

MORE HIT THAN MISS IN INDIA-NEPAL TIES

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'The fact that both sides successfully avoided controversial issues and public disagreements went a long way in keeping the focus on economic ties and ensuring that the Prachanda visit was successful' | Photo Credit: ANI

On his return to Kathmandu after concluding his four-day official visit to India, Nepal Prime Minister Pushpa Kamal Dahal 'Prachanda' described it as "successful". He has reason to be satisfied. This is Prachanda's third stint as Prime Minister and compared to his earlier official visits in 2008 and 2016, the visit in 2023 has delivered many more concrete outcomes. But what is more important is that many controversial issues were successfully skirted.

Under Prachanda's leadership, the Maoist Centre had fought the elections last year in coalition with the Nepali Congress (NC). There was a falling out over claims to the post of Prime Minister, and Prachanda switched sides to team up with the K.P. Sharma Oli-led UML. Prachanda was sworn in as Prime Minister on December 26. However, the NC decided to support Prachanda in a vote of confidence, suggesting that since he had emerged as a consensus Prime Minister supported by 268 members in a 275-member House, he should also go for a national consensus apolitical President. Though Prachanda had earlier agreed to support UML candidates for the post of President (due for election in March) and Speaker (in return for making him Prime Minister), he began to backtrack.

Relations between Mr. Oli and Prachanda soured with Mr. Oli accusing Prachanda of 'betrayal' and Prachanda claiming that he wanted to ensure political stability by taking all parties along. The opportunistic Oli-Prachanda alliance collapsed and by end-February, the UML withdrew support. In order to stay in power, Prachanda went back to the NC, ready to support its candidate for President. On March 20, NC returned the favour by helping Prachanda win a fresh vote of confidence, with the UML sulking in the opposition.

A complex power-sharing arrangement has been worked out with Prachanda continuing as Prime Minister for two years, followed by the Madhav Nepal (CPN-Unified Socialist) for a year, and then the NC leader, Sher Bahadur Deuba, for the remaining two years. Nepal's transition to a federal republic (it began in 2008 with the abolition of the monarchy and the election of a new Constituent Assembly) has been politically tumultuous, but largely peaceful. Following the adoption of a new Constitution in 2015, two rounds of elections have been held, in 2017 and last November. Hopefully, the current coalition has enough incentive to hold together, providing an opportunity to the government to focus on the economy.

During his path-breaking visit to Nepal in August 2014, Prime Minister Modi had invoked 'neighbourhood first' to denote a new beginning in relations. To highlight the focus on connectivity, he coined the acronym HIT, covering Highways, Infoways, and Transways. However, relations took a downturn in 2015 with the economic blockade. Repairing the relationship has been a slow process but results are now visible, leading Mr. Modi to recall and revive the old acronym.

For years, there have been statements about cooperation in the hydropower sector, but, gradually, things are looking up. Nepal is endowed with an economically viable potential of 50,000 MW of hydropower, but till a decade ago, had an installed capacity of barely 1,200 MW, making it dependent on electricity imports from India.

Today, Nepal has an installed capacity of 2,200 MW, and in season, can export power to India. A 400 KV transmission is now operational. In 2021, Nepal made a modest beginning by exporting 39 MW; the following year it went up to 452 MW, earning Nepali rupees 11 billion in export earnings. In the lean season, Nepal does import power from India but its dependence has dropped from 20% to 10% during the last five years.

Both sides have finalised a long-term power trade agreement targeting the export of 10,000 MW within a 10-year time frame. The 900 MW Arun III project started in 2018 by the SJVN (formerly the Satluj Jal Vidyut Nigam) will be operational later this year.

In addition, it signed a memorandum of understanding (MoU) for the 695 MW Arun IV project last year. The National Hydroelectric Power Corporation (NHPC) signed two projects last year — a total of 1,200 MW. During the visit, announcements were made about the SJVN signing the 669 MW Lower Arun project and the NHPC Limited, the 480 MW Phukot-Karnali projects.

To keep pace, work has begun on a second high voltage transmission line between Butwal and Gorakhpur; two more have been planned under a line of credit of \$679 million. By agreeing to the Nepali demand for the facility to export electricity to Bangladesh using the Indian grid, India has highlighted the prospects for sub-regional cooperation.

To facilitate the movement of goods and people, the Rupaidiha-Nepalgunj Integrated Check Post was inaugurated, work begun on the Sunauli-Bhairahawa integrated check post and an MoU signed for another at Dodhara Chandni. There is a plan to extend the Jaynagar-Kurtha railway line inaugurated last year, while more links are to be taken up. After the Motihari-Amlekhgunj petroleum pipeline was operationalised in 2019, work has begun to extend it to Chitwan and an MoU for a new pipeline between Jhapa and Siliguri signed, which includes terminals and other infrastructure. Negotiations on these projects have been time consuming; the challenge is to ensure their implementation on time.

The fact that both sides successfully avoided controversial issues and public disagreements went a long way in keeping the focus on economic ties and ensuring that the Prachanda visit was successful. Of the three difficult issues, two are of recent origin and the third is a legacy issue.

The latest issue is the Agnipath scheme that impacts the recruitment of Gurkha soldiers into the Indian Army's Gurkha regiments, a practice that began in 1816 by the British Indian Army. This was continued under a 1947 treaty based on 'equal treatment'. The Agnipath revision of the terms needs to be discussed between the two armies and the defence and finance officials concerned. But a resolution is possible given the traditional ties between the two Services.

The second is the Kalapani boundary issue that was deliberately stoked as a nationalist cause

by Mr. Oli in 2020, when his position as Prime Minister was under threat. A constitutional amendment was pushed through and Nepal's map changed unilaterally. Resolving this will need time because a lasting solution will need political wisdom and understanding.

The legacy issue is the India–Nepal Treaty of Peace and Friendship of 1950. In Nepal, conviction has taken root that the Treaty is unfair as it was imposed somehow. This ignores the reality that in 1949, the Nepali regime was perturbed by the Maoist revolution in China and the subsequent takeover of Tibet. It sought an understanding with India, and the 1950 Treaty, in large measure, reflects the provisions of the 1923 Treaty between Nepal and British India. In fact, the Treaty enables Nepali nationals 'equal treatment' in terms of employment and permits them to apply for any government job, except for the Indian Foreign Service, the Indian Administrative Service and the Indian Police Service. Nepali nationals work in the Indian private and public sector, have joined the revenue services, and in the Army, have risen to become two-star generals.

The demand to review the Treaty was officially raised first in 1995; in 1996, it was on the agenda of the Foreign Secretary's meeting. Subsequent summits have included a reference to 'review and update' it, but substantive talks have not taken place. However, some of the cobwebs of history need to be cleared so that discussions can take place in an objective manner that addresses the concerns of both countries.

For the present, as Mr Modi and Prachanda have demonstrated, the focus on HIT will go a long way in rebuilding trust.

Rakesh Sood is is a former Indian diplomat who served as Ambassador to Nepal

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