving plausible options and for recalibrating approach for future.

The structural and strategic transformation of bilateral relations, which has drifted the two nations apart, can be attributed to three major issues/dimensions.

● **Bilateral Issues**

- *India-Nepal Friendship Treaty of 1950.* India's perceived reluctance to revisit this treaty is at the heart of emerging Nepali angst.⁵ Nepal feels that this treaty is a relic of the past and compromises its aspirations of emerging as a modern state.
- *Newly Drafted Constitution.* The second emerging faultline is India's stand on the new constitution of Nepal. India perceives it to be discriminatory against the Madhesis, who are Nepalese citizens of Indian origin, living in areas contiguous with the Indian states of Bihar and Uttar Pradesh.
- *Hegemonic Blockades.* Indian blockades have accumulated hatred and anger towards India. The first blockade of 1970 was after Nepal built the Kodari Highway, linking Kathmandu with Tatopani, as a trade route with China which India considered as a breach of the 1950 treaty. The blockade of 1989 lasted for 15 months on the pretext of Nepal buying Chinese weapons; and the 2015 blockade, which continued for four months, began immediately after

Nepal promulgated its new constitution.⁶ This came at an inopportune time, generating a backlash and magnified anti-India feelings, as Nepalese people had not even come out from the tragic earthquake of April 2015.

- *EPG-NIR Report.* The report of Eminent Persons' Group on Nepal-India relations (EPG-NIR), to relook at the entire gamut of relations—in particular the 1950 treaty, is another bone of contention. Despite this report being finalised in mid-2018, the members are still waiting to officially submit the report to the two prime ministers for which Nepal has blamed India. The Nepalese Foreign Minister, Pradeep K. Gyawali, conveying this on the sidelines of Raisina Dialogue, told *The Wire* magazine that “Most probably, the delay was because the Indian prime minister is too busy for preparation of the elections and other issues.”⁷ The report has called for substituting the 1950 treaty and its seven clauses, with a treaty which will more than double its scope. On the contrary, none of the joint statements or Indian pronouncements have mentioned a full implementation of the report, but Kathmandu has clear expectations.
- *Open Border.* In August 2018, Nepalese newspaper *Kathmandu Post* reported that the Nepali EPG members have suggested that a technology-driven structure should be put in place for monitoring the movement along the IB, with identity cards as the mode of registration. They have also called for having an ample number of authorised crossings points, which should also include the traditional means of entry-exit on the open border. However, Mr. Ranjit Rae, who was India's ambassador to Nepal from 2013 to 2017, opines that it would be “impractical” to introduce identity cards to regulate the movement at the border and could lead to

chaos. He pointed out that the open border “underpins” the Indo-Nepal relationship and whatever measures are taken should not diminish the close and intimate people-to-people relationship across the border. Incidentally, the EPG members have also suggested to have a clause on respecting the right and freedom of transit for landlocked Nepal. Transit rights have always been a critical issue for Nepal, which expedited negotiations for a transit agreement with China after the “2015 blockade.”⁸

- *Water Issue.* Bilateral relations have been bitter on this issue even before India's independence. The Colonial administration signed the Sarada Treaty with Nepal in 1920, on the basis of which India constructed the Sarada barrage on Mahakali River after exchanging 4,000 acres of territory. However, Nepalese considered the treaty being partial to India as less amount of water was allocated to them. After independence, India and Nepal signed agreements to build Kosi barrage in 1954 and Gandak Barrage in 1959.⁹ These India financed projects are also perceived as a “sell-out” and have been a catalyst for popular opposition to any of India's new projects in Nepal. In fact this lack of trust in Nepal for India brought an impasse to the implementation of the Mahakali Treaty, which had offered an opportunity in 1996 to both the countries to make a new start in re-conceptualising their bilateral river water cooperation.¹⁰
- **Regional Dimension**
 - China has become a principal driver in current India-Nepal relations. New Delhi's quandary here is twofold. First, it sees China as a dominion power eating into its strategic space and making inroads in South Asia; second, India feels that China's investments under its BRI, is equipping and prompting

Kathmandu to play the China card against India. Conclusively, China's eagerness to establish inroads in South Asia; Nepal's urge to diversify relations; and India's paranoia of China at its doorstep, all work to make the geopolitics of the region a point of contention between India and Nepal.

