

INDO-NEPALESE RELATIONS: WITH SPECIAL REFERENCE TO RELIGION, CULTURE AND GEOPOLITICS.

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DECLARATION

I, hereby declared that the presented work in the thesis entitled “**Indo-Nepalese Relations: With Special Reference To Religion, Culture And Geopolitics**” in fulfillment of degree of **Doctor of Philosophy (Ph.D.)** is outcome of research work carried out by me under the supervision of Dr. Deepanshu Sharma, working as Assistant Professor, in the **School of social sciences & language** of Lovely Professional University, Punjab, India. In keeping with general practice of reporting scientific observations, due acknowledgements have been made whenever work described here has been based on findings of other investigator. This work has not been submitted in part or full to any other University or Institute for the award of any degree.



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CERTIFICATE

This is to certify that the work reported in the Ph.D. thesis entitled “**Indo-Nepalese Relations: With Special Reference To Religion, Culture And Geopolitics**” submitted in fulfillment of the requirement for the award of degree of **Doctor of Philosophy (Ph.D.)** in the **School of social sciences & language ,Lovely Professional University**, is a research work carried out by **Rajeev Ranjan,(41900767)**, is bonafide record of his/her original work carried out under my supervision and that no part of thesis has been submitted for any other degree, diploma or equivalent course.



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ABSTRACT

This thesis explores the intricate and multifaceted relationship between India and Nepal, examining its historical, cultural, and geopolitical dimensions. The study delves into the profound historical linkage between these two nations, driven by shared cultural practices, religious ties, and centuries of cross-border interaction. Notably, the religious significance of sites like Janakpur and Pashupatinath in Nepal and India's Char Dham pilgrimage sites forms a critical aspect of this historical connection.

The India-Nepal Treaty of Peace and Friendship, signed in 1950, is a cornerstone of their bilateral ties, emphasizing mutual respect and cooperation. Geographically, Nepal's strategic location as a buffer state between India and China has profound implications for regional dynamics, while their open border facilitates cultural and economic exchanges.

Economic cooperation, trade, and investment have played pivotal roles in shaping the relationship between these two nations. India's position as Nepal's largest trade partner and source of foreign investments highlights the significance of their economic interdependence. Moreover, defense cooperation, exemplified by the recruitment of Nepali soldiers in the Indian Army and joint military exercises, underscores their shared security interests.

Despite challenges related to perceptions of interference in Nepal's sovereignty and China's growing influence, India and Nepal have made efforts to strengthen their ties. High-level dialogues, economic collaboration, and participation in regional forums demonstrate their commitment to mutual understanding and cooperation.

hiTs thesis provides a comprehensive analysis of Indo-Nepalese relations, emphasizing the enduring historical, cultural, and geopolitical factors that bind these nations. It also highlights the challenges and opportunities that shape their evolving partnership in the modern geopolitical landscape, with a focus on regional stability and prosperity in South Asia.

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ABBREVIATIONS

BIT- Bilateral investment treaty

BIMSTEC-Bay of Bengal Initiative for multi sectoral economic Co-operation

BIPA-Bilateral investment and protection agreement

EDI- Electronics Data Interchange

FDI- Foreign Direct Investment

FSSI- Food Safety and standardization authority

ICD- Inland container Depot

LDC- Least Developed Country

MFN- Most Favored Nation

PRA- pest risk analysis

RAW- Research and Analysis Wing

SAARC- South Asian association of regional co-operation

SAFTA- south Asian free trade Agreement

SAPTA- south Asian preferred trade Agreement

WTO- world trade organization

INTRODUCTION

Perhaps no any other countries in this world which are this much interlinked historically, geographically, politically, culturally, religiously and economically than India and Nepal. The relationship between India and Nepal is indeed unique and multifaceted, standing on a strong foundation of historical, geographical, and cultural ties. Both nations share a common heritage and religious practices, making them inseparable in many ways. As they embark on their respective paths to a promising future, India strives to overcome the remnants of its colonial history, embracing a glorious future. Simultaneously, Nepal is making strides in transitioning from a feudal and autocratic past to embrace the principles of democratic freedom. This evolving dynamic between the two countries reflects their shared commitment to progress and mutual cooperation, further strengthening their enduring bond.

The historical linkage between India and Nepal is deeply rooted in shared cultural, religious, and social ties that span centuries.¹ Both countries have a rich history of interaction and exchange, with their close proximity facilitating frequent cross-border movement and cultural influences. Hinduism and Buddhism, two major religions practiced in both nations, have played a significant role in shaping their historical connections. Nepal, being the birthplace of Lord Buddha, holds immense religious significance for millions of Buddhists in India and around the world.

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¹ Khilnani, N.M. (1993), "*Socio-Political Dimensions of Modern India*," M.D. Publications Pvt. Ltd, New Delhi, p. 71.

Similarly, India's religious and spiritual sites, such as Puri, Rameshwaram, Tirupati, Dwarka and the Char Dham pilgrimage sites, attract numerous Nepalese devotees. Pashupatinath Temple of Kathmandu and Janakpur, the sacred city associated with the legendary King Janaka and the holy site where Goddess Sita got married to Lord Rama, holds immense importance as a Hindu pilgrimage destination. It is revered by Hindus from both India and Nepal, drawing devotees seeking spiritual solace and blessings. People-to-people contacts, intermarriages, and familial ties have further strengthened the bond between the two countries. This historical linkage, coupled with the significance of Janakpur and Pashupatinath as a revered Hindu pilgrimage, continues to serve as a firm foundation for the close and enduring relationship between India and Nepal.

The cornerstone of their unique relationship is the 1950 Treaty of Peace and Friendship between India and Nepal.² The foundation of the unique relations between India and Nepal is the historic India-Nepal Peace and Friendship Treaty of 1950. This treaty, which was signed on July 31, 1950, has had a significant impact on how the two neighboring countries' bilateral relations have developed. The treaty reflects the historical, cultural, and geographical connections that have nurtured the friendship between India and Nepal over centuries. It emphasizes mutual respect, reciprocal treatment of Indian and Nepali citizens in residence, property, business, and movement, and the commitment to resolving any disputes peacefully. The treaty has been instrumental in facilitating people-to-people contacts, trade, and cooperation in various sectors. It has also served as a framework for addressing challenges and opportunities that emerge in the evolving regional and global dynamics. The Peace and Friendship Treaty continues to be a cornerstone of the strong and enduring relationship between the two countries, reinforcing their commitment to promoting peace, stability, and prosperity in the South Asian region. India and Nepal share an indissoluble geographical connection, which has been a defining aspect of their relations over centuries. Geographically, Nepal is nestled in the Himalayan region between the Tibet in the north and five Indian states - Uttarakhand, Uttar Pradesh, West Bengal, Sikkim, and Bihar - in the south, east, and west.

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² Ministry of External Affairs, Government of India. (1950). *India-Nepal Treaty of Peace and Friendship*. Retrieved November 12, 2023, from <https://mea.gov.in/bilateral-documents.htm?dtl/6295>

This strategic positioning places Nepal perfectly in the heart of India's 'Himalayan frontiers,' making it a buffer state between China and India.³ The open and porous 1750 km long border line between the two countries is a distinct feature, allowing for unhindered movement and communication between the people of both nations.

The river which originates in Nepal gives water to river systems of northern India whole year, providing ecological sustenance and hydropower potential. The geographical connections between India and Nepal serve as a crucial backdrop for their close and multifaceted relationship.

Trade and commercial activity between India and Nepal have been integral to their bilateral relations, fostering economic cooperation and facilitating cross-border exchanges.⁴ India is largest trade partner of Nepal, and the two countries share a special economic relationship due to their open border and historical ties. The geographical proximity allows for easy movement of goods and people, making India a crucial transit route for almost the entire Nepalese trade with third country. Indian companies are involved significantly in various sectors in Nepal, including manufacturing, banking, insurance, power generation, dry port, and tourism industries. Several Memorandums of Understanding (MOUs) have been signed between the governments of India and Nepal, promoting closer people-to-people contacts, cultural exchanges, and academic cooperation. India has also taken initiatives to enhance connectivity between the two countries, including plans for an railway connectivity linking Kathmandu with Raxaul in India. These trade and economic engagements reflect the depth of their economic interdependence and underscore the importance of their strong and cooperative relationship.

India and Nepal have a longstanding history of army and defense cooperation, which serves as a crucial aspect of their bilateral relations.⁵ The two countries share a close strategic partnership due to their geographical proximity and security concerns. The Indian Army includes Gorkha Regiment which is raised partly by recruiting soldiers from hill districts of Nepal, exemplifying

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³Dharamdasani, M.D. (1976), *Determinants and Objectives of India's Nepal Policy: Indian Diplomacy in Nepal*, Aalekh Publishers, Jaipur, p.4.

⁴Upreti, B.C.(2009), "*The India- Nepal Open Border: Nature, Issues and Problems*," *Himalayan Frontiers of India-Historical, Geo-Political and Strategic Perspectives*, Routledge, London, p. 124.

⁵ Dharamdasani, *Op.cit.*, p. 63.

the strong military ties between the two nations. Additionally, India and Nepal conduct joint military exercises known as "Surya Kiran" since 2011, enhancing their interoperability and mutual understanding in defense operations. The defense cooperation also extends to training programs, capacity-building initiatives, and exchange of military expertise, further bolstering their partnership in the realm of national security. This collaboration is vital for ensuring stability and peace in the region and underscores the depth of trust and camaraderie between Nepal and India. Both countries share a multifaceted relationship, encompassing both bilateral and multilateral cooperation and agreements.

Bilaterally, the two countries have a wide range of agreements that span various sectors, including trade, economy, infrastructure, cultural exchanges, and people-to-people contacts. Treaty of Peace and Friendship between India and Nepal was signed in 1950 is a significant bilateral agreement that forms the foundation of their special relations. Moreover, India is major source of foreign investments to Nepal and largest trade partner .There are various Memorandums of Understanding (MOUs) signed to promote economic cooperation and connectivity. Additionally, India and Nepal engage in military cooperation, joint military exercises, and defense training programs to enhance their defense ties. In the multilateral arena, both countries are active participants in regional forums like BIMSTEC (Bay of Bengal Initiative for Multi Sectoral Technical and Economic Cooperation, SAARC (South Asian Association for Regional Cooperation), BBIN (Bangladesh, Bhutan, India, and Nepal)), and NAM (Non-Aligned Movement). These multilateral platforms provide opportunities for India and Nepal to co-operate and engage on regional issues, foster greater regional integration, and promote mutual interests on the global stage.

Nevertheless, the relationship has faced challenges, with some ethnic groups in Nepal expressing anti-India sentiments, concerned about perceived interference in their political sovereignty. Certain ethnic groups in Nepal have expressed anti-India sentiments, citing concerns about perceived interference in their political sovereignty. Over the years, there have been instances where some Nepalese communities believe that India has indulged too much in Nepal's internal affairs, affecting their autonomy and decision-making processes. This sentiment has been amplified by the historical influence that India has had on Nepal's political landscape and the role it has played in shaping the country's governance structures. Chinese growing influence in Nepal after establishment of diplomatic relations between China and Nepal has challenged India's

traditional leverage in the region. This has further fueled the apprehensions among certain ethnic groups about India's intentions and impact on Nepal's political sovereignty. Despite occasional anti-India sentiments and concerns about Chinese interference, the overall relationship between India and Nepal has shown signs of improvement in recent times. Both countries have taken proactive steps to address the challenges and strengthen their bilateral ties.⁶

High-level engagements and dialogue between the leadership of India and Nepal have been instrumental in fostering a better understanding of each other's concerns and interests. Efforts have been made to enhance economic cooperation, connectivity, and people-to-people contacts, which have contributed to building trust and reducing tensions.

Additionally, both nations recognize the importance of regional stability and have collaborated on various multilateral platforms, such as SAARC and BIMSTEC, to address common challenges and promote shared interests.

India's role as a major trading partner and investor in Nepal laid the foundation for economic cooperation. With the implementation of the bilateral trade agreements, such as the Treaty of Trade and the subsequent SAFTA framework, promotes trade liberalization and fosters economic growth. India has been a major source of FDI in Nepal. Recent developments have highlighted the emergence of China, in Nepal's economic landscape. Leveraging each other's strengths in areas like hydropower, tourism, and digital connectivity can create a synergy that propels economic cooperation to new heights.

These developments signify a willingness on both sides to overcome differences and work towards a more constructive and cooperative relationship.

Despite challenges, India and Nepal's relations remain robust and resilient, built on a strong foundation of history, culture, and shared aspirations. Both nations continue to work towards mutual prosperity and regional cooperation, ensuring a harmonious and prosperous future together. As they embrace the complexities of modern geopolitics, the enduring friendship and cooperation between India and Nepal will continue to be an essential pillar of stability and progress in South Asia.

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⁶ Dharamdasani, *Op. cit.*, p. 63

LITERATURE REVIEW

Ludwig F. Stiller (1975), *The rise of the House of Gorkha*, Patna Jesuit Society, Patna

Ludwig F. Stiller's *The Rise of the House of Gorkha* (1975) is an important academic study that looks into the unification of Nepal, a crucial event in the country's history between 1768 and 1816. Stiller starts by analyzing the geographical, political, and economic factors that affected the unification process. The difficult Himalayan landscape, divided hill kingdoms, and varied cultural backgrounds created significant challenges for Prithvi Narayan Shah's efforts to unify Nepal. Stiller emphasizes that overcoming these natural and political obstacles made the Gorkha conquest an extraordinary achievement, not only in military terms but also in overcoming existing divisions.⁷

The book's second section focuses on Prithvi Narayan Shah's military campaigns, which resulted in the capture of the Kathmandu Valley and the annexation of independent states like Kirtipur by 1769. Stiller offers a thoughtful analysis of Shah's strategic thinking, military skills, and diplomatic abilities in building alliances and managing internal conflicts. Instead of simply expanding the Gorkha kingdom, Shah's choice to move the capital to Kathmandu was a crucial step in consolidating power and signified the formation of a unified Nepal under the Shah dynasty. His military efforts are portrayed as carefully planned and forceful, aimed at ensuring the long-term security of the newly formed nation. In the final section, Stiller discusses the administrative system created under Gorkha rule, explaining the governance structure that Prithvi Narayan Shah established to manage the unified state. His centralized approach sought to balance local independence with central control, which helped maintain unity across diverse and often resistant regions. However, Stiller notes that after Shah's death, his successors strayed from his policies, leading to a weakening of the administrative system. This decline, along with

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⁷Stiller, L.F (1973). *The rise of the House of Gorkha: A study in the unification of Nepal*, 1768-1816. Manjushri Publishing House, PP.(1-99)

external pressures from the British East India Company, left Nepal vulnerable, ultimately causing its defeat in the Anglo-Nepalese War (1814-1816) and the loss of territories.

Stiller's work highlights the unification of Nepal as a key event in South Asian history, showcasing Prithvi Narayan Shah's leadership in transforming a fragmented kingdom into a unified nation. The book also addresses the challenges that followed unification, particularly the decline of administration and external threats that weakened the state. *The Rise of the House of Gorkha* is a valuable addition to the study of Nepalese history, providing a comprehensive understanding of the military, political, and administrative elements that influenced Nepal's unification. Stiller's examination of Shah's policies and the effects of their neglect by later rulers offers important insights into how this period shaped Nepal's development as a modern state.

Atkinson, Edwin T (1881) ,*The Himalayan Gazetteer* , Cosmo Publications, New Delhi

Edwin T. Atkinson's *The Himalayan Gazetteer* (1881) is an important historical and geographical book that offers valuable insights into the social, political, and cultural aspects of the Himalayan region during the late 19th century. Published by Cosmo Publications, it remains a crucial resource for historians, geographers, and scholars interested in the Himalayas, especially from a British colonial perspective. The work is divided into several volumes and covers a wide array of topics, including the region's geography, climate,⁸ plants, animals, people, and administrative divisions. Atkinson combines local myths, legends, and colonial records to give a detailed account of the various communities, their customs, languages, and economies, which reflects the British colonial approach to governance and resource management.

One of the key strengths of *The Himalayan Gazetteer* is its thorough geographical analysis. Atkinson provides vivid descriptions of the region's physical features, including its high mountains, rivers, and forests, as well as the different climate conditions. Although his detailed mapping is based on colonial goals of exploration and resource extraction, it serves as an essential reference for understanding the environmental wealth and challenges of the Himalayas. Another important part of Atkinson's work is his ethnographic observations, which document the

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⁸ Atkinson, E. T. (1881). *The Himalayan gazetteer*. Cosmo Publications, PP.(1-55)

languages, religious practices, and social structures of local populations. While these accounts are influenced by British colonial views, the book remains a vital record of the lifestyles and traditions of the diverse ethnic groups living in the Himalayas at that time. In addition to geographical and ethnographic details, Atkinson explores the region's historical development, using both local sources and colonial records. He provides insights into how the Himalayan hill states interacted with each other, their neighboring regions, and the British colonial administration. By blending historical facts with local legends, he presents a unique viewpoint on how both British officials and local communities understood the region's past. The book also addresses political and administrative topics, detailing governance structures, tax systems, and the roles of local rulers under British control. This illustrates how the British sought to exploit the region's resources while trying to maintain stability.

Despite its scholarly merit, the *Himalayan Gazetteer* carries an inherent colonial bias. Atkinson often presents British actions as progressive and necessary for the region's development, and his depiction of local governance and customs is filtered through the lens of colonial superiority, affecting the work's objectivity. However, the book still provides a comprehensive account of the region's natural and social landscapes and remains a crucial reference for scholars studying the history of the Himalayas. Though it reflects colonial perspectives, it also serves as a valuable historical document that sheds light on the complex interactions between the colonizers and the indigenous populations.

"Nepal: Growth of a Nation" by Ludwig F. Stiller

Ludwig F. Stiller's book, *Nepal: Growth of a Nation*, offers a detailed look at Nepali history, focusing on key themes that help explain the country's development. The book is organized to provide a historical background that helps readers understand the current situation in Nepal, making it a useful resource for scholars, policymakers, and anyone interested in the country's social and political landscape.⁹

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⁹ Stiller, L. F., S.J. (2022). *Nepal: Growth of a nation*. Educational Publishing House. PP.(1-49)

One of the main ideas in Stiller's work is how the people of Nepal relate to their land. He explores how geographical and environmental factors have shaped social structures, economic activities, and cultural identities throughout history. This emphasis on land is important because it lays the groundwork for understanding how resources have been managed and how agricultural practices have influenced the country's political and social dynamics. Stiller also looks at the ideas of vision and leadership, examining how key figures in Nepali history have dealt with the challenges of governance and social change. By focusing on different leaders and their visions, Stiller shows how individual leadership styles have affected the country's path. This highlights the role of personal influence in shaping the historical story of Nepal. Another significant theme Stiller discusses is "politics for profit." He explains how economic interests have often driven political choices in Nepal, leading to issues like corruption and inefficiency in the political system. This analysis prompts readers to think about the consequences of prioritizing economic gain over the welfare of the community, especially in a nation facing ongoing developmental challenges. Stiller also examines the theme of control and decentralization. He looks at how central authority has interacted with local governance, revealing the conflicts that arise between centralized power and local self-rule. This discussion is especially relevant given Nepal's recent political changes, as the country shifts toward greater federalism and decentralized governance. Stiller's book is not just a historical account; it is a thoughtful reflection on the challenges Nepal continues to face. By providing a deeper understanding of the past, he gives readers the tools to engage with current political and social issues in the country. In conclusion, *Nepal: Growth of a Nation* is an important work for anyone wanting to grasp the complex connections between history, politics, and society in Nepal, making it a valuable addition to studies of South Asia.

India and Nepal: A Changing Relationship (1992), By S.D. Muni

This is an important resource for anyone looking to understand the complicated relationship between India and Nepal. As a knowledgeable scholar and former diplomat, Muni provides valuable insights into the often challenging ties between these two neighboring countries. His work is frequently referenced in discussions about India's foreign policy and the wider political scene in South Asia.

In this book, Muni looks at the history of India-Nepal relations from the time after colonial rule to the late 20th century. He highlights different aspects of their relationship, including politics, strategy, economics, and culture. While the two countries share strong cultural connections, Muni points out that misunderstandings and power differences have often caused tension.¹⁰

One of the main strengths of the book is its detailed look at the Treaty of Peace and Friendship (1950), which serves as the legal basis for Indo-Nepal relations. Muni presents a balanced view, recognizing India's security interests behind the treaty while also discussing Nepal's worries about losing its independence. He shows how Nepal has managed its foreign policy, sometimes seeking support from India and at other times trying to assert its own independence, especially by reaching out to China and the international community.

Muni also examines Nepal's internal politics, noting significant changes from monarchy to constitutional democracy. He highlights how local political factors influence foreign policy decisions and discusses India's role in supporting Nepal's move towards democracy. However, this involvement has sometimes led to doubts among Nepalese citizens about India's true intentions, resulting in a complex relationship marked by both cooperation and conflict.

Although Muni's perspective focuses more on India, leaving the Nepali viewpoint less represented. While he acknowledges the rise of Nepali nationalism, especially among younger leaders, the book tends to emphasize India's strategic goals over Nepal's internal issues and public feelings. Another important part of the book is its discussion of economic ties, including trade and aid. Muni suggests that India's economic approach to Nepal has often been more reactive than transformative, lacking a focus on shared development. He calls for a more cooperative relationship based on respect and understanding of Nepal's goals.

Muni combines storytelling with policy analysis, making the book interesting for both students and professionals. His background in diplomacy adds real-world context to the analysis.

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¹⁰ Muni, S. D. (1992). *India and Nepal: A changing relationship*. Konark Publishers.

John Whelpton's A History of Nepal (2005), published by Cambridge University Press,

This book is one of the most thorough and insightful explorations of Nepal's historical and political development. With clear writing and academic rigor, this book provides a chronological narrative that captures Nepal's evolution from ancient times up to the early 21st century, making it an invaluable resource for scholars, researchers, and students interested in South Asian history and politics.

Whelpton begins with an in-depth look at Nepal's early cultural and political foundations. He meticulously outlines the rise of the Gorkha kingdom under Prithvi Narayan Shah and the subsequent unification of Nepal, emphasizing significant events like the strengthening of the Shah dynasty, the impact of the Ranas, and the shifts in governance during modern times. The book also chronicles the lead-up to the People's Movement of 1990 and the emergence of democratic aspirations with clarity and precision. His examination of the political landscape during the 1990s and early 2000s particularly the democratic movements, party politics, and social reforms provides readers with a comprehensive understanding of Nepal's political trajectory.¹¹

The book maintains a balanced tone and presents events within their broader context. Whelpton skillfully weaves together local, regional, and international perspectives, giving readers a nuanced understanding of how both domestic factors and foreign influences have shaped Nepal's history.

Whelpton delves into the intricate relationships among various ethnic, linguistic, and cultural groups, shedding light on how national identity has evolved and been challenged over time. His insights into the dynamics between tradition and modernity, religion and state, and central authority versus regional identities are both enlightening and thought-provoking. This work is a significant academic contribution that aids readers and researchers in grasping the historical context of Nepal's political and social changes. It offers important insights into key issues such as state formation, democratization, and regional relations., Whelpton provides essential

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¹¹ Whelpton, J. (2005). *A history of Nepal*. Cambridge University Press.

historical context for current topics like federalism, social inclusion, and Nepal's strategic ties with India and China. Consequently, the book has established itself as a foundational text for academic research and policy analysis on Nepal.

A History of Nepal is a landmark publication that combines scholarly depth with accessibility. Its well-organized analysis, extensive narrative, and profound engagement with Nepal's political, social, and cultural history make it an essential resource for anyone looking to understand the complexities of Nepal's past and its implications for the present and future.

Nepal and the Great Powers by Dr. Pramod Jaiswal

Dr. Pramod Jaiswal's edited book, *Nepal and the Great Powers* (2019), provides a thorough and timely examination of how Nepal navigates its foreign policy in relation to significant global and regional powers amidst shifting geopolitical dynamics in South Asia. This collection features essays from diplomats, academics, and foreign policy analysts from around the world, offering both Nepali and international viewpoints. The book is organized into several chapters, each dedicated to exploring Nepal's relationships with major global players such as India, China, the United States, the European Union, the United Kingdom, France, Germany, and Australia. A central theme throughout the volume is Nepal's ongoing effort to maintain its strategic independence while engaging with these more powerful nations.¹²

One of the book's notable strengths is its emphasis on Nepal's geostrategic position between India and China. Many contributors discuss how Nepal has traditionally been seen as a "buffer state," but is now striving to redefine its role and pursue a more autonomous foreign policy. This balancing act becomes particularly evident in light of the rivalry between India and China, as Nepal seeks to leverage its position for economic gain without becoming embroiled in their conflicts.

The relationship between India and Nepal is explored in detail, touching on topics like open borders, historical treaties, and mutual interdependence. While India has long held considerable

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¹² **Jaiswal, P.** (2019). *Nepal and the great powers*. Pentagon Press. New Delhi

influence over Nepal, recent political changes and diplomatic tensions have prompted Nepal to strengthen its ties with China. This evolving dynamic is a recurring theme, especially as Nepal increasingly embraces Chinese investments in infrastructure and trade through initiatives like the Belt and Road Initiative (BRI). The volume also addresses China's growing influence in Nepal, particularly following the 2015 blockade imposed by India, which prompted a noticeable shift in Nepal's diplomatic stance. Contributors highlight that while China presents a robust economic partnership, there are uncertainties regarding its long-term intentions, prompting Nepal to tread carefully to protect its sovereignty.

Chapters discussing Western powers, including the United States and the European Union, shed light on how these nations engage with Nepal primarily through avenues like development aid, soft power, human rights advocacy, and support for democracy. These sections provide a useful comparison of how non-neighboring countries interact with Nepal in contrast to its immediate neighbors.

Nepal and the Great Powers serve as a significant academic resource for understanding Nepal's foreign policy and regional strategy in the 21st century. It effectively captures the complexities of Nepal's international relations against the backdrop of great power politics, making it a valuable reference for scholars and policymakers alike. The work is especially pertinent in the context of a more assertive China, a cautious India, and a Nepal that is increasingly aware of its global positioning and eager to redefine its foreign interactions.

Sridhar Krishnan (2018), Indo- Nepal relations during British colonial period South Asian University, New Delhi.

Sridhar Krishnan's *Indo-Nepal Relations During the British Colonial Period* (2018) offers an in-depth look at the complex relationship between Nepal and the British East India Company in the early 19th century. The book begins by discussing the ambitions of the Gorkha kings, who aimed to expand their territory into the terai (plains) that were under British control. This desire for expansion led to conflicts with the East India Company, especially as the Gorkhas claimed lands like Gorakhpur and Bareilly. The British saw these claims as invasions, raising tensions between

the two sides. Additionally, the British were concerned about the possibility of Nepal falling under Chinese influence, which complicated matters further.¹³

Krishnan describes the events that led to the Anglo-Gorkha War. A key incident involved a disagreement over the extradition of dacoits (bandits) who took refuge in Nepal. In response to the growing tensions, the British sent police to the disputed areas, resulting in clashes with Nepali soldiers that caused casualties on both sides. This conflict eventually escalated into war, with the East India Company declaring war on the Gorkha Kingdom in November 1814. Initially, the Gorkhas faced difficulties, but as British troops advanced close to Kathmandu, the Gorkha leaders decided to negotiate. This decision led to the signing of the Treaty of Sugauli on December 2, 1815, which was ratified in early 1816. Krishnan analyzes the Treaty of Sugauli, arguing that it was mainly imposed by the British due to their military strength. As a result, the Gorkha kings lost almost one-third of their territory, including key regions in the terai, Garhwal, and Kumaon. The treaty also forced Nepal to accept British arbitration in its disputes, which weakened Nepal's sovereignty. Another important point was the establishment of a British residency in Kathmandu, marking a significant shift in the power balance in the region. The author emphasizes the importance of the Treaty of Sugauli in shaping modern ideas about borders. This treaty marked one of the first instances where boundaries were formally drawn and documented, giving them a legal status. However, Krishnan notes that this historical context has led to ongoing disputes about territorial claims. The Indian Ministry of External Affairs has labeled Nepal's claims regarding its borders as "unilateral" and lacking a solid historical basis, highlighting the ongoing disagreements about borders that still exist today. Krishnan's *Indo-Nepal Relations During the British Colonial Period* is an essential resource for understanding the historical background of Nepal's interactions with British colonial powers. By carefully examining the military, political, and diplomatic aspects of this period, the book sheds light on how these early events have shaped the modern relationship between Nepal and India. Through thorough research and insightful analysis, Krishnan makes a significant contribution to the study of colonial history, territorial issues, and the complexities of South Asian politics, helping readers understand the lasting impact of colonialism on regional relationships.

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¹³ Krishnan, S. (2018). *Indo-Nepal relations during the British colonial period*. South Asian University. PP.(1-20)

**Kumari, Manju (2020), Indo-Nepal relations in the changing political environment,
Department of Political Sciences, Himachal Pradesh**

Manju Kumari's report, *Indo-Nepal Relations in the Changing Political Environment* (2020), explores how the geopolitical landscape in South Asia has changed since World War II and what this means for the relationship between India and Nepal. The report highlights how international events, such as the creation of the United Nations, the non-aligned movement, and the growing roles of international organizations, have increased the influence of smaller countries like Nepal.

Kumari begins by analyzing Nepal's economy, pointing out its resources and development potential. She discusses Nepal's foreign trade and the aid it receives, particularly from India and other nations, to show how these connections shape Nepal's economy. The report also covers the geopolitical issues and economic situation that arose after the Cold War, offering insight into how these factors impact relations between India and Nepal.¹⁴

The report argues that India and Nepal share a unique bond formed through a long history and a rich mix of cultural, linguistic, and religious ties. Kumari emphasizes that the similarities between the people of both countries create a strong connection that sets their interactions apart from those of other nations. The report is organized into five chapters. The first chapter provides a historical overview, explaining Nepal's importance as a buffer state between British India and China, as well as Czarist Russia. It highlights how the British tried to limit Nepal's growth through the Anglo-Nepal War of 1815, which set the stage for future relations. In the second chapter, Kumari looks at how security arrangements between India and Nepal developed under King Tribhuvan. She examines the Treaty of Peace and Friendship and what it meant for their relationship. The third chapter discusses King Mahendra's reign and how he established diplomatic ties with China, impacting security between India and Nepal. The fourth chapter focuses on King Birendra's foreign policy, noting how it led to a weakening of existing security agreements. This analysis is crucial for understanding how Nepal's foreign relations changed during a period of shifting political circumstances. In the final chapter, Kumari addresses new

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¹⁴ Kumari, M. (2020). *Indo-Nepal relations in the changing political environment*. Department of Political Sciences, Himachal Pradesh University. PP.(1-15)

threats facing India and evaluates whether current security arrangements can effectively respond to these challenges. Her analysis highlights the need to reconsider the security frameworks between India and Nepal in light of today's geopolitical realities.

Manju Kumari's report provides an important look at Indo-Nepal relations within a changing political environment. By examining historical, economic, and security factors, the report offers valuable insights into the complexities of this bilateral relationship, showcasing both the enduring ties and the new challenges that both countries face. Overall, it is a significant academic contribution that enhances understanding of South Asian geopolitics and the role of smaller nations like Nepal in the regional context.

Shiva Hari Dahal (2018), *China-Nepal-India Triangle, the dark side of Indo Nepal Relations*, Shangri La Books, Nepal

Shiva Hari Dahal's book, *China-Nepal-India Triangle: The Dark Side of Indo-Nepal Relations* (2018), provides an in-depth look at the historical and current relationships between India and Nepal, focusing on the complexities and challenges that often get overlooked. Dahal argues that a significant part of the Indo-Nepal relationship can be seen as a "dark side," shaped by colonial history and ongoing power struggles.

The author takes a historical approach, tracing the origins of these relations back to the time of the British East India Company, when colonial influences began to affect how the two countries interacted. Dahal uses a theoretical framework that includes ideas from colonialism, neo-colonialism, dependency theory, democratic peace, and governmentalism.¹⁵ This varied approach allows him to analyze how today's Indo-Nepal relations can be viewed as "hybrid." He suggests that even though both countries are democratic, their interactions still carry the weight of historical inequalities and power imbalances. Dahal's examination of hybrid colonialism is especially important because it highlights how political leaders in both countries operate within a

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¹⁵ Dahal, S. H. (2018). *China-Nepal-India triangle: The dark side of Indo-Nepal relations*. Shangri-La Books. PP.(1-80)

democratic system, yet may still perpetuate the legacies of colonialism and dependence. He argues that despite the appearance of legitimacy in their interactions, the dynamics of power continue to influence their relationship, leading to challenges that need to be addressed.

The book encourages India and Nepal to rethink their relationship. Dahal advocates for both nations to reconsider their dominant interactions and work toward building a new and dynamic partnership that is more equitable, democratic, and fair. He believes that resolving historical grievances and addressing power imbalances is essential for creating a lasting relationship that benefits both countries. *China-Nepal-India Triangle* is an important resource for understanding the complicated historical influences and current challenges that shape Indo-Nepal relations. Dahal's analysis encourages scholars, policymakers, and stakeholders to engage in a thoughtful reevaluation of their relationship, with the goal of moving beyond past issues and fostering mutual respect and cooperation. The book contributes significantly to discussions about South Asian geopolitics, especially in light of China's growing influence in the region and its effects on both India and Nepal.

Sangeeta Thapliyal (2013) , India's security arrangements with Nepal

Sangeeta Thapliyal's book, *India's Security Arrangements with Nepal* (2013), provides a detailed look at the security system that shapes the relationship between India and Nepal, focusing on both military and non-military threats faced by the two countries. The study offers a comprehensive overview of several key agreements made to tackle these security issues.¹⁶ One of these is the Tripartite Agreement on Gurkha Recruitment, which allows Gurkha soldiers from Nepal to serve in the Indian Army, showcasing the historical military connection between the nations. The Treaty of Peace and Friendship, established in 1950, is another essential agreement, emphasizing cooperation and respect for each country's sovereignty. Additionally, the Arms Assistance Agreement outlines India's military support for Nepal, which includes training and organizational help for the Nepalese Army. Thapliyal also discusses various military missions, like the Indian Military Mission (IMM), Indian Military Training Advisory Group (IMTAG), and

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¹⁶ Thapliyal, S. (1995). *India's security arrangements with Nepal*. School of International Studies, Jawaharlal Nehru University , Delhi. PP.(1-25)

Indian Military Liaison Group (IMLG), which have played significant roles in improving the Nepalese Army and strengthening military ties.

The author examines China's influence as an external factor in Indo-Nepal relations, highlighting India's concerns not just about ideological differences with China but also about Chinese efforts that might threaten Indian security interests in Nepal. These efforts include providing economic aid and building roads in the Terai region, which raise alarms for India regarding its influence in Nepal. Beyond military agreements, Thapliyal looks at the socio-economic and trade relations that shape security dynamics between India and Nepal, emphasizing how local political and economic conditions can impact the development and sometimes weakening of these security arrangements. Thapliyal stresses the strategic location of Nepal, which lies between India to the south and China to the north, making it an important buffer state in South Asian politics. Events like the communist takeover of China in 1949 and military actions in Tibet prompted both India and Nepal to rethink their security needs regarding their northern border. A significant part of Thapliyal's analysis focuses on issues of border encroachment and land disputes, noting that India is accused of encroaching on Nepali territory, which has heightened tensions. The book mentions around 71 disputed areas, including key regions like Kalapani, Limpiadhora, Lipulek, Susta, Tanakpur, and Mechi, where this encroachment is alleged to have occurred. Thapliyal highlights complications caused by the disappearance or changes to historical boundary markers, which have intensified these disputes, making them critical for understanding the relationship between the two countries.

The author critiques water resource treaties, such as the Koshi and Gandak agreements, arguing that they often favor Indian interests at the expense of Nepal, which raises concerns in Nepal about the management and use of its natural resources, especially water. Overall, India's Security Arrangements with Nepal provides a thorough exploration of the complex relationship between the two countries, highlighting the delicate balance of security, territorial integrity, and socio-economic cooperation. Thapliyal's work is an important resource for understanding the challenges both nations face in navigating their shared security environment. Through her detailed analysis, the book emphasizes the need for a fair framework for cooperation that addresses security concerns while promoting mutual respect and understanding.

Karun Kishor Karki, Hari KC, Nepal-India Relations: Beyond Realist and Liberal Theoretical Prisms Journal of International Affairs Vol. 3, PP. (84-102), 2020, Kathmandu, Nepal

In their 2020 article, author has offered a detailed critique of the complicated and often unequal relationship between Nepal and India. The authors argue that traditional discussions about this relationship, which typically use realist or liberal viewpoints, do not fully capture India's dominating influence over Nepal. They believe that this limited perspective not only creates stereotypes but also misses important details about how Indian actions have challenged Nepal's sovereignty and independence.¹⁷ Karki and KC start by discussing the long-standing ties between Nepal and India, some of which go back to before the modern nation-state was established. However, they highlight that after India gained independence from British rule in 1947, the hoped-for shift towards equal and respectful relations did not happen. While the official principles guiding Nepal-India relations were supposed to be based on independence and mutual respect, India has frequently ignored these principles by meddling in Nepal's internal affairs. The authors emphasize that India's influence has affected Nepal's political, economic, and military decisions, often preventing Nepal from developing freely. They analyze this influence using a neocolonial viewpoint, highlighting instances where India has compromised Nepal's sovereignty while presenting its actions as supportive. The article also points out that Indian interference has had significant effects on Nepal's political development. Karki and KC criticize how India has influenced Nepal's constitutional process, especially during the creation and adoption of Nepal's new constitution in 2015. When Nepal's Constituent Assembly passed this constitution with overwhelming support, India backed certain groups in southern Nepal who were unhappy with parts of the constitution. During this time, India's Foreign Secretary, S. Jaishankar, visited Nepal to pressure its leaders to delay the constitution's approval. The authors argue that this shows how India tries to control Nepal's political decisions.

The authors discuss the broader consequences of such actions on Nepal's sovereignty. While they recognize the historical and cultural connections between the two countries, they argue that

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¹⁷ Karki, K. K., & KC, H. (2020). *Nepal-India relations: Beyond realist and liberal theoretical prisms*. Journal of International Affairs, 3, Kathmandu, Nepal. PP.(1-99)

India's interference often undermines Nepal's independence. They cite the 2015 blockade as a significant example of this interference, where India unofficially cut off the supply of essential goods like fuel and medicine to Nepal, causing severe hardship. This blockade was widely perceived as India's way of punishing Nepal for its new constitution, especially since many in the southern region, who share cultural ties with India, protested against it. The authors draw a parallel between this blockade and a similar situation in 1989 when India imposed economic restrictions on Nepal for purchasing arms from China. These blockades illustrate how India uses economic pressure to influence Nepal's domestic policies.¹⁸

Despite their criticism of Indian interference, Karki and KC do not overlook the deep historical and cultural ties that have encouraged cooperation between the two countries. They acknowledge that Nepal and India share significant cultural, religious, and historical connections. The article notes that there have been regular high-level visits and dialogues between the two nations, fostering goodwill and cooperation. India has provided development assistance to Nepal in various sectors, including education, health, and infrastructure. The authors mention projects like the integrated check-posts at key border points and the cross-border petroleum pipeline from Motihari in India to Amlekhgunj in Nepal. However, they argue that these initiatives often serve India's broader interests and maintain its influence over Nepal's economy. Water resource management is another critical area of collaboration highlighted in the article. The rivers flowing from Nepal into India hold significant potential for irrigation and hydroelectric power for both countries. Since 1971, India and Nepal have had a Power Exchange Agreement to help meet their energy needs through shared transmission infrastructure. However, the authors point out that agreements regarding water resources, like many other treaties, are often perceived by Nepal as unequal and favoring Indian interests.

Karki and KC also examine the defense cooperation between the two countries. Over the years, India and Nepal have established various committees and groups to address security concerns, particularly along their shared border. These include the Joint Working Group on Border

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¹⁸ Karki, K. K., & KC, H. (2020). *Nepal-India relations: Beyond realist and liberal theoretical prisms*. Journal of International Affairs, 3,. Kathmandu, Nepal. PP.(1-15)

Management and Border District Coordination Committees, which help manage border security issues and oversee the construction of boundary markers. Despite this cooperation, the authors express concern about how Nepal's dependence on India for security matters raises questions about its ability to independently handle its security needs. Karki and KC reflect on the historical context of Nepal-India relations, stressing that the open border, shared cultural history, and significant economic exchanges make the relationship both unique and complex. They argue that while there are undeniable benefits to cooperation between the two nations, the unequal nature of many treaties and agreements especially the controversial Peace and Friendship Treaty of 1950 continues to position India as a dominant force in Nepal's affairs.¹⁹ The authors challenge traditional narratives about Nepal-India relations by emphasizing the need to recognize the hegemonic aspects of the relationship. They contend that while cultural and economic ties remain strong, India's persistent interference in Nepal's internal matters reveals a broader strategy of maintaining control over its smaller neighbor. By bringing attention to often-overlooked narratives and historical events, Karki and KC make a compelling case for rethinking how Nepal-India relations are understood and studied.

Sah Ram Manohar (2017), *The Middle Country: Traverse of Madhesh Through War, Colonization & Aid Dependent Racist State*

The book provides an in-depth look at the challenges faced by the Madhesh community in Nepal, focusing on their historical struggles, social marginalization, and the effects of colonialism. Manohar examines how war, colonization, and reliance on aid have shaped the lives of the Madhesi people, who mainly live in the Terai region along Nepal's southern border.

The book starts with a historical background of the Madhesh region, highlighting its importance in Nepal's broader socio-political context. Manohar discusses how colonialism, particularly British colonial policies, has contributed to the ongoing marginalization of the Madhesh

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¹⁹ Karki, K. K., & KC, H. (2020). *Nepal-India relations: Beyond realist and liberal theoretical prisms*. Journal of International Affairs, 3,. Kathmandu, Nepal. PP.(1-12)

community. He argues that the impacts of colonialism have created lasting inequalities, leading to the social and economic disenfranchisement of the Madhesi people.²⁰

A major focus of the book is the Nepalese civil war and its effects on the Madhesh community. Manohar explains how the conflict heightened existing tensions and brought to light the Madhesi people's fight for recognition and representation in a state that often sees them as outsiders. He critiques the political situation following the war, especially the shortcomings of the 2015 constitution, which many Madhesi leaders believe failed to adequately address their rights and needs. Manohar also looks at the role of international aid in the Madhesh region. He argues that reliance on aid has often overlooked the deeper issues of inequality and has not effectively empowered the Madhesi community. Instead, he suggests that aid sometimes reinforces existing power structures without creating sustainable solutions to the socio-economic challenges the Madhesi people face. Additionally, the book discusses the racism and discrimination that the Madhesi community endures. Manohar stresses the need for a national conversation that recognizes and values the diversity in Nepal. By sharing the experiences and stories of the Madhesi people, he highlights their resilience and determination in facing ongoing difficulties.

The Middle Country: Traverse of Madhesh Through War, Colonization & Aid Dependent Racist State is an important addition to the discussion about ethnic relations and political issues in Nepal. Sah Ram Manohar's detailed exploration of the historical, social, and political factors affecting the Madhesh community offers valuable insights for scholars, policymakers, and activists focused on social justice and equality. The book is essential for understanding the complexities of Madhesi identity and their ongoing fight for rights within Nepal's diverse society.

Ghimre, Yubaraj, "What changed in India Nepal ties" The Indian Express, 2020.

In the article "What Changed in India-Nepal Ties," Yubaraj Ghimre looks at how the relationship between India and Nepal has changed over time, focusing on key historical events, political

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²⁰ Sah, R. M. (2017). *The Middle Country: Traverse of Madhesh through war, colonization & aid-dependent racist state*. Adroit Publishers. PP.(1-60)

factors, and the influence of leadership decisions. He mentions Bishwa Bandhu Thapa, who was the Home Minister in 1962, stating that King Mahendra temporarily gave the Kalapani area to India at the request of Prime Minister Jawaharlal Nehru after India faced problems in the 1962 war with China.²¹ This viewpoint differs from India's official stance, which shows the complexity and different interpretations of historical agreements between the two countries.

Ghimre explains how both King Mahendra and his successor, King Birendra, carefully managed their countries' relationships with India and China. Punya Prasad Oli, a former Director General of Nepal's survey department, recalled that King Birendra had advised against raising the Kalapani issue in the 1970s. This reflects a cautious strategy in dealing with regional politics, as Nepali leaders often leaned toward India, especially when tensions arose between India and China. The article also discusses a crucial 12-point agreement among various political parties in Nepal in November 2005, which led to the end of the monarchy and the creation of a secular republic. This change was a significant moment in Nepal's history, with India playing a major role in supporting this shift. However, Ghimre notes that India's direct involvement in Nepal's internal politics ultimately reduced its influence and alliances within the country.

Ghimre highlights the connection between India and the Nepalese Army, noting that the chiefs of both armies have held reciprocal honorary positions since 1950. This military relationship has been a steady element in India-Nepal ties, even during times of political tension. He cites an example from 2006 when then-Nepalese Prime Minister K.P. Sharma Oli turned down an invitation to visit India amid a blockade.²² In this situation, the two armies worked together to resolve the issue, showing that military links can help bridge political gaps. Ghimre's article offers a detailed view of the India-Nepal relationship, stressing the importance of historical context, leadership roles, and the complicated mix of internal and external influences. By examining these elements, Ghimre illustrates how past choices and partnerships have shaped the current relationship between the two countries and highlights both the challenges and opportunities that lie ahead in their diplomatic interactions. The review underscores the need to

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²¹ Ghimre, Y. (June 24, 2020). *What changed in India-Nepal ties*. The Indian Express.

²² Ibid.,p.1

understand historical narratives and political dynamics to fully grasp the current state of international relations in South Asia.

Religious And Cultural Relationship Between India And Nepal

The historical and cultural ties between India and Nepal are deeply intertwined, with roots tracing back to antiquity, extending even beyond the 7th century BC. These two South Asian nations share a common heritage and spiritual connection, primarily through Hinduism and Buddhism. Notably, Nepal is home to Lumbini, the sacred birthplace of Buddha, which holds profound significance for Buddhists worldwide. Similarly, Janakpur, associated with Mata Sita, is another revered location situated within Nepal's borders. Historically, Nepal was ruled by various Indian kings until the emergence of the Gorkha kingdom led by Prithavi Narayan Shah. This historical context underscores the long history of interactions and shared influences between the two countries.

The India-Nepal relationship goes beyond mere geopolitical boundaries. The open border policy facilitates unhindered movement of people, creating an atmosphere of cultural exchange and shared experiences. Additionally, the strong familial ties formed through cross-border marriages, popularly referred to as "Roti-Beti ka Rishta," symbolize the close-knit relationship between Indian and Nepali families.²³ Around 600,000 Indians reside in Nepal, representing a range of occupations and backgrounds.²⁴ This community includes businesspeople and traders who have established long-term roots in the country, as well as professionals like doctors, engineers, and

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²³ Manchanda, R. (2001). Whose Nepal-whose India: Diasporas and transnational identities. *India International Centre Quarterly*, 28(3), 47–56. <http://www.jstor.org/stable/23005559>

²⁴ Ministry of External Affairs. (2020).p.5, *India-Nepal bilateral relations*.
[https://www.mea.gov.in/Portal/ForeignRelation/IndiaNepal Bilateral Brief Feb 2020.pdf](https://www.mea.gov.in/Portal/ForeignRelation/IndiaNepal%20Bilateral%20Brief%20Feb%2020.pdf)

IT workers. Additionally, many laborers, such as seasonal and migratory construction workers, come to Nepal for job opportunities. To serve and represent this diverse group, the Indian Citizens Association (ICA) was created in Nepal on September 14, 1990. Similarly about eight million Nepalese citizens live and work in India.²⁵ India and Nepal share profound historical and cultural ties that have evolved over centuries. Historically, these two nations have been closely interconnected through religion, with Hinduism and Buddhism playing central roles in their shared heritage. Nepal, in particular, has been a pivotal center for Buddhism and a place of origin for Lord Buddha himself. This common religious legacy has facilitated a constant exchange of ideas, traditions, and practices. Culturally, the influence of India on Nepal and vice versa is evident in architecture, art, literature, and festivals. Nepali culture bears traces of Indian epics like the Ramayana and Mahabharata, and the architecture of temples and monuments often mirrors Indian styles. Festivals celebrated in both countries, such as Diwali and Holi, are a testament to their shared cultural heritage. These historical and cultural ties continue to strengthen the relationship between the both neighbors, fostering mutual understanding and cooperation. The India-Nepal relationship holds significant importance, particularly in the realms of religion and culture. Here's an overview of why these aspects are pivotal in the bilateral ties between India and Nepal:

India and Nepal are both primarily Hindu-majority nations and they share a deep-rooted religious connection. Nepal, in particular, is home to several sacred sites that hold immense importance for Hindus. The Pashupatinath Temple in Kathmandu, one of the holiest Hindu shrines, is revered by people from both countries. The religious ties between India and Nepal are integral to the cultural fabric of both nations.

Lumbini, in Nepal, is the birthplace of Siddhartha Gautama, who later became known as Buddha. This pilgrimage site is not only significant for Buddhists globally but also symbolizes the shared cultural and spiritual heritage of India and Nepal. Buddhists from India and around the world visit Lumbini, fostering cultural exchange.

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²⁵Ministry of External Affairs, India. (2022). *India-Nepal relations* (pp. 6–7). Retrieved from https://www.mea.gov.in/Portal/ForeignRelation/India-Nepal_2022.pdf

Both countries have a long history of cultural exchanges that encompass art, architecture, music, dance, and cuisine. The influence of Indian epics like the Ramayana and Mahabharata is evident in Nepali culture. Architectural styles in Nepal often draw inspiration from Indian temple architecture. This cross-cultural pollination has enriched the cultural landscapes of both nations. The people of India and Nepal celebrate a multitude of festivals that have both religious and cultural significance. Festivals like Diwali, Holi, and Dashain are observed with great enthusiasm in both countries, and they bring communities together, fostering a sense of shared culture and traditions. The open border between Nepal and India facilitates extensive people-to-people interactions. Families on both sides of the border often have cross-border connections through marriages and family ties. These personal relationships contribute to the cultural affinity and understanding between the two nations. Religion and culture also play a role in diplomatic relations between two neighbors. These shared aspects can act as a bridge, fostering goodwill and cooperation. However, they can also become points of contention when differences arise, as seen in occasional disputes over religious and cultural matters. The religious and cultural ties between India and Nepal significantly impact tourism and economic relations. Pilgrims from India visit Nepal's religious sites, contributing to tourism revenue. Additionally, cultural exports, such as music, art, and handicrafts, flow between the two countries, enhancing economic cooperation. The India-Nepal relationship is deeply rooted in shared religion and culture. These ties are not only significant for the people of both nations but also play a crucial role in diplomacy, tourism, and economic cooperation. Understanding and preserving these cultural and religious connections are vital for maintaining the strong and enduring bond between India and Nepal.

The chapter "Religious & Cultural Relationship between India and Nepal" serves as a comprehensive exploration of the historical, religious, and cultural dimensions of the India-Nepal relationship. It seeks to illuminate the enduring nature of these ties and their far-reaching impact on various aspects of bilateral relations. Ultimately, this chapter contributes to a deeper appreciation of the rich and complex bond between India and Nepal, fostering greater cooperation and cultural exchange.

1. HISTORICAL BACKGROUND

Ancient Religious period

Janakpur, situated in Nepal, occupies a unique and revered place in Hinduism due to Its profound association with the legendary figures of Lord Ram and Sita mata. This city's historical and religious importance is deeply rooted in Hindu mythology, most notably depicted in the epic Ramayana.²⁶

According to ancient Hindu texts, particularly the Shatpath Brahmana, the Maithil ruler known as Videh²⁷ embarked on a journey across the Gandak River, referred to as Sadānirā in these ancient scriptures. He was guided in this endeavor by his trusted minister, Gotama Rahugana. This momentous journey led to the establishment of the kingdom of Videha, with Janakpur serving as its illustrious capital. One of the most significant events in Janakpur's history unfolded during this time. As the legend goes, while preparing the earth for a sacrificial ceremony, Videh discovered a baby girl nestled in a furrow. He bestowed upon her the name "Sita" and lovingly raised her as his own daughter. Sita, as she grew older, became a central figure in one of the most celebrated stories in Hindu mythology. The renowned event that further cemented Janakpur's place in Hindu lore was the "Swayamvar" organized by King Janaka, the ruler of Videha. This ceremony was extraordinary, as it allowed Sita herself to choose her future spouse. However, there was a unique condition attached to the challenge: the suitor had to possess the strength to lift the divine bow of Lord Shiva. Numerous royal suitors from various regions attempted this feat, but only one, Sri Ram, the prince of Ayodhya, succeeded in raising the sacred bow, thereby winning Sita's hand in marriage. This event is a pivotal moment in the Ramayana and underlines Janakpur's sacred role in the Hindu narrative.

While the religious and mythological significance of Janakpur is well-documented in Hindu texts and scriptures, the city itself was formally established in the mid-18th century. Although physical archaeological evidence of an ancient city remains limited, written accounts from as

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²⁶ Choudhary, R. (2019). *The political and cultural heritage of Mithila*. Maharajadhiraja Kameshwar Singh Kalyani Foundation, Darbhanga, Bihar, p.242

²⁷ Bihari Lal. (1883). *Aina-i-Tirhut*. Bahar Kashmir Press, Lucknow, Uttar Pradesh, p. 20

early as 1805 refer to Janakpur as a revered pilgrimage site. The legendary events associated with King Janaka's palace and Sita's marriage to Sri Ram has solidified Janakpur's status as a hallowed pilgrimage destination for Hindus. Through the ages, Janakpur continues to be a testament to the enduring historical and religious significance that resonates within the city's boundaries.

The historical evolution of the Kathmandu Valley in Nepal is a captivating journey through various dynasties and rulers that have left an enduring legacy on the region. Here is a detailed exploration of this historical narrative:

Gopalas and Mahishapalas (Ancient Times): (15 th century BC).

The history of the Kathmandu Valley, a region steeped in antiquity, is marked by the reign of its earliest recorded rulers, the Gopalas and Mahishapalas. The Gopala dynasty, believed to have originated from the Lunar dynasty, was the first royal family to rule Nepal's Kathmandu Valley, founded by King Bhuktaman. According to historian Dhanabajra Bajracharya, estimates the time of the Gopala Dynasty from 1611 BCE. The dynasty ruled for 505 years before being succeeded by the Mahisapala dynasty. Historical chronicles suggest that both the Gopala and Mahisapala dynasties came from India, though some believe they descended from the pastoral Naga community. These two dynasties linked to cow herding and buffalo herding. The Gopala line consisted of eight kings, starting with Bhuktaman and ending with Yaksha Gupta. The Gopala rulers, devotees of Lord Shiva, are credited with restoring the Pashupatinath Temple in Nepal. They chose Matatirtha, located in the southwestern corner of the Kathmandu Valley.²⁸

The Kirantis (7th-8th Century B.C):

During the seventh or eighth century B.C., the historical records indicate that the Kirantis emerged as influential rulers in the Kathmandu Valley, marking a significant phase in the region's history. Their rule brought about notable changes and developments in this part of the world. King Yalumber, one of the prominent Kiranti rulers, is mentioned in the epic 'Mahabharat'. Many people in Nepal believe that king Yalumber, to be the Barbarik son of Ghatotkach and grandson of Bheem of Mahabharata. This mention in the epic serves as a

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²⁸ Dhungel, A. (2017). *Introduction to Kathmandu Valley: History, geography, culture and religion*, PP.(1-2)

testament to the valley's ancient and illustrious past, reinforcing its cultural and historical significance in the broader context of South Asian history.²⁹

The Lichhavis (Around 300 A.D.)

Around 300 A.D, a pivotal period in the history of the Kathmandu Valley saw the rise of the Lichhavi dynasty, marking a significant transition in governance and culture. Originating from northern India, the Lichhavis asserted their authority and displaced the Kirantis, ushering in a new era for the region. The reign of the Lichhavis left an indelible mark on the Kathmandu Valley's cultural and historical landscape. One of their enduring legacies is the Changu Narayan temple, a remarkable architectural marvel dating back to the fifth century. This temple, situated near Bhaktapur, holds profound cultural and religious significance and has garnered international acclaim as a UNESCO World Heritage Site. Its preservation and recognition highlight the enduring cultural and architectural contributions of the Lichhavis, making them an integral part of the valley's history and heritage.³⁰

Thakuri Dynasty: (7th Century AD):

The early seventh century witnessed a significant chapter in the history of the Kathmandu Valley as Amshuvarma, the first Thakuri king, assumed the throne. His ascension marked a notable period of political and cultural developments in the region. Amshuvarma's accession to power is particularly significant due to his familial connections with the Lichhavi dynasty. He succeeded his father-in-law, a Lichhavi ruler, consolidating the dynastic ties within the valley.³¹

One of the most remarkable aspects of Amshuvarma's reign was his keen diplomatic acumen. He recognized the strategic importance of fostering relations with neighboring regions, especially Tibet. To this end, he orchestrated a diplomatic alliance by marrying his daughter, Bhrikuti, to the illustrious Tibetan King Tsong Tsen Gampo. This union not only solidified political ties but also nurtured cultural exchange between the Kathmandu Valley and Tibet.

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²⁹ Schlemmer, G. (2004). *New past for the sake of a better future: Re-inventing the history of the Kirant in East Nepal*. European Bulletin of Himalayan Research, 25-26, pp.(119–144).

³⁰Slusser, M. S. (1982). *Nepal mandala: A cultural study of the Kathmandu Valley (Vol. 1: Text)*. Princeton University Press, PP(.4-18)

³¹ Ibid., pp(.4-18)

The Mallas (1200 AD):

The Malla dynasty, which emerged around 1200 A.D., stands as one of the most celebrated and creatively vibrant periods in the history of the Kathmandu Valley. Their rule spanned over the centuries and witnessed a flourishing of artistic and cultural endeavors that left an enduring legacy. The Mallas were an Indo-Aryan tribe residing in the eastern Gangetic plain, part of the Greater Magadha cultural region.³² Although they were Indo-Aryan by origin, they were initially not entirely influenced by Brahmanical customs, similar to other groups in the area. Over time, however, they underwent Brahmanisation and adopted the *Vaśiṣṭha* (Sanskrit) gotra.

During their rule, the Mallas undertook ambitious architectural projects, constructing magnificent temples, splendid palaces, and picturesque public squares that continue to be cherished as architectural marvels in the valley.

The Mallas played a pivotal role in organizing cities, introducing and popularizing religious festivals, and fostering a climate conducive to the flourishing of literature, music, and art. These cultural developments contributed to the creation of a rich and diverse cultural tapestry that remains an integral part of the Kathmandu Valley's identity and heritage.³³

The historical journey of the Kathmandu Valley, as marked by the successive reigns of the Gopalas, Mahishapalas, Kirantis, Lichhavis, Thakuris, and Mallas, underscores the region's rich and multifaceted history. Each dynasty brought its own distinctive contributions, influencing the cultural, architectural, and societal evolution of this captivating valley in Nepal.

When the rule of Yaksha Malla came to an end, the valley was fragmented into three separate kingdoms: Kathmandu (Kantipur), Patan (Lalitpur) and Bhaktapur (Bhadgaon). Each of these kingdoms developed its distinct cultural expressions, artistic traditions, and architectural styles, reflecting the rich and diverse heritage of the valley. The transformative ambitions of Gorkha King Prithvi Narayan Shah in the late 18th century significantly altered the political landscape of

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³² Levman, Bryan G. (2014). *"Cultural Remnants of the Indigenous Peoples in the Buddhist Scriptures"*. Buddhist Studies Review. 30 (2): PP.(145–180).

³³Michaels, A. (2024). *Divided rule: The Malla kingdoms, thirteenth to eighteenth century*. Oxford Academic, PP.(105-135)

the Kathmandu Valley. Through a series of military campaigns, Prithvi Narayan Shah successfully subdued the various kingdoms within the valley, including the independent Kirtipur. In 1769, these realms were integrated into the Gorkha Kingdom. However, rather than absorbing them into his own kingdom, Prithvi Narayan Shah made a momentous decision to shift his capital from Gorkha to Kathmandu. This strategic move had profound implications for the valley's cultural and religious dynamics.³⁴

With Kathmandu as the new capital, it became the epicenter of both politics and culture in the unified kingdom. This shift in power had a noticeable impact on the valley's cultural and religious landscape. The once-distinct cultural identities of Kathmandu, Bhaktapur, and Patan, each with its unique artistic heritage, began to converge under the banner of the Gorkha Kingdom. This integration facilitated the exchange of artistic styles, architectural elements, and religious practices among the three cities, resulting in a vibrant fusion of cultures.

Religion remained a cornerstone of life in the Kathmandu Valley, with Hinduism and Buddhism coexisting and influencing each other. This religious synergy gave rise to distinctive syncretic traditions and practices, further enriching the valley's cultural tapestry.

Nevertheless, it's crucial to acknowledge that the Shah dynasty's rule faced external pressures, particularly from British India. Following their defeat in the Anglo-Nepalese War, the Shah dynasty signed the Treaty of Sugauli in 1816, resulting in territorial losses to the British and a shift in Nepal's boundaries and geopolitical landscape.

The mid-nineteenth century was a crucial juncture in Nepal's history, and it ushered in significant shifts in the realms of religion, culture, and politics. Jung Bahadur Rana emerged as a dominant political figure during this era, effectively consolidating his authority and relegating the Shah monarchs to ceremonial roles. This period marked the beginning of the Rana State's prolonged rule, which reshaped Nepal's political, religious, and cultural landscape.

Under Jung Bahadur Rana's rule, Nepal underwent profound political transformations that directly impacted its religious and cultural dynamics. The centralization of power extended beyond politics and extended its reach into various facets of society, including religion and

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³⁴ Stiller, L. F. (1973). *The rise of the House of Gorkha: A study in the unification of Nepal, 1768-1816*. Manjushri Publishing House, p.56

culture. The Rana leaders promoted their own style of governance, leaving an indelible mark on Nepal's traditional socio-religious fabric.

A noteworthy characteristic of the Rana era was Nepal's relative isolation from external influences. This isolationism, while primarily driven by political motives, had cultural ramifications. The Ranas aimed to safeguard and promote a specific vision of Nepali culture and identity, distinct from external influences. Consequently, there was limited interaction with neighboring regions and cultures during this time.

This political power shift also had implications for religion. Although Hinduism retained its dominant status in Nepal, the Ranas exerted control over religious institutions and practices. The political landscape in Nepal began to evolve in the mid-twentieth century, marked by growing demands for democracy and expanded political liberties. With the support of King Tribhuvan, the Rana regime was ultimately toppled in the early 1950s, signaling the end of their authoritarian rule. This period of transition witnessed the reinstatement of the Shah kings, with King Tribhuvan reclaiming his role as the Head of State.³⁵

In the early 1960s, King Mahendra, King Tribhuvan's son, introduced a new constitution. Democratic elections for a national assembly were conducted for the first time. Under the leadership of Bishweshwar Prasad Koirala Nepali Congress Party emerged victorious in these elections and he assumed the role of prime minister, marking a return to democratic governance. However, the democratic experiment in Nepal was short-lived. King Mahendra dissolved Parliament and dismissed the first democratic government in 1960. This event signaled another significant transformation in Nepal's political landscape, characterized by periods of political instability and shifts in governance structures.

Throughout these political changes, India played a pivotal role in guiding and influencing Nepal's political trajectory. The geographical proximity and historical ties between India and Nepal have positioned India as a prominent actor in Nepal's political and cultural landscape. Indian influence has been particularly pronounced in matters related to politics, diplomacy, and regional cooperation.

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³⁵ Singh, C. P. (2004). *Rise and growth of anti-rana movement in nepal*. Proceedings of the Indian History Congress, 65,PP(992–1002).

2. HINDUISM

India-Nepal Hinduism Connection: A Sacred Bond with Historical Roots

India and Nepal, two neighboring nations in South Asia, share a profound connection rooted in their common heritage of Hinduism. This spiritual bond has not only shaped their religious practices but has also influenced their historical, cultural, and social ties. Let's discuss the rich tapestry of the India-Nepal Hinduism connection, exploring its historical depth and enduring significance.

Spread of Hinduism in the region.

The spread of Hinduism in Nepal is a complex and multifaceted process deeply rooted in the region's history, culture, and social dynamics. Hinduism has been a dominant religious and cultural force in Nepal for centuries, and its influence can be traced through various historical periods. Here, we discuss the spread of Hinduism in Nepal in detail:

Ancient Origins: The roots of Hinduism in Nepal run deep and can be traced back to the Vedic period, which commenced around 1500 BCE. During this ancient era, the Kathmandu Valley, now a significant center of Hinduism was inhabited by early rulers known as the Gopalas and Mahishapalas. These early rulers were practitioners of an early form of Hinduism, marking the initial stages of the religion's influence in the region.³⁶

The historical evidence for the presence of Hinduism in Nepal's early history is compelling. Archaeological findings, inscriptions, and historical texts all point to the deep-seated roots of this religion in the Kathmandu Valley.³⁷ These early rulers played a pivotal role in laying the foundation for the widespread practice of Hinduism in the region, establishing the cultural and religious heritage that continues to thrive in Nepal today. The enduring legacy of Hinduism in Nepal, stemming from these ancient beginnings, underscores the profound influence of this religion on the country's culture, traditions, and way of life. It serves as a testament to the rich tapestry of history and spirituality that characterizes Nepal's identity as a hub of Hinduism in South Asia.

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³⁶ Dhungel, A. (2017). *Introduction to Kathmandu Valley: History, geography, culture and religion*, p.1-2

³⁷ Ibid.,p. 2

The Lichhavi Dynasty (c. 300 CE): The Lichhavi dynasty, believed to have its origins in northern India, occupies a significant place in the history of Hinduism's spread and consolidation in the Kathmandu Valley, Nepal. This influential dynasty ascended to power in Nepal around 300 CE, marking a crucial period in the region's religious and cultural revolution.³⁸

Under Lichhavi rule, Hinduism saw remarkable growth and prominence in the Kathmandu Valley. The Lichhavis were notable patrons of the religion, and their reign witnessed a prolific construction phase. They played a pivotal role in the building of temples, monasteries, and religious sites, which not only added to the architectural landscape but also contributed to the strengthening of Hinduism's presence in the valley. The historical significance of the Lichhavi dynasty's reign in Nepal extends beyond its temporal rule, as it continues to shape the religious and cultural landscape of the Kathmandu Valley to this day.³⁹

Janakpur: The Birthplace of Sita Mata (Ramayan) : Janakpur, a city in Nepal's Terai region, stands as an iconic symbol of the deep-rooted India-Nepal Hinduism connection. This sacred city is revered by Hindus worldwide as the birthplace of Sita mata, the wife of Lord Rama. The narrative of birth of sita mata in Janakpur is enshrined in Hindu mythology, particularly in the Ramayana, one of Hinduism's most cherished epics.⁴⁰

According to the legend, King Janaka discovered Sita while plowing a field, and this divine occurrence forever links Janakpur to the spiritual heritage of Hinduism. The story of birth of Sita in this city and her subsequent marriage to Lord Rama not only solidifies Janakpur's significance but also underscores the profound spiritual and cultural ties between India and Nepal. Janakpur serves as a spiritual bridge, uniting people from both nations in a shared reverence for Sita and the timeless epic of the Ramayana. This city's rich mythology and cultural significance exemplify the enduring bonds between India and Nepal, rooted in their common Hindu heritage.

Janakpur temple , Nepal

Figure-1

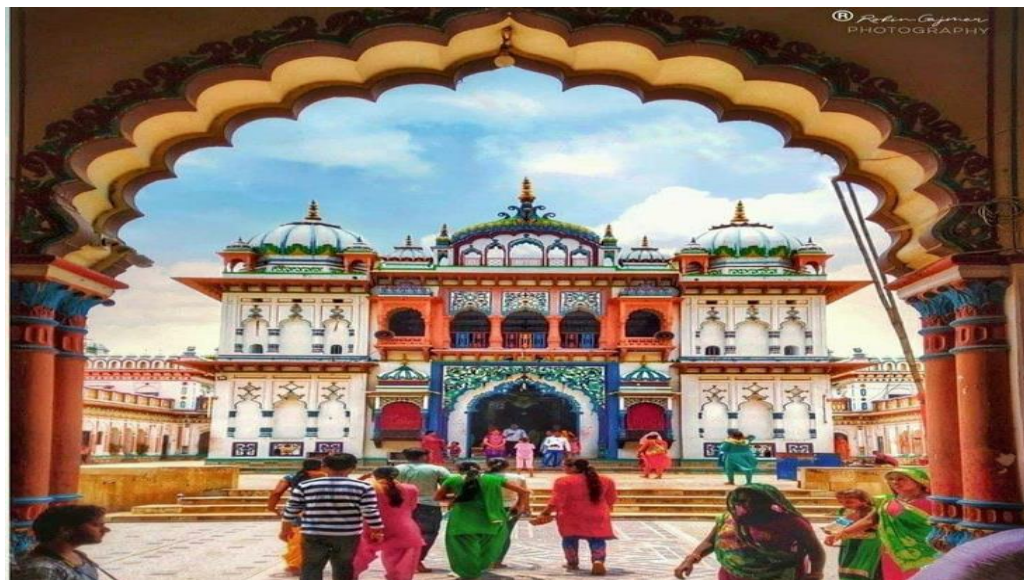
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³⁸ Slusser, M. S. (1982). *Nepal mandala: A cultural study of the Kathmandu Valley* (Vol. 1: Text, pp. 4–18). Princeton University Press.

³⁹ Ibid.p.18

⁴⁰ Choudhary, op. cit., p.243



Devotees from both India and Nepal make pilgrimages to Janakpur to pay their respects to Sita and partake in religious ceremonies that commemorate this divine union.



Janaki temple ,janakpur, Nepal

Pashupatinath Temple: A Shared Pilgrimage Destination: This ancient temple complex is dedicated to Lord Shiva in his form as Pashupati, the Lord of Animals. The Pashupatinath

Temple, located in Kathmandu, is the oldest Hindu temple in the city, with origins believed to be pre-Vedic.⁴¹ According to texts like the Nepal Mahatmaya and Himvatkhanda of the Skanda Purana, its deity gained prominence as Pashupati. Records indicate the temple's existence as early as 400 CE, originally built by Licchavi king Prachanda Deva. It started as a linga-shaped shrine, later expanded into a five-story temple by Supuspa Deva. Over time, the temple was reconstructed and renovated, with significant contributions from King Shivadeva and Ananta Malla. Considered one of the most sacred Shiva abodes, Pashupatinath is viewed as complementary to the Kedarnath Temple. The temple's priests are traditionally Vedic Dravida Brahmins from Karnataka, trained by the Sringeri Sharada Peetham. Pashupatinath holds immense significance for Hindus, and it is often referred to as the "Varanasi of the East." Its status as a UNESCO World Heritage Site further underscores its cultural and historical importance.⁴² The temple's architectural grandeur, spiritual ambiance, and historical heritage make it a vital religious and cultural symbol for Hindus. Devotees from India, especially from the northern states, make the pilgrimage to Pashupatinath, seeking blessings and spiritual solace. The temple's architecture, rituals, and the spiritual aura draw visitors from across the border, strengthening the religious ties that bind these nations.

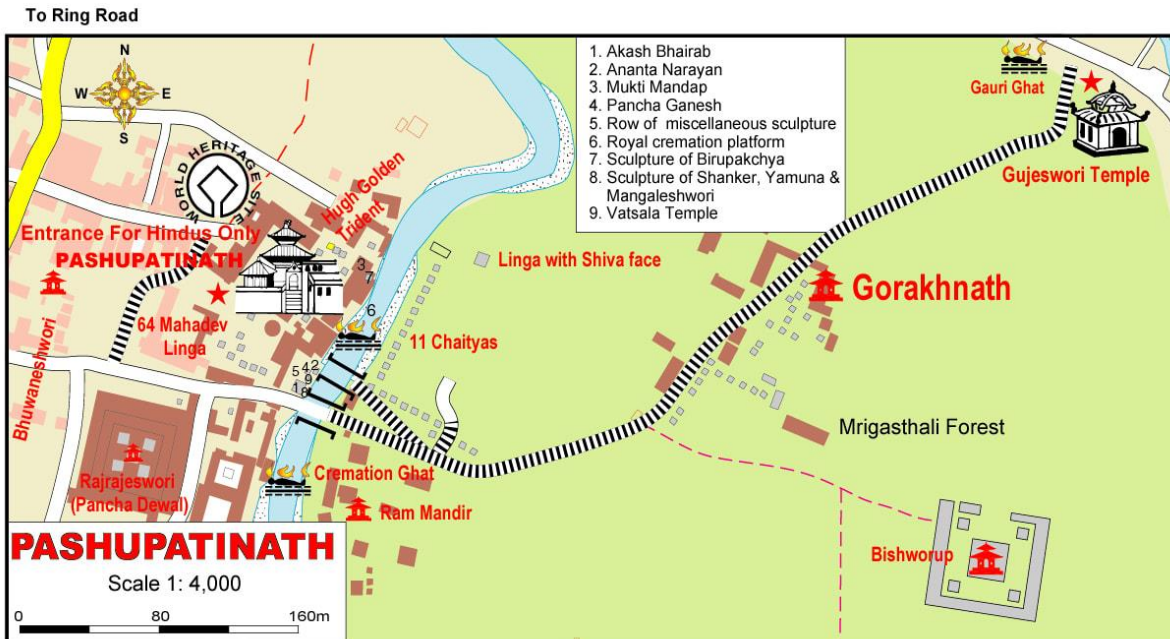
Figure -2



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⁴¹ Levy, R. I. (1990). *Mesocosm: Hinduism and the organization of a traditional Newar city in Nepal* University of California Press. pp. (5–20).

⁴² Ibid,p.87

Pashupatinath Tempale, Kathmandu, Nepal



Source- <https://bigskytreks.weebly.com/pashupatinath-temple-tour.html>

Shared Festivals and Rituals: Hindu festivals serve as vibrant threads weaving the tapestry of the India-Nepal Hinduism connection. These celebrations, including Diwali (the Festival of Lights), Dashain (Nepal's largest festival), and Holi (the Festival of Colors), hold immense significance in both India and Nepal. They are observed with great fervor and enthusiasm, not only within the borders of each country but also across the shared cultural landscape.

Diwali –This is the Festival of Lights. This festival spread the message of victory of light over darkness and good over evil. It is celebrated with the lighting of lamps and the exchange of sweets and gifts. In both India and Nepal, families come together to illuminate their homes, creating a mesmerizing spectacle of lights that transcends geographical boundaries. The spirit of Diwali unites Hindus on both sides of the border in a shared celebration of hope and positivity.

Dashain, Nepal's grandest festival, is a time of family reunions and cultural rituals. It involves the worship of the goddess Durga and the exchange of blessings and tikas (vermilion markings)

among family members.⁴³ This festival holds a special place in the hearts of Nepali Hindus, and its observance extends to Hindu communities in India. The traditions and customs associated with Dashain bring families and communities closer, fostering a sense of unity that knows no borders.

Holi –This is the Festival of Colors. On this occasion people throw colored powders and water. It is a time when inhibitions are shed, and people come together to celebrate the arrival of spring. Holi's exuberance is not confined by borders, as it is celebrated with equal enthusiasm in both India and Nepal. The exchange of colorful greetings and the spirit of camaraderie during Holi strengthen the bonds between the two nations.

These Hindu festivals serve as powerful connectors, facilitating the exchange of greetings, traditions, and festivities between India and Nepal. They transcend political boundaries and remind people of their shared cultural heritage. In celebrating these festivals together, the communities of both countries are brought closer, reinforcing the enduring connection rooted in Hinduism and culture that unites India and Nepal.

Goddess Worship: Nepal has a rich tradition of goddess worship. Temples dedicated to various goddesses, such as Kumari (the living goddess of Kathmandu), Taleju, and Bhagwati, are integral to Nepali Hinduism.⁴⁴

Goddess worship reflects the deep cultural and religious connection between the people and the divine feminine, adding to the diverse tapestry of Nepali Hinduism.

Syncretic Traditions: Nepal has a unique syncretism between Hinduism and Buddhism. Many deities and religious practices are shared between the two religions. This syncretism has led to a harmonious coexistence of the two faiths. The blending of Hindu and Buddhist traditions is a distinctive feature of religious life in Nepal and has contributed to the cultural diversity of the region.

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⁴³ Nepal Desk. *Dashain*. Retrieved December 12, 2024, from <https://nepaldesk.com/festival-event/dashain>

⁴⁴Trek Me Nepal. *Kumari: The living goddess of Nepal*. Retrieved December 12, 2024, from <https://trekmenepal.com/kumari-the-living-goddess-of-nepal/>

Cross-Border Marriages and Cultural Exchange: The connection between Hindu communities in India and Nepal runs deep, encompassing not only religious ties but also the social fabric of both nations. One notable aspect of this connection is the prevalence of cross-border marriages between Indian and Nepali Hindus. These intermarriages are a common occurrence and have played a significant role in fostering familial and cultural bonds that further strengthen the already close relationship between the two countries. These marriages serve as a powerful testament to the shared values, customs, and beliefs that unite Hindu communities in India and Nepal. They often transcend political boundaries and serve as a living example of the enduring connections between the people of these neighboring nations. In these unions, families from both sides come together, celebrating their common religious and cultural heritage while also respecting the unique traditions and practices that make each community distinctive.⁴⁵

The social and familial ties formed through these cross-border marriages contribute to a sense of kinship and mutual understanding between Indian and Nepali Hindus. It is through these personal connections that the rich tapestry of Hinduism, with its diverse rituals, festivals, and traditions, is woven together, creating a shared cultural identity that transcends borders. These marriages exemplify the deep-rooted relationship between India and Nepal, where religion and culture serve as unifying forces that bind these two nations together.

In the contemporary era, the India-Nepal Hinduism connection continues to evolve. Both countries recognize the importance of preserving their shared spiritual heritage and cultural traditions. This connection also plays a role in diplomacy and people-to-people interactions, contributing to the overall warmth and cooperation between India and Nepal.

Political impact of Hindu religion on India and Nepal.

With a following exceeding one billion and representing 15% of the global population, Hinduism ranks as the fourth largest and one of the oldest major world religions. The majority of Hindus reside in two South Asian nations, Nepal and India, where they make up 80% or more of the population. Although Hinduism is oldest religion of India, in recent times there is rise in Hindu

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⁴⁵ Manchanda, R. (2001), "Whose Nepal—Whose India: Of diasporas and transnational identities", India International Centre Quarterly, Vol. 28(3), PP(47–56)

sentiments which is termed as Hindu nationalism. This ideology promotes a Hindu cultural and civilizational perspective, impacting national policies, education, and foreign relations. While some perceive this as a cultural revival, others express concerns about the marginalization of minority groups and the decline of secular principles.⁴⁶

In Nepal, Hinduism historically supported the monarchy and helped unify various ethnic groups. Monarchs were viewed as defenders of the Hindu faith, and the 1990 constitution recognized Nepal as a Hindu kingdom. Although Nepal adopted a secular constitution in 2007, strong Hindu sentiments remain prevalent, with ongoing calls for the reestablishment of a Hindu state highlighting the religion's lasting political significance.

Hinduism serves as a constructive unifying factor in India-Nepal relations. Pilgrimage routes like the Ramayana Circuit, which links sites such as Ayodhya in India and Janakpur in Nepal, are supported by both governments to enhance tourism and cultural integration symbolizing deeper civilizational connections. Common deities and festivals celebrated in countries strengthen interpersonal connections and fostering political goodwill. India has invested in the restoration and preservation of significant Hindu temples in Nepal, including the Pashupatinath Temple, demonstrating a mutual commitment to safeguarding shared heritage.

These cultural and religious connections often translate into diplomatic soft power, facilitating the alleviation of political tensions and promoting dialogue, even amidst geopolitical challenges.

3. BUDDHISM

Buddhism: A Pillar of Indo-Nepalese Relations

The historical and cultural ties between India and Nepal run deep, and one of the most significant threads in this intricate relation is Buddhism. Buddhism, with its origins in India and strong influence in Nepal, has played a pivotal role in shaping the relations between these two neighboring countries. This article delves into the profound connection between Buddhism and Indo-Nepalese relations, exploring its historical roots and contemporary relevance, with reference to key milestones and sites.

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⁴⁶ Williams, R. V., & Moktan, S. (2019). Hinduism: India, Nepal, and beyond. *Oxford Research Encyclopedia of Politics*. <https://doi.org/10.1093/acrefore/9780190228637.013.764>

Buddhism, a major world religion, finds its roots in India during the sixth century B.C.E., attributed to the teachings of Siddhartha Gautama.⁴⁷ This spiritual path, which later spread through various parts of Asia, including China, Korea, Japan, and the Western world. Till 2010 there are about 488 million Buddhists worldwide, representing 7% of the world's total population⁴⁸. Buddhism is centered on the pursuit of nirvana, a state of enlightenment attained by following the path of the Buddha. Central to Buddhism is the concept of impermanence; it teaches that there is no personal god but rather a path to enlightenment open to all through practice, wisdom, and meditation. The term "Buddhism" signifies devotion to 'the Buddha,' which translates to the 'Awakened One' or the 'Enlightened One.' Siddhartha Gautama, the historical Buddha, was born into a royal family that ruled the Sakyan clan in Kapilvastu, present-day Nepal, around 563 B.C.E. His birth in Lumbini, a sacred site in Nepal, was a momentous event marked by a stone pillar erected by King Ashoka over 300 years later. The predictions made at his naming ceremony hinted at his future destiny, suggesting he would become either a great king or a great teacher after exposure to suffering.

Raised by his aunt after the passing of his mother, Siddhartha grew up amid luxury and was encouraged to excel in education. However, his longing to explore the world beyond the palace walls led him to embark on a journey of self-discovery at the age of 29. It was during this expedition that he encountered the 'Four Passing Sights': an old man weakened by age, a sick man in pain, a dead man on his way to cremation, and a wandering sannyasin. These stark encounters with aging, sickness, and death profoundly moved him, setting him on a path to seek answers to life's suffering. Siddhartha initially explored asceticism, undergoing six years of intense hardships. However, he realized that neither luxury nor starvation could provide the deeper understanding he sought. This realization led him to follow the Middle Path, ultimately culminating in his enlightenment under the Bodhi tree in Bodh Gaya (Bihar, India). During this moment of profound realization, he saw his past lives, death, and rebirths, finally eliminating all desires and ignorance within himself, becoming the 'Awakened One' the Buddha.

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⁴⁷ Takahashi Brown, W. (2002, December). *Introduction to Buddhism* Stanford University, pp. 1–2.

⁴⁸ <https://www.pewresearch.org/religion/2012/12/18/global-religious-landscape-buddhist>, p. 1.

Figure -3



Bodhi tree, Bodh gaya

Buddha's teachings began at Sarnath (UP, India)with his first sermon to a group of ascetics who had previously practiced with him. These ascetics became his first disciples, and he continued to spread his teachings across India for the next 45 years until his passing at the age of 80 in the small town of Kusinara (UP, India).⁴⁹

Buddhism emerged in a time when early forms of Hinduism, known as 'Brahmanism,' held sway. While some of Buddha's ideas, such as karma, rebirth, and the existence of gods, shared commonalities with Brahmanism, his teachings diverged significantly. Buddha rejected the authority of the Vedas, the practice of sacrifices to gods, and the social caste system. Buddhism was open to people of all social classes, and the Sangha, a social order of monks and nuns, was introduced by Buddha himself.

The Buddha's charisma attracted followers, leading to the formation of a monastic community with its own rules and regulations over time. However, he never designated himself as the leader

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⁴⁹ Takahashi Brown, W. (2002, December). *Introduction to Buddhism* Stanford University. (pp. 1–2).

and did not appoint a successor upon his death. Instead, he encouraged people to follow his teachings (Dharma) and the monastic order, giving rise to various traditions and sects.

The absence of a central authority led to disagreements within the Buddhist community, most notably between the 'Elders' (Sthaviras) and the 'Universal Assembly' (Mahasanghikas). This division, known as the 'Great Division,' stemmed from differences in doctrine and monastic conduct. Over time, Buddhism encountered new customs and ideas as it spread to various parts of India, raising questions about adherence to traditional practices or accommodation of new beliefs.

The divisions and sub-schools that emerged gradually faded away, leaving a legacy for the Mahayana movement. This transformative movement marked a new chapter in Buddhism's evolution, embracing fresh beliefs and practices while emphasizing compassion and enlightenment. Buddhism's journey from the time of Siddhartha Gautama to its various traditions and sects underscores its resilience and adaptability. Today, Buddhism continues to inspire countless followers worldwide, carrying with it the timeless teachings of compassion, wisdom, and the pursuit of enlightenment the essence of Siddhartha Gautama's profound quest for truth.

The Buddha's life Journey:

The life of Gautama Buddha is divided into three pivotal phases: his birth, marked by prophecies and royal beginnings; his enlightenment, during which he discovered the Four Noble Truths⁵⁰ and the Noble Eightfold Path and his Mahaparinirvana, signifying his physical passing and attainment of nirvana. These phases form the core narrative of Buddhism and continue to inspire millions of followers worldwide.

1. Birth (Nepal) 563 BCE:

The birthplace of Gautama Buddha, Prince Siddhartha Gautama, is a site of profound historical and spiritual significance, known as the Lumbini Grove. It is situated in Lumbini, a small town

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⁵⁰ World History Encyclopedia. *Four noble truths*. Retrieved from https://www.worldhistory.org/Four_Noble_Truths

in what is now modern-day Nepal.⁵¹ This sacred location has earned the prestigious status of a UNESCO World Heritage Site. Siddhartha Gautama's birth, which occurred in the year 563 BCE, is shrouded in legend and revered as a momentous event. His family, the Sakyas, belonged to the Sakya clan, and his father, King Suddhodana, ruled over the Sakyan kingdom.

The story of Siddhartha's birth is steeped in divine symbolism and prophecies. According to legend, Queen Maya, Siddhartha's mother, experienced a series of remarkable events leading up to the birth of her son. She dreamt of a white elephant with six tusks entering her womb, which was interpreted as a highly auspicious sign. This dream was followed by her miraculous conception, where it is said that she conceived Siddhartha without physical contact, further emphasizing the extraordinary nature of his birth.⁵²

As the time of Siddhartha's birth approached, Queen Maya traveled to her ancestral home in Lumbini to give birth. While on her journey, she stopped at the Lumbini Grove and entered a beautiful garden. It was within this serene and lush setting that Siddhartha was born. The traditional account of his birth states that he emerged from his mother's side, and as he took his first seven steps, lotus flowers miraculously sprang up beneath his feet.⁵³

These lotus flowers are said to have symbolized purity, enlightenment, and the unfolding of Siddhartha's spiritual journey. The miraculous nature of his birth was further underscored when he raised his right hand, pointing to the heavens, and with his left hand, he gestured to the earth, signifying his unique role as a bridge between the spiritual and earthly realms. Siddhartha's birth, marked by these extraordinary occurrences and divine signs, was seen as a prelude to his future greatness as a spiritual leader. It was prophesied that he would either become a great king or a great spiritual teacher, foreshadowing the profound impact he would later have on the world as the Buddha.

The Lumbini Grove, now a revered pilgrimage site, encompasses the exact spot of Siddhartha's birth and features the Maya Devi Temple, named after his mother. The temple houses a marker stone believed to denote the very place where Siddhartha came into the world.

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⁵¹ Takahashi Brown, W. (2002, December). *Introduction to Buddhism*. Stanford University. pp. (1–2).

⁵² Ibid,p2

⁵³ World History Encyclopedia. *Lumbini*. P3 Retrieved December 12, 2024 from <https://www.worldhistory.org/Lumbini/>



Mayadevi temple, lumbini, Nepal

the birthplace of Gautama Buddha in Lumbini, Nepal, is a site steeped in legend and divine symbolism. The miraculous events surrounding his birth, including the blooming of lotus flowers and his unique gestures, are revered as signs of his extraordinary destiny as the future Buddha. This sacred location serves as a testament to the profound spiritual and historical significance of Siddhartha Gautama's birth and his subsequent path to enlightenment.⁵⁴

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⁵⁴ Ibid.,p4

Siddhartha Gautama embarked on a spiritual journey that came to be known as the Great Renunciation, marking the second phase of his life. Driven by a deep yearning to understand the fundamental nature of existence and the end of suffering, Siddhartha renounced his princely life, including his palace, family, and worldly possessions. For six years, he dedicated himself to a life of asceticism and meditation, seeking guidance from various teachers and undergoing extreme physical austerities in the forests of India.⁵⁵

Siddhartha's relentless quest led him to the sacred town of Bodh Gaya, located in present-day Bihar, India. Under the towering branches of a Bodhi tree, he resolved to meditate until he found the answers he sought. It was under this Bodhi tree that the momentous event of his enlightenment unfolded. There is a famous Mahabodhi temple at the place where Buddha attained his enlightenment.⁵⁶ This temple is regarded as one of the most sacred temple for the follower of Buddhism.

Figure- 5



Mahabodhi temple, Bodh Gaya, India

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⁵⁵ Buddha Weekly. *Buddha's enlightened journey: An in-depth illustrated timeline of Shakyamuni Gautama's life from 563 BCE to 483 BCE*.P4 Retrieved December 12, 2024, from <https://buddhaweekly.com/buddha-enlightened-journey-timeline/>

⁵⁶ UNESCO World Heritage Centre. *Mahabodhi Temple Complex at Bodh Gaya*. Retrieved from <https://whc.unesco.org/en/list/1056>

After 49 days of deep meditation, on a full moon night in May or June, Siddhartha achieved the ultimate goal of his quest. In this transcendent experience, he attained enlightenment and became known as the Buddha, which means "the Awakened One." This awakening marked the culmination of his spiritual journey and the revelation of profound insights into the nature of existence and the alleviation of human suffering.⁵⁷

During his enlightenment, Siddhartha Gautama gained clarity on four fundamental truths that would become the cornerstone of Buddhist philosophy. These are known as the Four Noble Truths:⁵⁸

Dukkha (Suffering): Siddhartha understood that pain is a necessary component of being a human. It includes all forms of suffering, mental and physical, as well as discontent and the unmet desires that underpin all human existence.

Samudaya (Cause of Suffering): The Buddha identified the root causes of suffering as attachment, desire, and ignorance. He understood that suffering arises when individuals cling to impermanent things and hold unrealistic expectations.

Nirodha (Cessation of Suffering): Siddhartha realized that suffering could be extinguished, and there is a state beyond suffering. He referred to this state as Nirvana, which is the ultimate goal of Buddhist practice.

Magga (Path to Cessation): The Buddha elucidated the Noble Eightfold Path, which outlines the ethical and mental disciplines that lead to the cessation of suffering and the realization of Nirvana. The correct comprehension, intention, speech, action, livelihood, effort, mindfulness, and focus are all components of this path.

The moment of Siddhartha Gautam got enlightenment beneath the Bodhi tree in Bodh Gaya is a profound and foundational event in Buddhism. It is from this awakening that he began his mission to teach others about the Four Noble Truths and the Noble Eightfold Path, offering a path to liberation from suffering and the cycle of birth and death. The Buddha's teachings

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⁵⁷ Buddha Weekly. *Buddha's enlightened journey: An in-depth illustrated timeline of Shakyamuni Gautama's life from 563 BCE to 483 BCE*. P 5 Retrieved December 12, 2024, from <https://buddhaweekly.com/buddha-enlightened-journey-timeline/>

⁵⁸ Takahashi Brown, W. (2002, December). *Introduction to Buddhism* . Stanford University, p.2

continue to inspire countless individuals on their own spiritual journeys towards enlightenment and inner peace.⁵⁹

3. Mahaparinirvana (India) 483 BCE:

The mahaparinirvana, or the final phase of Gautama Buddha's life, is a profoundly significant event in Buddhist tradition. It marks the culmination of the Buddha's spiritual journey, signifying his physical death and his attainment of ultimate liberation from the cycle of birth and death, known as samsara. This momentous event is believed to have taken place when the Buddha was 80 years old, in the town of Kusinara, which is modern-day Kushinagar, located in the Indian state of Uttar Pradesh.

Figure-6



Mahaparinirvana sthal, kushinagar, Uttarpradesh, India

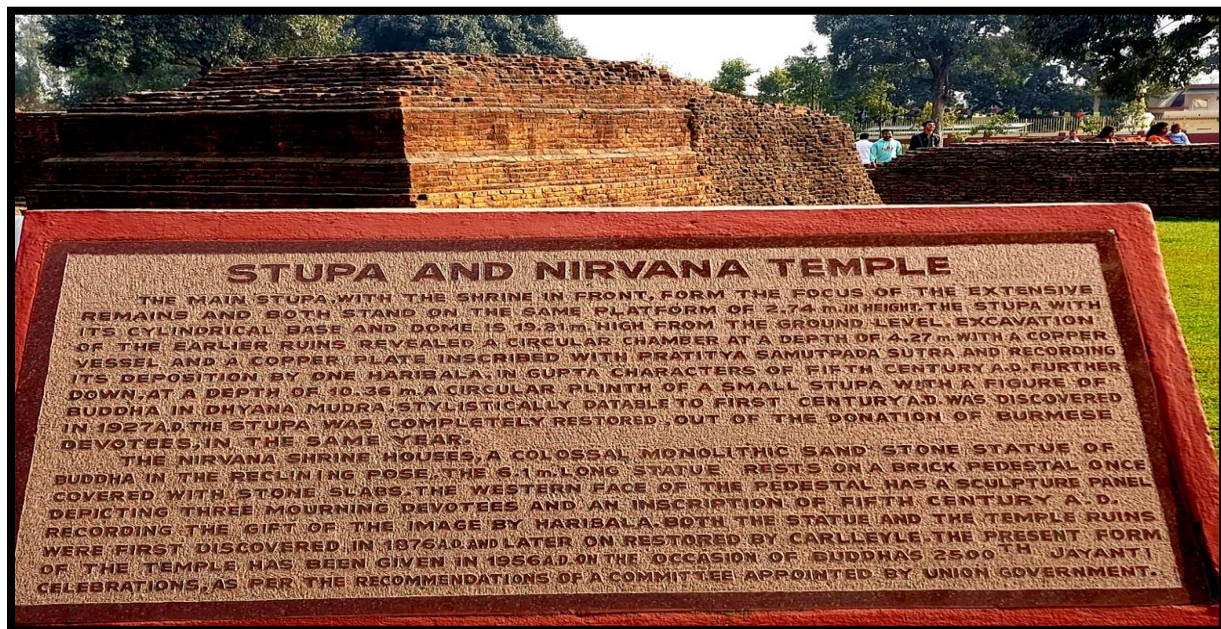
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⁵⁹ Ibid.,p6

The account of the Buddha's mahaparinirvana narrates that, as his final moments approached, he lay on his right side between two sala trees in a grove near Kusinara. It was under these trees that the Buddha delivered his last teachings to his devoted disciples, imparting his wisdom and guidance one last time. His final words emphasized the impermanence of all things and the importance of diligence and mindfulness in the pursuit of spiritual liberation.⁶⁰

The Buddha's mahaparinirvana holds profound significance in Buddhism, serving as a poignant reminder of the impermanence of life and the inevitability of death. It encapsulates the essence of Buddhist teachings, emphasizing the transient nature of existence and the need to transcend suffering through the pursuit of enlightenment.

Following his physical passing, the Buddha's body was cremated in a dignified and ceremonial manner. The ashes and relics from his cremation were collected and distributed to various stupas, monasteries, and spiritual centers across India. These relics, considered sacred, became objects of veneration and pilgrimage for Buddhists.

Figure-7



Stupa and Nivana Temple, kushinagar

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⁶⁰ Buddhism Guide. *Mahaparinirvana Sutra*.pp2-4 Retrieved December 12, 2024, from <https://buddhism-guide.com/mahaparinirvana-sutra/>

Kusinara, the location of the Buddha's mahaparinirvana, holds special significance as a pilgrimage destination. Buddhists from around the world visit this sacred site to pay their respects to the Buddha and to reflect on the impermanence of life and the teachings he left behind. The town is home to several monuments and stupas commemorating the Buddha's mahaparinirvana, including the Parinirvana Stupa, which is believed to mark the very spot where the Buddha passed away.⁶¹

The mahaparinirvana of Gautama Buddha represents the final phase of his life, where he achieved ultimate liberation from the cycle of birth and death through his passing. His final teachings, delivered under the sala trees in Kusinara, continue to resonate with Buddhists worldwide, reminding them of the impermanence of existence and the path to spiritual enlightenment. The Buddha's mahaparinirvana is a cornerstone event in Buddhist history, celebrated and commemorated with reverence and devotion by Buddhist communities across the globe.⁶²

Spread of Buddhism In The Region.

The spread of Buddhism in the Indian subcontinent, including Nepal, is a fascinating historical journey that has left an indelible mark on the region's religious and cultural landscape.

Early Buddhism in Nepal: Nepal holds a unique position in the history of Buddhism as it is the birthplace of Siddhartha Gautama, who later became known as Buddha. Lumbini, situated in present-day Nepal, is the sacred site where Prince Siddhartha was born around 563 BCE. This historical event marks the inception of Buddhism, making Nepal a fundamental location for Buddhist pilgrims from around the world. The significance of Lumbini as the Buddha's birthplace cannot be overstated, and it continues to attract devotees and scholars, contributing to the preservation and spread of Buddhist teachings.

Ashoka's Influence: Emperor Ashoka, one of the most influential Mauryan rulers, played a central and transformative role in the spread of Buddhism across the Indian subcontinent, Nepal

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⁶¹ Ibid.,p.4

⁶² Ibid.,p.5

included. His conversion to Buddhism marked a profound shift in his life and leadership, leading him to become a fervent patron and promoter of the faith. Ashoka's commitment to Buddhist principles had far-reaching consequences, and his efforts left an indelible mark on the cultural and religious landscape of Nepal.⁶³

Ashoka's conversion to Buddhism occurred after the Kalinga War, a military campaign that resulted in immense suffering and loss of life. Overwhelmed by remorse and the brutality of warfare, Ashoka sought solace in the teachings of Buddhism, which emphasized non-violence, compassion, and ethical conduct. This transformation led him to embrace Buddhism as his guiding philosophy and moral compass.

As a devout follower of Buddhism, Ashoka was determined to promote its teachings and principles throughout his vast empire, which included significant territories in what is now modern-day Nepal. To achieve this, he initiated a monumental effort to spread Buddhism and convey its core values to his subjects. One of Ashoka's most notable contributions to the dissemination of Buddhism was the erection of pillars and inscriptions known as Ashoka's Edicts.⁶⁴ These edicts were strategically placed in various regions, including Nepal, and served as a medium for the widespread propagation of Buddhist teachings and ethical principles. These edicts were inscribed on stone pillars and rock surfaces, written in various scripts and languages of the time.⁶⁵

Figure-8



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⁶³ Mark, J. J. (2020, June 24). Ashoka the Great. *World History Encyclopedia*, pp(4-9)

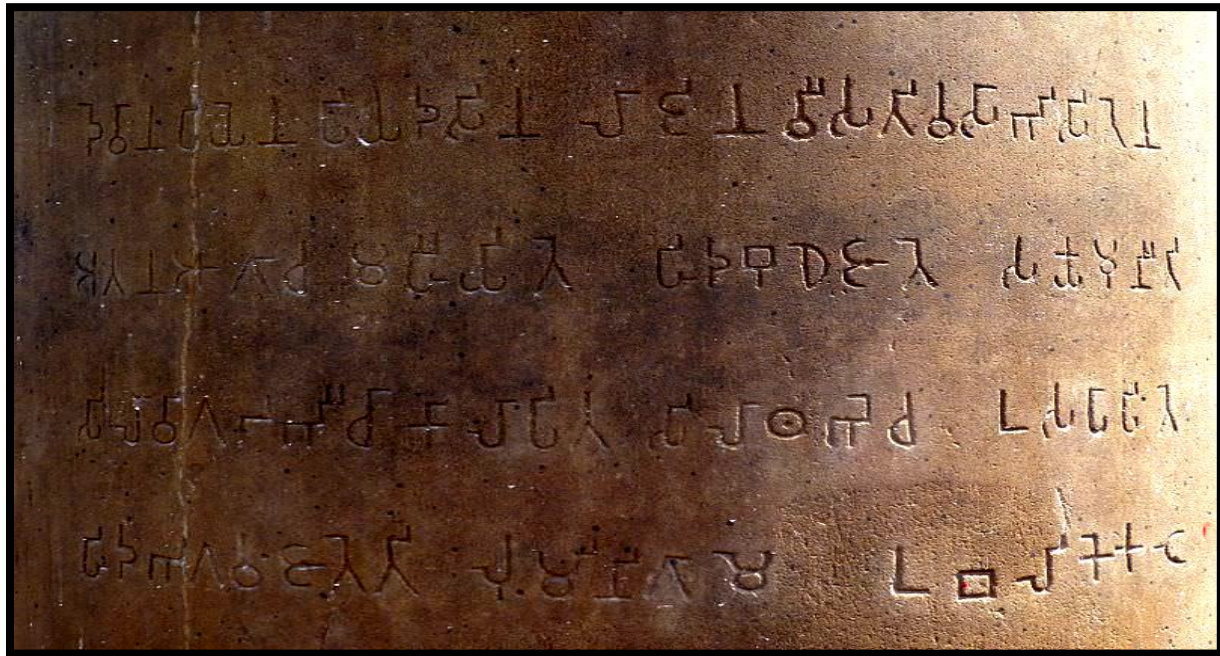
⁶⁴ Access to Insight. (2015). *Pillar Edict I, Delhi-Topra version. The Edicts of King Asoka*. Retrieved from <http://www.accesstoinsight.org/lib/authors/dhammika/wheel386.html#fn-39>

⁶⁵ Ibid,p.2

Ashoka pillar, Lumbini

Ashoka's Edicts typically conveyed messages of moral and ethical conduct, religious tolerance, and the importance of living a righteous life. They also highlighted the concepts of dharma (duty or righteousness) and ahimsa (non-violence), central tenets of Buddhism.⁶⁶

Figure-9



Brahmi inscription on an Ashokan Pillar

In Nepal, as in other parts of Ashoka's empire, these edicts played a significant role in introducing and popularizing Buddhism among the local populations. They served as a constant reminder of the principles of the faith and the emperor's commitment to their propagation.

Furthermore, Ashoka's patronage extended to the construction of numerous Buddhist monasteries, stupas, and viharas. These religious sites became centers of Buddhist learning and practice, fostering the growth of Buddhism in Nepal.⁶⁷

The enduring legacy of Ashoka's efforts to spread Buddhism is evident in the rich Buddhist heritage of Nepal. To this day, Nepal boasts a multitude of Buddhist temples, monasteries, and pilgrimage sites that reflect the profound impact of Ashoka's commitment to the faith.

⁶⁶ Mark, J. J. (2020, June 24). Ashoka the Great. *World History Encyclopedia*, pp(4-9)

⁶⁷ Ibid,p.9

Emperor Ashoka's conversion to Buddhism and his subsequent efforts to promote the religion through the erection of pillars and inscriptions, along with his patronage of Buddhist institutions, played a pivotal role in the dissemination of Buddhism in Nepal and the broader Indian subcontinent.⁶⁸ His enduring legacy continues to be celebrated in the region's rich Buddhist traditions and cultural heritage.

Monastic Traditions: Nepal boasts a rich tradition of monastic Buddhism, evident through the presence of numerous monasteries, stupas, and viharas that dot the country's landscape. These monastic institutions have played a pivotal role in preserving Buddhist scriptures, teachings, and practices. Among the most notable Buddhist sites are the Swayambhunath Stupa, also known as the Monkey Temple, and the Boudhanath Stupa, both located in Kathmandu. These sites serve as significant pilgrimage destinations for Buddhists and are centers of spiritual and cultural learning. Monastic life continues to thrive in Nepal, attracting both local and international practitioners.

Indian influence: India played a central and transformative role in the spread of Buddhism, influencing its growth and dissemination both within the Indian subcontinent and across the world. As the birthplace of Buddhism, India provided the foundational context for the religion's emergence, with Siddhartha Gautama's enlightenment in Lumbini marking the genesis of this spiritual tradition. Emperor Ashoka's profound embrace of Buddhism following the Kalinga War was a pivotal moment. His patronage extended to the creation of inscriptions and pillars throughout his empire, including in present-day India, Nepal, Pakistan, and Afghanistan. Ashoka also promoted the construction of monasteries, stupas, and viharas, such as the iconic Sanchi Stupa and Mahabodhi Temple in Bodh Gaya, further solidifying Buddhism's presence. India was home to the renowned Nalanda University, a vital center for Buddhist education, attracting scholars and students from across Asia. The convening of Buddhist Councils in India preserved the purity of Buddhist scriptures and practices. Despite its decline in India, Buddhism thrived in other parts of Asia, thanks to the tireless efforts of Indian missionaries and scholars, further cementing India's pivotal role in the global spread and preservation of Buddhism.⁶⁹

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⁶⁸ Voss, T. (2016). *King Asoka as a role model of Buddhist leadership*, p.2

⁶⁹ Mark, J. J. (2020, June 24). Ashoka the Great. *World History Encyclopedia*, pp(4-9)

Tibetan Buddhism: Northern Nepal, particularly the Mustang region, has witnessed strong Tibetan Buddhist influences. The arrival of Tibetan refugees and exiles brought their distinct form of Vajrayana Buddhism to Nepal. The Mustang region, with places like Lomanthang, has emerged as a hub of Tibetan Buddhist culture. Here, practitioners uphold the unique rituals, traditions, and art forms associated with Tibetan Buddhism.⁷⁰ The coexistence of Tibetan and Nepali Buddhist traditions in Nepal showcases the diversity and adaptability of Buddhist practices in the region.⁷¹

The Influence of Buddhism: A Shared Spiritual Bond

Buddhism's profound teachings, encompassing the Four Noble Truths and the Eightfold Path,⁷² resonated deeply with people across the Indian subcontinent, including Nepal. As Buddhism gained prominence, it transcended geographical boundaries, facilitating cultural and religious exchanges between India and Nepal. The dissemination of Buddhist philosophy, art, and culture further solidified the spiritual bond between the two nations.

The Iconic Stupas: Architectural and Spiritual Marvels-Nepal boasts several iconic Buddhist stupas, which serve as not only places of worship but also architectural marvels. The Swayambhunath Stupa, or the Monkey Temple, and the Boudhanath Stupa are globally renowned. These stupas not only attract devotees but also act as cultural bridges, drawing visitors and pilgrims from both sides of the border.

The interplay of Buddhism with the socio-cultural milieu of India and Nepal has given rise to a vibrant exchange of traditions, rituals, and festivals. Events such as Buddha Jayanti, commemorating Gautama Buddha's birth, enlightenment, and death, are celebrated with great fervor in both countries. Pilgrims from India frequently embark on spiritual journeys to revered Buddhist sites in Nepal, reinforcing cultural and spiritual bonds.

The diplomatic ties between India and Nepal are strengthened by their shared Buddhist heritage. Both nations recognize the importance of preserving and promoting Buddhist heritage sites for

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⁷⁰ Takahashi Brown, W. (2002, December). *Introduction to Buddhism* ,P.3. Stanford University.

⁷¹ Encyclopedia of Buddhism. *Tibetan Buddhism*.p.3 Retrieved December 12, 2024, from https://encyclopediaofbuddhism.org/wiki/Tibetan_Buddhism

⁷² Ibid,P.3

tourism and pilgrimage. Collaborative efforts in the conservation and development of these sites have become integral to their diplomatic relations.

In modern times, Buddhism continues to play a pivotal role in Indo-Nepalese relations. Cultural exchange programs, academic collaborations, and religious interactions between Buddhist communities in both countries are thriving. These exchanges reflect the enduring nature of the spiritual connection between India and Nepal through Buddhism.⁷³

Buddhism stands as a unifying force, a spiritual bridge that connects India and Nepal. It serves as a reminder of their shared values of compassion, tolerance, and non-violence. As these nations embrace their Buddhist heritage, the spiritual connection between them remains an enduring foundation of their diplomatic, cultural, and social relations. Buddhism has not only shaped their past but also continues to illuminate the path toward a harmonious future.

4. CULTURAL ASPECTS OF INDO NEPLESE RELATIONSHIP

Social, Customs and Tradition : India and Nepal, two neighboring South Asian nations, share not only geographical proximity but also a rich tapestry of social customs and traditions that have evolved over centuries. Despite their distinct identities, these two countries exhibit striking similarities in various aspects of their social fabric. In this article, we explore the common social customs and traditions that bridge the gap between India and Nepal.

Hinduism is the predominant religion in both India and Nepal. It plays a central role in shaping the daily lives, customs, and traditions of the people. Common religious practices include worshipping deities, performing rituals, and observing festivals like Diwali, Dashain, and Tihar with great devotion.⁷⁴

Both nations place a strong emphasis on family values and kinship ties. The joint family system, where multiple generations live together, is a prevalent practice in both India and Nepal. Family gatherings, ceremonies, and celebrations hold immense significance in reinforcing familial

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⁷³ Mark, J. J. (2020, June 24). Ashoka the Great. *World History Encyclopedia*, pp(4-9)

⁷⁴ Nepal Desk. *Dashain*. Retrieved December 12, 2024, from <https://nepaldesk.com/festival-event/dashain>

bonds. Both societies hold deep respect for elders, with age often associated with wisdom and authority. Seeking blessings from elders and seeking their guidance in important life decisions are cherished customs. Festivals are celebrated with zeal and fervor in both countries. Many festivals, such as Holi and Raksha Bandhan, are observed with similar customs and rituals. The exchange of gifts, special dishes, and communal celebrations are common threads that weave through the festive tapestry of India and Nepal. The cuisine in both nations is characterized by a love for rice, lentils, vegetables, and a rich array of spices. Dal-Bhat (lentil soup with rice) is a staple in both Indian and Nepali diets. The use of aromatic spices adds flavor and depth to their culinary traditions.⁷⁵ Traditional attire reflects shared cultural elements. In India, sarees, dhotis, and turbans are commonly worn, while in Nepal, traditional clothing like the Daura Suruwal and Gunyo Cholo are revered. The vibrant colors and intricate designs in clothing are emblematic of the cultural vibrancy in both countries. While the official languages differ (Hindi in India and Nepali in Nepal), linguistic connections are evident, with both languages originating from Sanskrit. Ancient texts and epics like the Ramayana and Mahabharata are shared literary treasures, and their influence permeates the cultural narratives of both nations.

Common life events, such as weddings, births, and funerals, are marked by traditional rituals and ceremonies that reflect religious and cultural values. Ceremonial customs, including the exchange of garlands and the lighting of lamps, are ubiquitous in both Indian and Nepali traditions. Music and dance are integral components of social gatherings and festivals. Traditional instruments like the tabla and sitar are common in both countries. Folk dances like the Garba in India and various Nepali dance forms exhibit regional diversity yet share common roots in storytelling and celebration.⁷⁶ Both India and Nepal are known for their warm hospitality and the tradition of welcoming guests with open arms. Sharing meals and offering refreshments to visitors are customary practices that exemplify the hospitable nature of the people.

The similarities in social customs and traditions between India and Nepal illustrate the cultural threads that bind these two nations. Despite their distinct identities and regional variations, the shared values, rituals, and practices provide a strong foundation for understanding and

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⁷⁵ Shukla, D. (2006). India-Nepal relations: Problems and prospects. *The Indian Journal of Political Science*, 67(2), pp (355–374).

⁷⁶ Ibid., p.356

cooperation. These commonalities foster a sense of kinship and unity, enriching the relationship between India and Nepal and contributing to the unique cultural mosaic of South Asia.

Cross-Border Marriages: A Bridge of Friendship between India and Nepal

India and Nepal share a unique matrimonial relationship deeply rooted in culture, tradition, and geographic proximity. This relationship transcends borders and is a testament to the enduring bonds between the people of these two nations. Let's explore the intricacies and significance of the matrimonial ties that bind India and Nepal.⁷⁷

Arranged marriages are a common practice in both India and Nepal. In this time-honored tradition, families play a pivotal role in matchmaking. The process typically involves parents, relatives, and sometimes even trusted matchmakers who seek compatible partners for their children. While modernization has led to some changes in this practice, the essence of arranged marriages remains a strong cultural thread. In both countries, the family is the cornerstone of society. Respect for elders, multi-generational households, and close-knit family structures are shared values. When it comes to marriages, the involvement of families is not merely a formality; it is a cherished part of the process.

Cultural similarities between India and Nepal serve as a strong foundation for matrimonial relationships. Hinduism, the dominant religion in both countries, is a unifying factor. Rituals, customs, and traditions associated with weddings often align, making it easier for couples from these nations to connect on a cultural and religious level.

Weddings in India and Nepal are grand affairs, celebrated with great pomp and splendor. Elaborate ceremonies, colorful attire, traditional music, and dance performances mark the festivities. The exchange of garlands, the application of sindoor (vermillion), and the tying of the mangalsutra (sacred necklace) are shared customs that symbolize the union of two souls.

Respect for elders and ancestors are a shared value that plays a significant role in matrimonial relationships. Seeking the blessings of parents and seeking their guidance in the decision-making process is considered essential. Cross-border matrimonial alliances between India and Nepal

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⁷⁷ Singh, M. K., & Yadav, A. (2024). *India and Nepal: Redefining a relationship*. International Journal for Multidisciplinary Research (IJFMR), 6(6).PP (.7-8)

exemplify the strong people-to-people ties. These unions serve as bridges between the two nations, fostering goodwill and friendship. They offer opportunities for cultural exchange and deeper understanding of each other's traditions.⁷⁸

The matrimonial relationship between India and Nepal is a beautiful fusion of culture, tradition, and love. It exemplifies the enduring connections between these neighboring nations. While the customs and dynamics may evolve with time, the essence of this bond remains steeped in the rich tapestry of shared values and heritage

5. TRIBES OF INDIA AND NEPAL

India and Nepal, neighboring countries nestled in the heart of South Asia, are home to an array of indigenous communities and tribes that enrich the cultural fabric of the region. What makes these cultural shades even more fascinating is the presence of tribes that share ancestral ties and have communities residing in both countries, fostering a deep sense of connection across borders. These tribes are a testament to the enduring links that transcend political boundaries and unite people through shared heritage. Their distinct cultures, languages, and traditions serve as windows into the rich diversity of the subcontinent and offer valuable insights into the resilience and cultural vibrancy of these indigenous communities. Here are a few such tribes that are found in both India and Nepal, exemplifying the unique and intertwined nature of their existence.

Tharu: The Tharu people represent one of the prominent indigenous communities in Nepal and share a presence in the Terai region of northern India, notably in the states of Uttar Pradesh and Uttarakhand. They traditionally follow a mix of religions. Many Tharu individuals practice Hinduism, while some identify with Buddhism, particularly in central Nepal. In recent years, a portion of the community has converted to Christianity. Additionally, many Tharu people maintain traditional beliefs, worshiping local deities and spirits, including their family deity. This diversity reflects both their historical roots and contemporary influences. This ethnic group is characterized by its distinct cultural identity, deeply rooted in centuries-old traditions. One of the

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⁷⁸ Ibid.,p.8

hallmark features of the Tharu community is their unique language, which sets them apart and signifies their strong cultural heritage.⁷⁹ Tharu people boast a rich shades of cultural practices, including a diverse array of festivals that play a vital role in their social fabric. These festivals are celebrated with great enthusiasm and often revolve around agricultural events, signifying their strong connection to the land and their reliance on traditional farming methods.

The Tharu people are known for their vibrant and expressive dances that form an integral part of their cultural heritage. These dances are not only a form of artistic expression but also serve as a means of preserving their cultural identity and passing it down through generations. Their traditional knowledge of agriculture is another noteworthy aspect of the Tharu culture, reflecting their deep understanding of the land, crops, and sustainable farming practices. This indigenous community's resilience and commitment to preserving their unique heritage make them a significant cultural presence in both Nepal and northern India.

Gurung: The Gurung community is primarily concentrated in the hilly regions of both Nepal and India, and their presence is notably felt in the Gorkha and Lamjung districts of Nepal, as well as in parts of the Indian states of Sikkim and Darjeeling. This community's geographical spread across the border underscores the fluidity of cultural ties between the two nations, with shared traditions and practices binding them together. The Gurung people, primarily residing in Nepal's hilly regions, have a rich tapestry of religious beliefs. Gurungs mostly practice Tibetan Buddhism, which plays a central role in their culture and daily life. However, some communities also retain elements of the pre-Buddhist Bon religion, reflecting ancient practices. Additionally, there are Gurungs who incorporate aspects of Hinduism into their spiritual life. Shamanistic traditions are also prevalent, with rituals and ceremonies led by shamans to connect with ancestral spirits and deities. The Gurung people have gained recognition for their exceptionally rich cultural heritage, which encompasses various facets of life. Traditional music and dance hold a prominent place in Gurung culture.⁸⁰ Their music is characterized by melodious tunes played on traditional instruments, often accompanying vibrant dances that are a reflection of their joyful and celebratory spirit. These dances, marked by graceful movements and colorful attire, serve as

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⁷⁹ Koirala, P. (2006). *Ethnography of the Tharu: Indigenous people of the Terai region in Nepal*. Contributions to Nepalese Studies, 33(1), PP(59-104).

⁸⁰ Joshua Project. *Gurung*. Retrieved from https://joshuaproject.net/people_groups/15366/NP

expressions of their cultural identity and are performed during various festivals and special occasions. Additionally, Gurung clothing is distinctive and visually striking, reflecting the vibrant cultural tapestry of the community. Traditional attire often features bright colors, intricate patterns, and meticulous craftsmanship, making it an essential part of their cultural heritage.

Their cultural richness, manifested through music, dances, and clothing, is a testament to the resilience and vibrancy of indigenous communities in South Asia. .

Limbu: The Limbu people, known for their unique cultural identity, predominantly reside in the eastern regions of Nepal and the neighboring Indian state of Sikkim. They are distinguished by their own language, known as Limbu, which plays a pivotal role in preserving their cultural heritage and identity. Traditional music and dance hold a special place in Limbu culture, serving as a means of cultural expression and storytelling. Their music often features distinctive melodies and rhythms, accompanied by traditional instruments. The Limbu people's dances are characterized by graceful movements, intricate choreography, and colorful costumes, reflecting their joyful and celebratory spirit.⁸¹ The Limbu people predominantly follow a form of animism, worshiping nature spirits and ancestral deities. Many also practice a syncretic blend of Hinduism and Buddhism, with rituals that honor both their traditional beliefs and influences from these major religions.

Rituals are an integral part of Limbu life, playing a role in various aspects of their existence, including birth, marriage, and death ceremonies. These rituals are deeply ingrained in their culture, and they are often conducted with a strong sense of community participation and identity. The Limbu people's strong sense of community and identity is a defining feature of their culture. Their cultural practices, language, and traditions bind them together as a distinct group within the larger fabric of Nepali and Indian society.

Rai: The Rai community, much like their neighboring Limbu counterparts, is predominantly concentrated in eastern Nepal and certain regions of Sikkim, India. Within these areas, they have established a distinctive cultural presence that reflects their unique identity. One of the key elements that set the Rai community apart is their native language, known as Khambu Rai. This language serves as a linguistic anchor to their cultural heritage, allowing them to preserve their

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⁸¹Joshua Project. *Limbu*. Retrieved from https://joshuaproject.net/people_groups/14861/IN.

oral history, traditions, and ancestral knowledge.⁸² The Rai community exhibits a diverse set of beliefs, primarily involving animistic practices that focus on nature and ancestral worship. Some Rai individuals also adhere to Buddhism or Hinduism, creating a unique blend of spiritual traditions that coexist within the community.

In addition to their language, the Rai people have a rich cultural practices that contribute to their unique identity. Among these practices are traditional Rai music and dance forms, which are integral to their cultural celebrations and rituals. Rai music and dance not only serve as artistic expressions but also carry profound cultural significance, often conveying stories, myths, and cultural narratives that are central to the Rai community's heritage. The Rai community's presence in eastern Nepal and parts of Sikkim, India, enhances the cultural diversity of both regions.

Sherpa: The Sherpa people are a distinctive Himalayan community renowned worldwide for their close association with mountaineering in the awe-inspiring peaks of the Himalayas. While their primary homeland is the Khumbu region of Nepal, their influence extends beyond Nepal's borders. Notably, Sherpa communities can also be found in the Darjeeling district of West Bengal, India, where they have contributed to the cultural diversity of the region.

Central to the identity of the Sherpa people is their deep connection to Tibetan Buddhism. This spiritual tradition permeates all aspects of Sherpa life, from their daily practices to their festivals and worldview. The Sherpa people's strong adherence to Buddhism is evident in the numerous monasteries, stupas, and prayer flags that dot the landscape of their villages. These religious symbols stand as a testament to their faith and spiritual commitment.

The Sherpa community has its own distinct language, known as Sherpa or Sherpali. This language reflects their unique cultural heritage and linguistic traditions. While many Sherpas are multilingual and can communicate in Nepali and English, the preservation of their native language remains important in retaining their cultural identity.⁸³

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⁸² P. R. (2017). Cultural practices and material culture of the Khambu Rai in Eastern Nepal. In *Indigenous knowledge and cultural practices among the Rai of Eastern Nepal*. (pp.(35–55).

⁸³ Ortner, S. B. (1989). *High religion: A cultural and political history of Sherpa Buddhism*. Princeton University Press,p.2

Sherpa customs and traditions are deeply rooted in their environment and way of life in the Himalayan highlands. These customs include traditional forms of dress, music, and dance, all of which are integral to Sherpa cultural celebrations and ceremonies.

Bodo: The Bodo people, predominantly residing in the Bodoland Territorial Region within the Indian state of Assam, have a notable presence in various regions, including parts of Nepal. This indigenous community is characterized by a rich and distinct cultural heritage that reflects their unique identity. Central to their cultural identity is their language, known as Bodo, which serves as a linguistic testament to their heritage. The Bodo language plays a pivotal role in preserving their cultural traditions, enabling them to pass down their oral history and cultural practices to future generations.

One of the most celebrated aspects of Bodo culture is their traditional dance forms, with the Bagurumba dance being among the most prominent. This dance, characterized by graceful movements and vibrant costumes, is not merely a form of artistic expression but a profound cultural tradition that encapsulates the essence of Bodo heritage. The Bagurumba dance is often performed during festivals and special occasions, serving as a means of cultural preservation and celebration.⁸⁴ The Bodo tribe practices a mix of traditional animistic beliefs and Hinduism. Many Bodos worship nature and local spirits, while others have embraced Christianity in recent years, reflecting a dynamic interplay of faiths.

The Bodo people's rich cultural heritage, including their language and traditional dance forms, contributes to the diversity in both the Bodoland Territorial Region of Assam and the regions in Nepal where they have a presence. Their commitment to preserving their unique customs and traditions underscores the importance of cultural diversity in enriching societies.

Lepcha: The Lepcha community is primarily concentrated in the Indian state of Sikkim, where they have a significant presence. They are also found in various parts of Darjeeling in West Bengal and specific regions of Nepal, particularly in the Ilam district. The Lepcha people are known for their distinct language, which forms a cornerstone of their cultural identity. Their native language, also called Lepcha, is a testament to their unique heritage and serves as a means

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⁸⁴ Daimary, E. (2015). *Bodo culture*. *International Journal of Advanced Research*, 3(4), PP(175-181).

of preserving their cultural traditions, oral history, and indigenous knowledge.⁸⁵ The Lepcha people traditionally practice animism, revering natural elements and ancestral spirits. Some Lepchas also follow Buddhism, particularly the Nyingma school, which has influenced their cultural and spiritual practices.

In addition to their language, the Lepcha community possesses a rich cultural traditions and practices that are integral to their identity. These traditions encompass various aspects of their daily lives, including music, dance, rituals, and ceremonies. Lepcha culture is deeply rooted in their environment, reflecting their harmonious relationship with nature and their ancestral ties to the land.

Tamang: The Tamang people represent one of the largest and culturally significant indigenous communities in Nepal, with a notable presence extending beyond Nepal's borders into the Indian states of Sikkim, West Bengal, and certain regions of Assam. This ethno-cultural group possesses a rich and diverse heritage that distinguishes them in both Nepal and India. Central to their identity is the Tamang language, which serves as a linguistic anchor to their cultural traditions and heritage. Through their language, the Tamang people have preserved their oral history, folklore, and traditional knowledge, ensuring the continuity of their unique cultural narrative. The Tamang community is predominantly Buddhist, following the Tibetan Buddhist tradition. They engage in rituals and ceremonies that honor the teachings of the Buddha, alongside practices rooted in animism, such as venerating local deities and spirits.

The cultural uniqueness of the Tamang community is further enriched by their distinctive dance and music forms. These artistic expressions are integral to their cultural celebrations and ceremonies, serving as a means of storytelling and communal bonding. The Tamang dance and music forms reflect their history, beliefs, and way of life, offering insights into their worldview and traditions.⁸⁶

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⁸⁵ Singh, N. K. (2013). *Lepcha Indigenous Knowledge and Cultural Practices*. Indigenous Knowledge and the Environment in Africa and North America. PP. (151-161).

⁸⁶ Rai, K. (2009). *Social structure, change, and development among Tamang in Nepal*. Contributions to Nepalese Studies, 36(2), PP (171-195).

While they have a strong presence in both countries, their distinct languages and traditions contribute to the multifaceted mosaic of South Asian culture, highlighting the importance of preserving and celebrating cultural diversity in the region.

6. Challenges And Conflict In Cultural Exchange

In recent years, the socio-cultural relationship between India and Nepal, which has historically been characterized by close ties and shared traditions, has faced certain challenges and conflicts. These issues have arisen due to various factors, including political developments, national interests, and changing dynamics in the region. Here are some key challenges and conflicts that have affected the socio-cultural relationship between the two countries:

Nationalist sentiments have played a role in shaping perceptions of the relationship. In both India and Nepal, there have been instances where nationalist groups have sought to assert their identity and sovereignty. These sentiments can complicate diplomatic relations and require careful handling to avoid escalation.

Cultural sensitivities have emerged as an issue, particularly regarding portrayals of Nepal in Indian media and entertainment. Some Nepali communities have expressed concerns about misrepresentation and stereotypes. These concerns highlight the need for cross-cultural understanding and respectful portrayal in media.

One of the significant challenges has been the perception of political interference by India in Nepal's internal affairs. This has led to tensions and negative sentiments in Nepal. Nepal has expressed concerns about alleged interference in its constitution-making process and political decisions, which has led to public protests and anti-India sentiments.

Border disputes, particularly in areas like Kalapani and Lipulekh, have strained relations. Both countries claim these territories, and the disputes have at times escalated into diplomatic standoffs. These conflicts have raised nationalist sentiments and led to calls for the protection of Nepal's sovereignty.⁸⁷ Nepal's economic dependence on India for trade and transit routes has created vulnerabilities. Changes in trade policies and disruptions at border points have had

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⁸⁷ Khobragade, V. (2016). *India–Nepal relations*. World Affairs: The Journal of International Issues, 20(3), P.P.146–163Kapur Surya Foundation.

significant economic repercussions in Nepal. These economic dependencies have occasionally led to friction and debates over the need for diversifying trade partners.

The interference of external powers, such as China, has made Indo-Nepalese relationship complex. Nepal's efforts to diversify its foreign relations have been a source of concern for India. Competition for influence in Nepal from various external factors can impact the socio-cultural relationship. It's important to note that despite these challenges and conflicts, India and Nepal has deeply connected cultural, religious, and historical ties. Efforts have been made on both sides to address these issues through diplomatic dialogue and negotiation. The socio-cultural relationship remains resilient, and there is potential for both nations to continue fostering understanding and cooperation while addressing the challenges that have arisen in recent years.

Role of Religion and Culture in Diplomatic Relations

Religion and culture continue to play a significant role in diplomatic relations between nations, often influencing the way countries interact, cooperate, or even come into conflict. With a following exceeding one billion and representing 15% of the global population, Hinduism ranks as the fourth largest and one of the oldest major world religions. The majority of Hindus reside in two South Asian nations, Nepal and India, where they make up 80% or more of the population. Although Hinduism is oldest religion of India, in recent times there is rise in Hindu sentiments which is termed as Hindu nationalism. This ideology promotes a Hindu cultural and civilizational perspective, impacting national policies, education, and foreign relations. While some perceive this as a cultural revival, others express concerns about the marginalization of minority groups and the decline of secular principles.⁸⁸

In Nepal, Hinduism historically supported the monarchy and helped unify various ethnic groups. Monarchs were viewed as defenders of the Hindu faith, and the 1990 constitution recognized Nepal as a Hindu kingdom. Although Nepal adopted a secular constitution in 2007, strong Hindu sentiments remain prevalent, with ongoing calls for the reestablishment of a Hindu state highlighting the religion's lasting political significance.

⁸⁸ Williams, R. V., & Moktan, S. (2019). Hinduism: India, Nepal, and beyond. *Oxford Research Encyclopedia of Politics*. <https://doi.org/10.1093/acrefore/9780190228637.013.764>

Hinduism serves as a constructive unifying factor in India-Nepal relations. Pilgrimage routes like the Ramayana Circuit, which links sites such as Ayodhya in India and Janakpur in Nepal, are supported by both governments to enhance tourism and cultural integration symbolizing deeper civilizational connections. Common deities and festivals celebrated in countries strengthen interpersonal connections and fostering political goodwill. India has invested in the restoration and preservation of significant Hindu temples in Nepal, including the Pashupatinath Temple, demonstrating a mutual commitment to safeguarding shared heritage.

Similarly the diplomatic ties between India and Nepal are strengthened by their shared Buddhist heritage. Both nations recognize the importance of preserving and promoting Buddhist heritage sites for tourism and pilgrimage. Collaborative efforts in the conservation and development of these sites have become integral to their diplomatic relations.

In modern times, Buddhism continues to play a pivotal role in Indo-Nepalese relations. Cultural exchange programs, academic collaborations, and religious interactions between Buddhist communities in both countries are thriving. These exchanges reflect the enduring nature of the spiritual connection between India and Nepal through Buddhism.⁸⁹ These cultural and religious connections often translate into diplomatic soft power, facilitating the alleviation of political tensions and promoting dialogue, even amidst geopolitical challenges.

Nations that share religious or cultural affinities often feel a sense of kinship and shared values. These commonalities can serve as a foundation for diplomatic cooperation and understanding. For example, countries with a predominantly Christian heritage, such as the USA and many European nations, often emphasize shared values of human rights and democracy in their diplomatic relations.⁹⁰

Countries frequently use cultural diplomacy, a form of soft power, to enhance their international influence. This involves promoting their culture, art, language, and traditions to build positive perceptions abroad. Cultural diplomacy can foster goodwill, promote tourism, and enhance a nation's global image. For instance, the promotion of Indian classical dance and yoga by the Indian government has contributed to India's cultural influence worldwide.

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⁸⁹ Mark, J. J. (2020, June 24). Ashoka the Great. *World History Encyclopedia*, pp(4-9)

⁹⁰ Ibid.,P.148

Diplomatic relations often involve the exchange of visits and participation in cultural and religious festivals. Leaders may attend festivals in other countries, strengthening diplomatic ties. For instance, the Indian Prime Minister often participates in the Diwali celebrations with the Indian Diaspora in various countries, building connections and goodwill.⁹¹

Interfaith dialogue plays a crucial role in addressing religious and cultural differences, promoting tolerance, and mitigating potential conflicts. Nations may engage in interfaith diplomacy to address issues related to religious diversity and freedom, such as the promotion of religious tolerance and combating religious discrimination.

Countries often recognize the potential economic benefits of religious tourism. Pilgrimage sites and religious heritage sites can attract visitors from around the world. For example, Saudi Arabia's diplomatic relations with countries hosting significant Muslim populations are often influenced by arrangements related to Hajj, the annual Islamic pilgrimage to Mecca.

Religion and culture can also play a role in conflict resolution and mediation efforts. Mediators may leverage religious or cultural ties to facilitate dialogue and build trust among conflicting parties. Religious leaders and cultural figures may serve as intermediaries in peace processes or reconciliation efforts.

Educational and cultural exchange programs promote people-to-people diplomacy, allowing individuals to learn about and appreciate the culture and values of other nations. Scholarships, academic partnerships, and language programs are examples of initiatives that foster cultural understanding and strengthen diplomatic relations. Diplomatic relations often require cultural sensitivity and respect for the religious and cultural beliefs of partner nations. Insensitivity can lead to misunderstandings and strained relations.⁹²

Diplomats are trained to navigate cultural nuances and customs to ensure effective communication and cooperation. On the flip side, differences in culture and religion can also lead to diplomatic conflicts. Disputes over religious sites, cultural heritage, or practices may

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⁹¹ Ho, E. L. E., & McConnell, F. (2019). *Conceptualizing 'diaspora diplomacy': Territory and populations between the domestic and foreign*. *Progress in Human Geography*, 43(2), PP(235-255)

⁹² Chaudhary, M. (2017). *India-Nepal Relations: A Cultural Study*. *Journal of Political Studies*, 24(1),PP(125-136).

escalate into diplomatic tensions. Such conflicts require careful diplomacy and negotiation to find mutually acceptable solutions.

Religion and culture are sometimes integral to a nation's identity and sovereignty. Efforts to protect cultural heritage or religious freedom may be a priority in diplomatic relations. - Issues related to the protection of cultural artifacts, languages, and traditions can impact diplomatic negotiations. Religion and culture continue to shape diplomatic relations in various ways. They can serve as bridges for cooperation, tools for soft power, and mechanisms for conflict resolution. However, they can also be sources of tension if not managed with sensitivity and respect. Effective diplomacy often involves recognizing the role of religion and culture in international relations and leveraging them for the benefit of global cooperation and understanding.⁹³

Avenues for Future Research and Cooperation between India and Nepal Regarding Religion and Culture

There are several promising avenues for future research and cooperation between India and Nepal regarding religion and culture, given their deep historical and cultural ties. These endeavors can help strengthen mutual understanding, preserve cultural heritage, and promote academic collaboration. Here are some suggestions:

Comparative Religious Studies: Collaborative research on the historical development, evolution, and interplay of Hinduism and Buddhism in both countries can provide valuable insights into the shared religious traditions.

Preservation of Cultural Heritage: Joint efforts to preserve and restore cultural heritage sites, such as ancient temples, monasteries, and historical artifacts, can help protect the rich cultural legacies of both nations.

Cultural Exchange Programs: Expanding cultural exchange programs, including art exhibitions, cultural festivals, and academic exchanges, can promote a deeper appreciation of each other's traditions and foster people-to-people connections.

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⁹³ Ibid.,p.129

Comparative Literature and Art Studies: Research on shared epics like the Ramayana and Mahabharata and their impact on literature and art in both countries can reveal the cross-cultural influences and adaptations.

Interfaith Dialogues: Initiating interfaith dialogues and academic conferences that bring together scholars and religious leaders from India and Nepal can promote religious tolerance and understanding.

Linguistic Studies: Exploring linguistic connections between languages spoken in India and Nepal, such as Sanskrit and Nepali, can provide insights into linguistic evolution and influences.

Folklore and Ethnography: Collaborative studies on folklore, oral traditions, and indigenous practices can shed light on the diversity of cultural expressions and belief systems in both countries.

Cultural Diplomacy: Strengthening cultural diplomacy initiatives to showcase traditional performing arts, music, and dance can enhance people-to-people ties and promote tourism.

Cross-Border Pilgrimage Routes: Developing and maintaining pilgrimage routes that connect important religious sites in both countries can boost religious tourism and cultural exchange.

Educational Partnerships: Establishing academic partnerships between universities and research institutions in India and Nepal to facilitate joint research projects, conferences, and cultural studies.

These avenues for research and cooperation can not only deepen the understanding of India and Nepal's intertwined religious and cultural legacies but also contribute to the preservation and promotion of their shared heritage. Such initiatives have the potential to strengthen diplomatic relations and foster a sense of unity and collaboration between these two South Asian neighbors.

CONCLUSION

The relationship between India and Nepal, it becomes evident that the profound interplay of religion and culture has not only shaped their diplomatic ties but also enriched the lives of their citizens in myriad ways. This relationship stands as a testament to the enduring power of shared heritage in fostering unity and mutual understanding.

Religion, particularly Hinduism and Buddhism, is the cornerstone of this unique bond. Nepal, as the birthplace of Siddhartha Gautama, known as Lord Buddha, holds a sacred significance for millions of Buddhists, including those in India. The teachings of Buddhism, emphasizing compassion and enlightenment, have transcended borders, creating spiritual connections between adherents in both nations. Meanwhile, Hinduism, with its vast and diverse pantheon of gods and goddesses, forms a shared faith that binds communities on both sides of the border. The spiritual pilgrimage to sites like Pashupatinath Temple in Nepal and Kashi Vishwanath Temple in India exemplifies this interwoven religious tapestry.

Cultural exchanges between India and Nepal have further deepened their bonds. Festivals like Diwali, the Festival of Lights, are celebrated with fervor on both sides, transcending national boundaries and fostering cross-border unity. Dashain, Nepal's most significant Hindu festival, and Holi, the colorful festival of love, are occasions when people from both nations come together to exchange greetings and goodwill. These cultural celebrations showcase the shared joy and values that define the relationship.

Cultural diplomacy initiatives, such as the promotion of traditional dances, music, and art forms, have played a pivotal role in promoting mutual understanding and appreciation. Through events like the exchange of classical dance troupes or art exhibitions, India and Nepal have conveyed their cultural richness and artistic expressions, transcending linguistic barriers and forging stronger ties. It's imperative to acknowledge that challenges and conflicts have emerged in recent years, often fueled by political, economic, and national interests. These issues have underscored the importance of diplomatic finesse and dialogue to ensure that religion and culture continue to serve as bridges of unity rather than sources of division. In navigating these challenges, both India and Nepal have a unique opportunity to reinforce their shared values of tolerance, respect for diversity, and a commitment to preserving their cultural and religious heritage. By doing so, they can build an even stronger foundation for their bilateral relations, one that not only celebrates their commonalities but also respects the unique identities that define each nation.

Chapter- 3

CONFLICT AND CHALLENGES BETWEEN EAST INDIA COMPANY AND NEPAL

During the British India period, spanning from the 19th century until 1947, the relationship between India and Nepal was marked by a multifaceted and intricate interplay of various factors. Politics, defense, economics, trade, and geopolitics all played significant roles in shaping their interactions. Both nations were keenly aware of the need to safeguard their respective interests while also maintaining a delicate balance of power within the region.

Politically, the British colonial presence influenced the dynamics between India and Nepal. Nepal maintained its sovereignty by remaining independent despite being geographically surrounded by British-controlled territories. This independence allowed Nepal to adopt a policy of strategic neutrality, forging diplomatic ties with both Britain and other major powers.

The East India Company (EIC) evolved an early interest in Nepal for its economic, strategic, and geopolitical value. As an important intermediary in trans-Himalayan trade, Nepal regulated significant trade routes between British India, Tibet, and China, making it particularly desirable for British commercial expansion. The EIC aimed to create direct access to Nepalese trading networks, especially to Tibetan markets for wool, salt, gold, and medicinal herbs. Also, as the Company extended its power in northern India, the capture of Nepal became strategically necessary to keep it from being utilized as a buffer or a base by competing powers, especially China and Tibet. ⁹⁴Nevertheless, Nepal's military expansion under Prithvi Narayan Shah placed

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⁹⁴ Whelpton, J. (2005). *A history of Nepal*. Cambridge University Press. pp. (45-50)

it in direct confrontation with British-held areas in Bengal, Bihar, and Awadh, causing tensions and making the British cautious of Nepal's increasing power.

The initial British effort to make formal contact with Nepal was made in 1767, when the EIC dispatched Captain Kinloch to help the Kingdom of Makwanpur, which was besieged by Prithvi Narayan Shah. The Company anticipated that helping Makwanpur would gain it an ally and gain access to trade. Kinloch's military campaign was unsuccessful, as his troops were routed by the Nepalese army. This made Prithvi Narayan Shah even more suspicious of the British and resulted in him following an isolationist policy. He advised his successors to deal with the British in the same manner as a "swelling sea" that, if once admitted, could never be checked. This policy governed Nepal's foreign relations for generations and made British interaction challenging.⁹⁵

Although the initial attempt was unsuccessful, the British did not give up trying to establish diplomatic and commercial relations with Nepal. In 1792, in a war between Nepal and Tibet, the British took advantage of the situation to establish a foothold in Nepal and dispatched Captain William Kirkpatrick on a mission commissioned by Lord Cornwallis. The mission was to evaluate Nepal's military capability, political stability, and commercial potential. Although the mission did not result in a formal commercial treaty, it yielded useful information on Nepal's geography, economy, and military structure. Kirkpatrick afterwards published the results of his findings in *An Account of the Kingdom of Nepaul* (1811), which served as a prime reference for future British policy in Nepal. A further British bid was made in 1801, when Captain William Knox headed a mission under the rule of Rana Bahadur Shah. The British sought to establish trade deals and build diplomatic relations, but internal strife within Nepal, brought on by skirmishes between Rana Bahadur Shah and his competitors, stopped any significant developments. Breakthrough came in 1802, when the British were permitted to open a Residency in Kathmandu, their initial official presence in Nepal.⁹⁶ The first British Resident was appointed by Captain William Knox, and the Residency was supposed to be a diplomatic and commercial bridge between British India and Nepal. