



# **GS FOUNDATION BATCH FOR CSE 2024**

## **International Relations- 06**

**(India-Nepal, India-Bhutan and  
India-Maldives Relations)**

## Nepal

### Evolution of Present Day Nepal:

From 1846-1951, Rana dynasty ruled Nepal, reducing the Shah monarchy to a figurehead. PM and other positions were held by Ranas hereditarily. The **1951 Democracy movement** brought power back to the King with the overthrow of Ranas and King Tribhuvan was reinstated as the Head of the State. In early 1959, Tribhuvan's son King Mahendra issued a new constitution, and the first democratic elections for a national assembly were held. The Nepali Congress Party was victorious and their leader, Bishweshwar Prasad Koirala formed a government and served as prime minister. In 1959, King declared NC as corrupt, removed it from power and subsequently installed a party-less Panchayat system. After many years of struggle when the political parties were banned, they finally mustered enough courage to start a People's Movement in 1990. Paving way for democracy, the then-King Birendra accepted constitutional reforms and established a multiparty parliament with King as the Head of State and an executive Prime Minister. But in February 1996, the Maoist parties declared People's War against monarchy and the elected government.

In February 2005, King Gyanendra dismissed Nepal's government and declared a state of emergency on the ground that the leaders had failed to restore peace or hold elections. In April 2006, another People's Movement was launched jointly by the democratic parties focusing most energy in Kathmandu which led to a 19-day curfew. Eventually, King Gyanendra relinquished his power and reinstated the Parliament. On November 21, 2006, Prime Minister Girija Prasad Koirala and Maoist chairman Prachanda signed the **Comprehensive Peace Agreement (CPA) 2006**, committing to democracy and peace for the progress of the country and people. A Constituent Assembly election was held on April 10, 2008. On May 28, 2008, the newly elected Constituent Assembly declared Nepal a Federal Democratic Republic, abolishing the 240 year-old monarchy.

After the devastating earthquakes in April 2015, political parties showed urgency to expedite the constitution writing so that focus could be diverted to post-disaster reconstruction afterwards. The new constitution of Nepal was promulgated through an overwhelming majority of the votes of CA members on September 20, 2015.

### India's concerns about Nepal's constitution:

Just days before formal adoption of the constitution, India's the then Foreign Secretary S Jaishankar went to Nepal. News outlets reported that he pressed the Nepalese government to delay the adoption of the constitution and hold discussions with political groups opposed to it. After adoption, India stated that it "noted" the promulgation. India also expressed concerns about situation in several parts of Nepal bordering India.

Tarai population mainly the Madeshis and the Tharu ethnic minorities expressed concern that the proposed boundaries of the new provinces could lead to their political marginalisation. There were also concerns related to citizenship. However, the citizenship law has been amended to address the concerns.



### Present Provincial Map of Nepal



### Map demanded by Madhesi and Tharus

### Significance of Nepal

1. Buffer state between India and China
2. Investment in hydroelectric power to achieve Paris climate goals.
3. Cooperation over flood control in northern regions of Uttar Pradesh and Bihar.
4. Avenues for investment and Economic Cooperation
5. Common security threats and threats of climate change.
6. Cultural and civilizational linkages and people to people relations

### India Nepal Relations:

- The **India-Nepal Treaty of Peace and Friendship 1950** forms the bedrock of the special relations that exist between India and Nepal.
- Nepalese citizens avail facilities and opportunities on par with Indian citizens in accordance with the provisions of the Treaty. Nearly 8 million Nepalese citizens live and work in India.
- The close cooperation between two nations expands across all domains. The relation has also been called as “**Beti-Roti ka naata**.”

### Economic Cooperation:

- Total bilateral trade is **more than \$8 billion** With Nepal's exports to India around \$500 million. Huge deficit is a matter of resentment among Nepalese political elite and common people.
- India is Nepal's largest trade partner and the largest source of total foreign investments (China has been the largest source of FDI in Nepal from 2015 onward).
- Indian firms are among the largest investors in Nepal, accounting for more than 30% of the total approved foreign direct investments. But in 2019, China accounted for approximately 40% of new FDIs against India's 30%.
- For many small and medium Nepali businesses, it is now easier to trade with China because of the rules like GST, delay at border check posts etc. have made it harder to do business with India.
- In 2019, China accounted for approximately 40% of new FDIs against India's 30%.

### Recent Steps:

1. Nepal permitted to sell power to India through its exchange. This would ensure better price realization.
2. Nepal and India have agreed to amend the bilateral transit treaty in a bid to boost trade and connectivity.
3. Integrated Check Posts (ICPs) at borders to systematize the movement of cargo trucks.

**Defence Cooperation:**

1. Surya Kiran joint military exercise.
2. Since 1950, India and Nepal have been awarding each other's Army Chief with the honorary rank of General in recognition of the mutual harmonious relationship between the two armies.
3. 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.
4. India has been assisting the Nepal Army (NA) in its modernisation by supplying equipment and providing training. Assistance during disasters, joint military exercises, adventure activities and bilateral visits are other aspects of India's defence cooperation with Nepal.

**Energy Cooperation:**

1. India and Nepal have a Power Exchange Agreement since 1971 for meeting the power requirements in the border areas of the two countries. India currently exports 600 MW of power to Nepal.
2. **Motihari Amlekhgunj pipeline** for export of petroleum products pipeline.
3. **Mahakali Treaty** concerning the integrated development of the Mahakali River, which included Sarada barrage, Tanakpur barrage and Pancheshwar Dam Project
4. Sapta-Kosi High Dam Project and SUN Kosi storage cum diversion scheme.
5. **Arun III project** (Joint development), largest India- funded project to supply electricity to Nepal and India has been completed within time by SJVN. Thus, Arun-IV has been awarded to same company.

**Note:** Nepal has the potential to generate at least 40,000 MW of hydroelectricity, but its current production is only 1,000 MW. The current demand stands at 1,200 MW

**Challenges with hydro-power cooperation:**

- Nepal constitution has provision that any treaty or agreement with another country on natural resources will require parliamentary ratification by at least two-third majority.
- Delay on part of India in executing Mahakali project and Upper Karnali project.
- Skepticism among the common population about exploitation of Nepal's water resources without due benefit to Nepal.

**Challenges in the relationship:**

1. **India Nepal Treaty of peace and friendship 1950:** It was signed between unequals was seen as insult to Nepal. It is seen as affront to Nepal sovereignty. Nepal has asked for revision of the treaty India has agreed to the revision. However, little movement has been made in this direction.
2. Nepalese nationalism transcending to Anti-India sentiment.

3. Concerns about market access and freedom to trade with 3<sup>rd</sup> nation.
4. Concern about exploitation of Nepal's water resources.
5. Concerns about interference in Nepal's internal affairs
6. India as a punching bag in Nepal's internal politics
7. Nepal's communist regime and their proximity to China.
8. Unequal treatment of terai population vis-a-vis hill elite.
9. Protests against Indian projects and delay in project clearance.
10. Nepal's new Map, where it has included three districts of India.

#### Suggestions:

1. Revising treaty of peace and friendship 1950 on the lines of Bhutan.
2. Diplomatic negotiations for peaceful resolution of disputes
3. Giving priority to economic dimension by expediting investment and project clearance.
4. Going for institutional cooperation

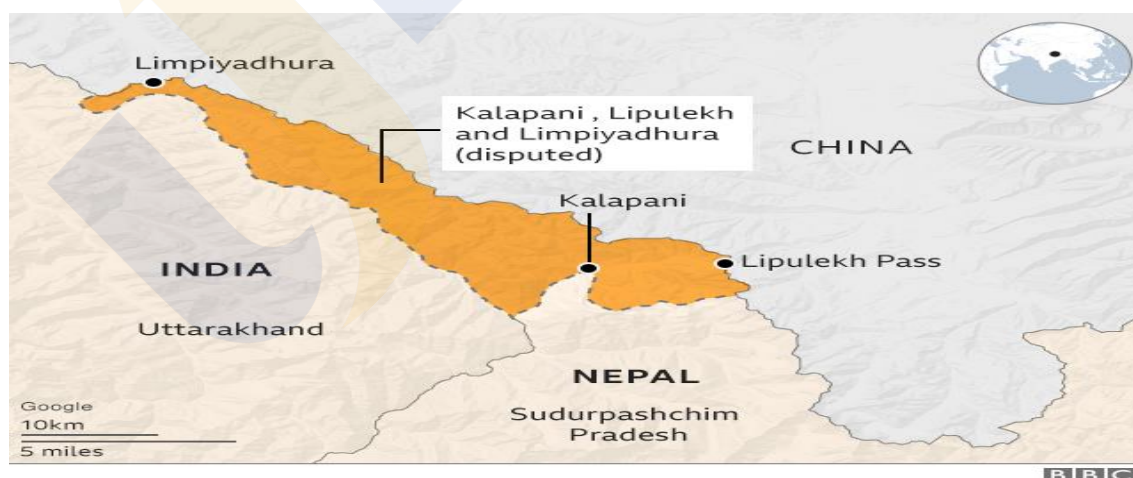
#### Territorial disputes between India and Nepal:

Currently, India and Nepal have border disputes over Kalapani - Limpiyadhura - Lipulekh trijunction between India-Nepal and China and Susta area (West Champaran district, Bihar).

#### Kalapani Dispute:

The discrepancy in locating the source of the Kali River led to boundary disputes between India and Nepal, with each country producing maps supporting their own claims. Both India and Nepal claim Kalapani an integral part of their territory. India as part of Uttarakhand's Pithoragarh district and Nepal as part of Dharchula district. In the new map, Nepal has expanded its claim upto Limpiyadhura.

Nepal has released a new political map that claims Kalapani, Limpiyadhura and Lipulekh of Uttarakhand as part of Nepal's territory.



The **Treaty of Sugauli** signed by the Kingdom of Nepal and British India (after Anglo-Nepalese War) in 1816 located the Kali River as Nepal's western boundary with India. Both



India and Nepal claim Kalapani as integral part of their territory. India as part of Pithoragarh district in Uttarakhand and Nepal as part of Dharchula district. In the new map, Nepal has extended this claim up to Limpiyadhura.

Constitutional amendment Bill changing Nepal's map has been passed by both houses and signed by the president. Thus, making it a law and difficult to amend. India has rejected the map, saying it is not based on historical facts or evidence.

#### **Nepal's Stand:**

- Kali river originates from a stream at Limpiyadhura, north-west of Lipu Lekh. Thus Kalapani, and Limpiyadhura, and Lipu Lekh, fall to the east of the river and are part of Nepal's Dharchula district.
- The territory of Kalapani was offered to India by King Mahendra after the 1962 India-China war who wanted to help India's security concerns due to perceived lingering Chinese threats.

#### **India's stand:**

- Kali river originates in springs well below the Lipu-lekh pass, and the Sugauli Treaty does not demarcate the area north of these streams.
- The administrative and revenue records of the nineteenth century also show that Kalapani was on the Indian side, and counted as part of Pithoragarh district of Uttarakhand.

#### **Views of experts:**

- Nepal's deliberate effort to make the Lipu-Lekh Pass a disputed tri-junction (between India-China and Nepal) in which Nepal has an equal share.
- India perceives Nepal to be tilting towards China under the leadership of Prime Minister K P Oli and his Nepal Communist Party.

**Susta Region:** The change of course by the Gandak river is the main reason for disputes in the Susta area.

#### **PM Modi Visit to Nepal in May 2023:**

- Fifth visit of PM Modi since 2014.
- Launched the construction of the **India International Centre for Buddhist Culture and Heritage** in the Lumbini.
- India has offered to set up a satellite campus of the Indian Institute of Technology (IIT) in Rupandehi
- Agreement to jointly develop Arun 4 project.
- Nepal also invited Indian companies to invest in **West Seti hydro power project**, after Chinese withdrawal, the project to be given to India.

## Nepal China Relations

### Importance of Nepal for China:

1. Nepal's territory is not used by Tibetan dissidents.
2. Expanding its reach to the South Asia and encircling India
3. Exploiting Nepal's market, its resources and its manpower for Chinese economy
4. Nepal forms part of **China's five finger and palm vision** about Tibetan plateau, that China needs to control.

### Importance of China for Nepal:

- Playing China card to balance and extract more benefits from India.
- Source of investment and alternate route for connecting with the outside world.

### Recent events in Nepal-China Relations:

- In recent times, China has become biggest investor in Nepal, replacing India.
- The two sides have already concluded trade and transit agreements, and Nepal is eyeing connections with the Chinese market and oil refineries as well as the global supply chain via Chinese ports: Tianjin seaport to the east, Central Asia to west and beyond.
- In 2017, Nepal signed the framework for nine projects under the Chinese Belt and Road Initiative (BRI). The projects have been trimmed down from 39. Even after five years, BRI projects are nowhere on the horizon.
- China has abandoned West Seti hydro power project, that has been taken up by India.

**China's border encroachment:** There has been news of illegal encroachment by China along the Northern borders of Nepal. This has increased scepticism about China in Nepal.

In November 2020, Nepali politicians claimed China had annexed more than 150 hectares of Nepal land in Humla district. The Nepali government in September 2021 formed a team to study the claim. A leaked government report confirmed the accusation. Also, as per a survey document issued by the Ministry of Agriculture, China encroached on 36 hectares of Nepal's land at 10 places on the northern border.

## India Bhutan Relations

Bhutan is the most stable relationship in the neighbourhood. It is the largest beneficiary of India's foreign aid.

On August 9, 1949, Bhutan and India signed the **Treaty of Friendship**, calling for peace between the two nations and non-interference in each other's internal affairs. However, Bhutan agreed to let India "guide" its foreign policy and both nations would consult each other closely on foreign and defence affairs.



The occupation of Tibet by Communist China brought both nations even closer. In 1958, the then-Indian Prime Minister Jawaharlal Nehru visited Bhutan and reiterated India's support for Bhutan's independence and later declared in the Indian Parliament that any aggression against Bhutan would be seen as aggression against India.

From 2003 to 2004, the Royal Bhutanese Army conducted operations against anti-India insurgents of the **United Liberation Front of Assam (ULFA)** that were operating bases in Bhutan and using its territory to carry out attacks on Indian soil.

India re-negotiated the 1949 treaty with Bhutan and signed a **new treaty of friendship in 2007**. The new treaty replaced the provision requiring Bhutan to take India's guidance on foreign policy with broader sovereignty and not require Bhutan to obtain India's permission over arms imports.

A 2,000 strong Indian Military Training Team (IMTRAT) is permanently based in western Bhutan to train the Royal Bhutan Army, while other units regularly cooperate with the Royal Bhutan Army.

#### Importance:

1. Most reliable neighbour
2. Critical to safety and security of the northeast
3. Buffer against China
4. Investment opportunity and source for renewable energy
5. Ideal model for relationship between a big and small neighbouring country.

**Economic Relations:** Bilateral Trade – **\$1.4 billion (2021-22)**. Accounts for 80% of Bhutan's overall trade. In November 2021, the Indian government opened seven new trade routes for Bhutan's bilateral and transit trade with India, new market access was provided for allowing the formal export of 12 agri-products from Bhutan to India, and various special exceptions/quotas for export are also provided.

**Development Partnership:** India has been extending economic assistance to Bhutan's socio-economic development since the early 1960s. For Bhutan's 12<sup>th</sup> Five-year plan, India has contributed Rs. 4500 crores, 73% of Bhutan's total external grant component.

**Hydroelectric Cooperation:** Revenue from hydropower constitute significant portion of total revenue of the government for Bhutan. Four hydro-electric projects (HEPs) totalling 2136 MW are already operational in Bhutan and supplying electricity to India. Two HEPs namely, 1200 MW Punatsangchhu-I, 1020 MW Punatsangchhu-II in Inter-Governmental mode are under various stages of implementation.

#### Doklam Crisis:

Doklam is an area with a high plateau and a valley, lying between China's Chumbi Valley to the north, Bhutan's Ha District to the east and India's Sikkim state to the west. It has been

depicted as part of Bhutan in the Bhutanese maps since 1961, but it is also claimed by China. In June 2017, China attempted to extend a road on Doklam plateau southwards near Doka La pass, but Indian troops prevented further road construction.

### China- Bhutan Border dispute:

Bhutan shares a 477 KM long border with China. The dispute is mainly along three areas. In the North- Pasamlung and Jakarlung valleys. In the west-Doklam plateau. In 2020, China made new claims to the Bhutan's east in Sakteng Wildlife Sanctuary.



Although, Bhutan does not have a formal diplomatic relation with China, the country began its first border negotiations with China in 1984. To date, both countries have held 11 expert group meetings and 25 rounds of border negotiations. In October 2021, Bhutan and China signed an MoU on the Three-Step Roadmap for Expediting the China-Bhutan Boundary Negotiations. The three-step roadmap has still not been made public.

In 1990s, China had pushed for a packaged deal with China getting control of disputed areas in Bhutan's West in return for Bhutan securing its claim along the northern border. The proposal is concerning for India given the strategic importance of Doklam and its proximity to the Siliguri corridor.

### India-Maldives relations

India was among the first to recognise Maldives after its independence in 1965 and to establish diplomatic relations with the country. India established its mission at Malé in 1972. In 1988, under Operation Cactus, India helped the Maldives government in neutralizing a coup attempt by People Liberation Organisation of Tamil Eelam (PLOTE) mercenaries.

### Importance

1. Safety of sea lines of communication
2. Security to India's maritime trade as nearly 50% of India's external trade and 80% of her energy imports transit the westward SLOCs in the Arabian Sea.
3. Tackling Chinese designs in the Indian Ocean region
4. Preventing radicalization
5. Opportunity for investment

### Economic Cooperation:

- In 2021, India emerged as third largest trade partner with bilateral trade crossing \$300 million.
- With Maldives being a tourism-dependent economy, Indian tourists remain the leading source with 14.1% market share.

**Infrastructure Development: Greater Malé Connectivity Project (GMCP)**- \$500 million investment, largest ever by India in Male that will connect Male with three neighbouring islands.

### Security Cooperation:

- Defence line of credit worth \$50 million to facilitate capacity building in the maritime domain.
- Joint working group on counter terrorism, countering violent extremism and deradicalization.
- **Colombo security conclave** on maritime security involving India, Maldives and Sri Lanka to cover four areas of marine security, human trafficking, counter terrorism and cyber security.

### Disaster Management:

- During 2014 drinking water crisis in Male, India rushed assistance under “**Operation Neer**.”
- During **Covid-19 pandemic**, Maldives has been the biggest beneficiary of the Covid-19 assistance given by India among its all of India's neighbouring countries.

### Capacity Building and Training:

Capacity building and skills development is one of the key components of India's assistance to Maldives. India offers several scholarships to Maldivian students under schemes like ICCR scholarships, ITEC training & scholarships, medical scholarships etc.

### Economic concerns:

- **Chinese debt:** \$1.4 Billion in a \$5 billion economy.
- FTA with China in 2017 made China the biggest trade partner of Maldives. This has resulted in increasing trade deficit and drain of foreign exchange. Earlier India was the biggest trade partner.

**Challenges:**

- Increasing economic dependence on China might limit India's options in Maldives.
- Increasing radicalisation in Maldives poses significant challenges to India as well as sea-lanes-of-communication.
- Anti-India sentiment within a section of Maldives population is another challenge in democratic Maldives.

The relations between the two countries have waxed and waned with the change of regime in Maldives. While relations were strained under the pro-China regime of their former President Abdulla Yameen, it improved under President Ibrahim Solih who affirmed to “**India First policy**”. Later on, ‘**India Out**’ campaign was launched in Maldives, led by Abdulla Yameen, against India's massive developmental funding for creating physical, social and community infrastructure, and incumbent President Solih's government retaining two India-gifted helicopters and their operational military personnel.

The new President **Mohamed Muizzu** had made removal of Indian forces from Maldivian soil as an election plank. As he took office, he has asked India to remove 77 military personnel and has promised to ensure that there won't be foreign military presence on Maldivian soil. He has also said about scrutinizing Indian projects in Maldives.

**India's Military presence in Maldives:** The presence includes two teams of 24 and 26 Indian security personnel assigned to a pair of helicopters, along with 25 personnel assigned to a Dornier aircraft -- all of whom reportedly enjoyed diplomatic immunity.

**Suggestions:**

- Quiet diplomacy to address the concerns of present regime.
- Economic investment in Maldives to present India as an option beyond China to Maldives.
- Going for third party cooperation with like-minded nations like Japan.
- Need to remain engaged politically, institutionally and strengthening track-II diplomacy for addressing Anti-India sentiments.
- Capacity building in the fields of climate change mitigation, local administration, employment generation etc.