- India and Nepal's vision at regional level also seem to be at odds. Oli is promoting SAARC, while India is dismissing SAARC due to its differences with Pakistan. India was particularly unhappy when China pushed for SAARC membership through Nepal in the 2014 summit.¹¹ Also, Nepal did not voice for postponement of 19th SAARC Summit in November 2016 after four nations Afghanistan, Bhutan, Bangladesh and India requested it due to escalation of tension between India and Pakistan due to terrorism. Such divergent views between the two are enhancing the undercurrents.
- Two recent pronouncements have literally emerged as disturbing signals for New Delhi. Nepal signing a transit protocol to access Chinese ports, being the first one, while participating in a 12-day military exercise with China instead of taking part in a week-long military exercise of BIMSTEC in India, being the second one.
- Activities of Pakistan and Chinese intelligence agencies in Nepal has been a security concern for India. India has flagged its concern over the activities of madrasas along the border inside Nepal and the running of Mandarin learning centres in the Terai belt.
- **Nepal's Internal Issues**
 - *The Restoration of Multiparty Democracy.* This transformation, though it occurred in the 1990s, has since then affected relations because of internal pulls inside Nepal. All political

parties, for their own political purposes, have exploited anti-Indian sentiments leading to a deterioration of relations between the two countries.¹²

- *Change in Outlook of Society.* Nepalese society—particularly the hill dominated Kathmandu bureaucracy, media, civil society institutions—is becoming more autonomous of Indian influence. The past trends have changed, with the elites now going to the West for training; their emotional investment in India is limited; their networks here are barely present.¹³ The anticipated balancing in politics and society by the people of the Tarai plains—lie marginalised.
- *Globalisation.* Market expansion and the need for the management of natural resources, has brought forth Nepal's requirement for better relationships with other countries. Thus, with the present internal political factors hindering the relationship between India and Nepal, it is tilting towards China, anticipating larger economic gains.

These vexed issues, coupled with change in regime, have made Nepal look beyond India for its needs. "Nepal being a landlocked country, is trying to link it in a better way with both India and China. It has learnt lessons from the blockades that dependence on a single country could be disastrous to national interests," says Professor B. R. Deepak, Professor of Chinese studies at JNU.¹⁴

This paradigm shift in sentiments, on the other hand, has given China "an opening" to grab and fill the void.

Why Does China Seek Influence in Nepal?

The answer simply lies in two facts: one, Nepal provides China with an entry point into South Asia, complementing its growing list of projects in South Asia;¹⁵ two, Nepal is an advantageous regional partner in addressing China's security concerns in the Tibetan region.

Gaining influence in Nepal further enables China to affect the management of the country's sizeable Tibetan community. Foray in Nepal also presumably removes the so called "last buffer" for India, increasing its security vulnerabilities.

Has India Veered Nepal into the Arms of China?

Has India, once again, owing to its taking smaller states for "granted," lost the "diplomacy plot" and given an open invitation to China to compete in its own backyard?

The big-time meddling from China actually started in 2015 during the Indian blockade, with China offering 1.3 million litres of petrol as a grant to Nepal. In 2017, Chinese companies announced an investment of \$ 8.3 billion and the Chinese Defence Minister and State Councillor, General Chang Wanquan, visited Kathmandu, offering a grant of US\$ 32.3 million to the Nepalese Army for the purpose of strengthening its capacity to deal with natural calamities.¹⁶

Conversely, India failed to deliver on its commitments in time, forcing Nepal to gravitate towards China. This has been more pronounced in the infrastructure and hydropower sectors where Chinese companies have made great strides in the last few years. Prevalent perception in Nepal today is that India is not as serious as China about its development agenda in Nepal. Its delivery is erratic and qualitatively deficient. However, the chronicle of India veering Nepal into the arms of China can be best explained through events or scenarios which have occurred either recently or in the recent past.

Scenario 1. Deputy Inspector General Mandip Shrestha has his chest puffed out as he gives a tour of Nepal Armed Police Force's freshly minted training academy. A swanky sprawl complete with a helipad, swimming pool, football ground, shooting range, soundproof meeting rooms, auditoriums and elegant red brick buildings.

Nepal Armed Police Force's academy, compliments of China.



The campus is a US\$ 350 million gift from China, built in two years and handed over in year 2018.¹⁷

The real reason for this magnanimity by China lies in Indian PM's first trip to Nepal in 2014, when he and his Nepalese counterpart jointly unveiled a plaque of the police academy to flag off the project amid much fanfare and thereafter this hyped project went right back into the freezer.¹⁸ China thus pitched-in. "This is how India has destroyed its own credibility in Nepal," says political commentator and writer Yubaraj Ghimire.¹⁹

Scenario 2. During Nepalese PM's visit to India last year, India announced plans to construct a new electrified rail line that would connect the border city of Raxaul in India with Kathmandu in Nepal. The first document has been signed only now and India is likely to take a year to survey the project, then only will the two sides sit down to firm up the Indian commitment in terms of financial allocations and the timeline. Nepal wants this project to be completed in five years, but India is not ready to commit.²⁰

In contrast, China and Nepal have agreed to "intensify connectivity under the BRI," which includes ports, roads, railways, aviation and communications.²¹ Under the framework of Trans-Himalayan multidimensional connectivity network, the Chinese Qinghai-Tibet rail—already fully operational up to Xigaze (Refer Map)—is expected

The planned extension of the Qinghai-Tibet railway to Gyirong and into Nepal.



Source: Author's own, based on Google Maps.

to soon reach the Nepal border (Rasuwagadi) through Tibetan town Gyirong.

Thereafter, this railway line would connect Gyirong to Kathmandu which would further extend to the Nepalese tourist towns of Pokhara and Lumbini.

This railway line is being trumpeted as a potential windfall for Nepal's tourism industry, with some 2.5 million Chinese pilgrims and tourists expected to visit annually.²² Incidentally, in the first quarter of 2018, for the first time, Nepal welcomed more Chinese than Indian tourists.²³ It would also provide Nepal an alternative to complete dependence on India with regard to logistic corridor for critical supplies like petroleum products.²⁴

The Chinese government has already conducted a pre-feasibility study on the Gyirong-Kathmandu railway²⁵ and it may not come as a surprise if China lays down the Kathmandu-Tibet rail link as promised by 2022, much before India makes a visible progress on the ground in its competing rail project.

Scenario 3. Currently, Nepal uses the Indian ports of Kolkata and Vishakhapatnam mostly through the

Raxaul-Birgunj border crossing, to conduct trade with third countries through the Bay of Bengal.²⁶ The cost of cargo between Kolkata and Kathmandu is three times compared to the cost of cargo between Hamburg in Germany and Kolkata. In addition to that, traders also face customs trouble at the Indian ports.²⁷ To counter this, China has already granted Nepal access to its ports of Tianjin, Shenzhen, Lianyungang and Zhanjiang, thereby opening alternate maritime routes for the landlocked nation.²⁸

These scenarios sum up the current situation. Verily, it is legitimate for any country, especially for a landlocked one to seek to diversify its options, but the fact that this is happening due to India's laxity towards Indo-Nepal ties, is raising hackles.

So, has Nepal totally weaned away from India? The answer as of now is "NO," but today India cannot afford to ignore China in its relations with Nepal; time has reached wherein China and India will keep competing for more influence in Nepal even at the cost of leveraging their basic policies to suit their support. This fight is bound to intensify.

Is Nepal Playing the China Card on India?

Nepal's diplomacy game is going pretty strong. Nepal has realised that it could use the tension between the major superpowers in the Indian Ocean region to its utmost benefit, and being overly reliant on either of the two would only lead to potential problems if either country withdrew their support.

This policy of Nepal to counterbalance China and India has been in vogue for long. The founder of the kingdom of Nepal, King Prithvi Narayan Shah, had described Nepal's location as being like a yam between two stones.²⁹ King Mahendra took this concept as a blessing in disguise, and began taking advantage of Nepal's typical geographical situation in the Himalayas by playing one neighbour against another for the interest of his own country.³⁰

However, due to recent change in regime and long list of unresolved contentious issues, there appears to be a tectonic shift in this policy with Nepal emerging to be tilting towards China rather than counterbalancing the two. Of late, playing of China card against India and promoting nationalism, based on anti-India sentiments, has become an instrument of Nepal's domestic politics which was not the case earlier.

Though, for a country like Nepal with half of its population being unemployed, and most of its citizens living in abject poverty, taking economic aid from China rather than indifferent India, looks justified. The more so when China's "cheque book diplomacy" is overtly working well for the other smaller nations.

But, this deviation from counterbalancing to tilting towards China, raises a few moot questions: whether Nepal can survive without India? Or, in this inclination, Nepal has misread the current geopolitical dispensation? Or, is this to make India realise its importance.

Nevertheless, no immediate change in Nepal can be anticipated as Mr. Oli's predicament is that he cannot retract at the moment as he came to power on anti-India rhetoric and deviating so soon from this ideology would be a political suicide for him.

Can Nepal Build Ties with China at the Expense of India?

Pragmatically, China cannot substitute India in Nepal and the idea that China is set to replace India as the primary external actor in Nepal, would be grossly misleading.

If Mr. Deep Kumar Upadhyay, former Nepalese ambassador to India is to be believed, Nepal is grappling with problems of trade imbalance and slow progress of projects with China too, which they do not openly articulate. China has walked out of two projects, West Seti and Budhi Gandaki hydropower projects, blaming Nepal Nepal, (The new regime though has given the projects back to Chinese companies). The Bhairahawa airport, given to a Chinese firm in 2013 for upgrading, is not yet ready, neither is the Pokhara one, started in 2016.³¹

Actually Nepal is yet to realise the brutal fact that, no country has come out healthier after a tight embrace with Beijing. Examples do exist, ranging from Malaysia to Sri Lanka, and even Pakistan. Nepal has failed to discern that.³²

The use of Chinese seaports which have been offered to Nepal are not likely to be viable for three distinct reasons. Firstly, these Chinese seaports are much further from Nepal than India's Kolkata and Visakhapatnam, and secondly, these routes will be considerably more expensive and time-consuming to access than India's seaports as they have to pass through high-altitude terrain.

It is predicted that the cost of docking cargo in a Chinese port 3,000 km away, and thereafter transporting it through harsh mountainous terrain and bringing it in through a seasonal road may be feasible, but neither cost-effective nor viable. Conversely, Kolkata and Visakhapatnam seaports are 550 km and 1,300 km respectively, from the nearest India-Nepal border, and have easier routes to traverse.³³ With Nepal needing supplies throughout the year, and with its limited storage capacities, relying solely on China would be a strategic miscalculation by Nepal.

Although China is a major investor and exporter to Nepal, it does not rank among the top five importers, whereas India receives 63 per cent of Nepali exports which is indicative of Nepal's economic overdependence on India.

Despite many differences, Nepal still enjoys an open border with India, and over a million (possibly many more) Nepalese work in India without requiring permits. Seven regiments of Nepalese citizens—Gorkhas—are part of the Indian Army, and the Indian government still pays pensions to some 127,000 Nepali veterans. These are not functions that China can replicate.³⁴

A significant chunk of the Nepalese population has many relatives in India too. These Nepalese constantly move between India and Nepal and also have marriages with people in India. Thus, India wields significant influence over this population.³⁵

Lastly, Nepal somewhere knows that India may be an irritant, but is not an expansionist like China. India will not entrap Nepal, and it is because of this reason once the Nepali "emancipation" is complete and once its leadership has assured its citizens that they are out of India's hegemony, Nepal would eventually return to India, and when it comes, India should be prepared and equipped to re-embrace it as an equal, not patronisingly as a little brother.³⁶

Yet, it will be foolish to believe that India would remain the sole force to influence Nepal. Times have changed and so have the aspirations of Nepal and its population. China is becoming a major source of assistance and its investments in Nepal are growing rapidly in every sector; creating jobs, livelihood and a structure for a sustainable and stable economy. What has remained for India to do is to retrospect and holistically reconstitute sensitivities, expectations and complexities on both the sides and recalibrate its stratagem for future.

What India needs to Retrospect

The increasing engagement between Kathmandu and Beijing not only poses security concerns for India but

undermines its influence in the neighbourhood. India can no longer presume that the Himalayas offer a natural hurdle between Nepal and China.

Today, Nepal is in a constitutional, economic and political transition. It is entangled between anti-India sentiments; lure of Chinese money and its national interests. The interplay between these issues is its biggest challenge and would guide its hedging policy for future.

Accordingly, India to start with, has to align its response strategies to these challenges of Nepal. The "arrival" of China and its growing presence in Nepal is no more a conjecture in Indo-Nepal ties. Therefore, rather than bemoaning Chinese presence, India should instead provide an alternate narrative for India-Nepal ties. As per S. Jaishankar, former foreign secretary of India, "The rise of China has fundamentally changed the global calculus. Expectations, opportunities and challenges in our neighbourhood require greater Indian initiative. The name of the game is less of balancing and more positioning. This is not just an issue of intent, it's also one of delivery."³⁷

Presently, India has limitations to match China, but it is too strong to sit idle. To prevent China further outpacing India, a reassessed and long-term vision towards Nepal needs to be envisioned, otherwise India risks becoming a power unable to control its own sphere of influence.³⁸

Internally, Nepal's domestic public is currently suffering from "Indo-phobia." New Delhi must understand the cause of this changing Nepalese attitude in the first place, more than simply countering anti-India sentiment.³⁹ India should alter its behaviour and without being seen hegemonic, minimise its mistrust with Nepal. Time has come to shed the "dominance" tag and incorporate "equality" in our bilateral policies with Nepal. Viewing Nepal beyond the realms of security is the need of the hour.

The future of Indo-Nepal ties should be nurtured and reinforced on people-to-people ties and cultural

connect, based on sovereign equality and sustainable partnership as the theme.

What then should India do?

India should forthwith take corrective steps on brewing China-Nepal relations and rebuild its leverage in Nepal. Semantically, the task of improving Indo-Nepal relations largely rests on India; primarily because of the follies of the past, and also because unlike Nepal, it does not simply have an alternative.

In his book, *How India Sees the World*, Shyam Sharan writes, “In my view, a better approach would be to offer Nepal ... the use of our roads and ports on the same terms as for Indian citizens and companies. The efforts should be to comfort Nepal [so] that they are ‘India open,’ not ‘India-locked.’”

Taking a cue from its diplomacy success with Bangladesh, India should firstly reinstate the trust and showcase its genuine intent to Nepal, by taking tangible actions in ironing out all its outstanding and contentious issues, with them.⁴⁰

As for constitutional reform issue, India must understand that it has little choice but to ease off its demands for Nepalese constitutional reform in favour of the Madhesis and should also restrain from using coercive tactics. This aspect requires immediate clarity and visibility.

The panel report of EPG, ready since July 2018, needs discussion in fast-track mode to reset and usher new relations between the two nations. Revisiting this vintage peace treaty of year 1950 is a dire need owing to the changed geostrategic, geo-economic and regional dynamics.

Water unites the countries and divides the countries as well. India will have to find a formula of developing Nepal’s water, which is also perceived by Nepalese as fair and just. It is not Oli or China, it is water which has higher stakes for India to keep Nepal at her side.⁴¹

India should proactively push Bangladesh-Bhutan-India-Nepal (BBIN) road initiative through its

consistent execution. At a time when Beijing’s BRI is upending strategic equations across the continent including Nepal, this project becomes more pertinent as Nepal stands to benefit the most from this connectivity project.

India requires to work towards its image building in Nepal by removing the apprehensions of locals as well as the political class. No biases in dealing with people of Terai and Hill/Kathmandu should be pursued. The time has come to avoid dealing only with the regimes. Reach out to all political parties and elites for obvious gains.

When it comes to work and education, India is the “powerhouse” in the region, however, this perception is dwindling of late. Necessitate regaining the same, by making work and education more lucrative for Nepalese in terms of ease, concessions and continuity.

Since the beginning of civil aviation, India has provided only one international air passage to Nepal through the Simara route. India, during its PM’s visit to Nepal last May, pledged three air passages through Biratnagar, Janakpur and Mahendranagar. India should ratify them immediately.

India requires to take positive steps for ease of doing business. The bottom line is, the common Nepalese should find it more lucrative to do business with India vis-à-vis China. India’s imposition of non-tariff barriers and lack of standard infrastructure is Nepal’s prime discontent with India. This needs to be obviated immediately.

The road conditions on the Indian side of the border necessitate improvement as most Nepalese businessmen take this as an impediment in making Nepalese goods competitive. Cargo trucks sometimes have to wait seven to fourteen days to enter Nepal, resulting in rise of transportation costs.

India has already budgeted a 73 per cent increase in foreign aid allocation to Nepal for integrated checkpoints, cross-border railways, power transmission lines and

inland waterways. But what it desperately needs is to deliver on its promises to regain its lost credibility.

Though measures should be taken to woo Nepal but, concomitantly, there is an ardent need that Nepal is made to realise two things. First, approaching China presently seems an easy solution to offset her problems with India, however, it has become a source of irritation for India. Second, aligning with other neighbours for economic gains should in no way, even inadvertently, impinge on the security of India.

Conclusion

India is more than aware that it has reached a watershed in its relationship with Nepal. Nepal is no longer a mere buffer that can be dominated through economic asymmetry or because it requires access to seaports. New Delhi thus needs to recalibrate its relationship with Kathmandu from “dominance to

equality.” India must humbly recognise that Nepal serves India by virtue of its geographic location and its cultural ties.⁴²

As a sovereign nation and with changed dynamics, Nepal will continue engaging China, so India should build its own capabilities and think what it wants from Nepal and what can be offered to them, in a more holistic and equitable manner. A piece-meal strategy is no future of Indo-Nepal relations.

India needs to master the tricky balance of maintaining allies in the neighbourhood while subtly showing them and the world that it is a growing power to be reckoned with. Though this will not be an easy task, India has to finally realise that with China breathing down its neck, it needs to treat ties with all its neighbours with egalitarianism rather than dominance.

Notes

1. <http://www.futuredirections.org.au/publication/india-nepal-relations-dominance-equality>
2. Deeptima Shukla, “India-Nepal Relations : Problems And Prospects,” *The Indian Journal of Political Science*.
3. India-Nepal-relations-dominance-equality, <http://www.futuredirections.org.au/publication>
4. India-Nepal-relations-complexities-misperceptions, <https://www.questia.com/library/journal/1P3-4199260221>
5. Is-China-eroding-India’s-influence-in-Nepal, <http://www.southasiaathudson.org/blog>, November 15, 2018.
6. India’s-mistakes-have-allowed-China-to-make-inroads-in-Nepal, <https://www.hindustantimes.com/analysis>
7. India-Nepal-friendship-treaty, <https://thewire.in/diplomacy/india-nepal-friendship-treaty>
8. Ibid.
9. It-is-water-not-China-that-has-ruined-Nepals-relations-with-India, <https://www.outlookindia.com>
10. Ibid.
11. Whither-India-Nepal-ties, <https://www.policyforum.net>
12. How-India-and-China-are-keeping-west-out-Nepal, <https://www.scmp.com/week-asia/geopolitics/article>
13. Ibid.
14. Is-India-Losing-Nepal-As-A-Loyal-Neighbour-To-China, <http://www.businessworld.in/article>
15. Deepak Adhikari, “Nepal gets access to China ports, analysts say it’s a ‘huge deal,’” <https://www.aljazeera.com/indepth/features>, September 2018.
16. Is-India-Losing-Nepal-As-A-Loyal-Neighbour-To-China, <http://www.businessworld.in/article>
17. Driven-India-China’s-arms-Nepal-new-Sri-Lanka, <https://www.scmp.com/week-asia/geopolitics>
18. Ibid.
19. Ibid.
20. Redefining-India-Nepal-engagement-is-easier-said-than-done, <https://thewire.in/diplomacy>
21. Joint Statement between Nepal and the People’s Republic of China, June 21, 2018, <https://mofa.gov.np>
22. “China to conduct feasibility study: Kerung-Kathmandu rail network,” <http://kathmandupost.ekantipur.com/news>
23. “Chinese arrivals surpass Indian tourist numbers,” <https://myrepublica.nagariknetwork.com/news/39958>
24. China’s-growing-footprint-in-Nepal-challenges-and-opportunities-for-India, <https://www.orfonline.org/research>
25. India-is-driving-Nepal-into-the-arms-of-China, <https://www.asiatimes.com/2019/01/opinion>

... Transmute from Dominance to Equality

26. Meeting of Nepal-India Inter-Governmental Committee (IGC) on Trade, Transit and Cooperation to Control Unauthorised Trade held at Kathmandu on April 26-27, 2018, Ministry of Commerce, Government of Nepal.
27. "UN concerned as India-Nepal border issues hit supplies for earthquake victims," *The Economic Times*, October 25, 2015.
28. Ibid.
29. Arijit Mazumdar, *Indian Foreign Policy in Transition: Relations with South Asia*.
30. DEBATE.pdf, <http://associationdiplomats.org/Publications/ifaj/Vol11>
31. Tectonic-shift, <https://www.theweek.in/theweek/more>, November 10, 2018.
32. "A special but vulnerable Himalayan relationship," <https://www.livemint.com>
33. India-is-driving-Nepal-into-the-arms-of-China, <http://www.defencenews.in/article>
34. India's-demise-regional-power-greatly-exaggerated, <https://theprint.in/opinion/reports>
35. "Tectonic-shift," <https://www.theweek.in/theweek/more>, November 10, 2018.
36. The-changing-face-of-India-Nepal-relations, <https://swarajyamag.com/world>
37. S. Jaishankar, "Disruption in world order: The nimblest power with least problems will fare best," *The Economic Times*, August 13, 2018.
38. India-Nepal-China-politics-problems-influence, <https://worldview.stratfor.com/article>
39. Nepal-trusts-India-much-less-China, <https://modern diplomacy.eu>, January 30, 2018.
40. India-Nepal-relations-dominance-equality, <http://www.futuredirections.org.au/publication>
41. It-is-water-not-China-that-has-ruined-Nepal's-relations-with-India, <https://www.outlookindia.com/website/story>
42. India-Nepal-relations-dominance-equality, <http://www.futuredirections.org.au/publication>

The contents of this Issue Brief are based on the analysis of material accessed from open sources and are the personal views of the author. It may not be quoted as representing the views or policy of the Government of India or Integrated Headquarters of MoD (Army).



CENTRE FOR LAND WARFARE STUDIES (CLAWS)

RPSO Complex, Parade Road, Delhi Cantt, New Delhi 110010

Tel.: +91-11-25691308, Fax: +91-11-25692347, Email: landwarfare@gmail.com

Website: www.claws.in

CLAWS Army No. 33098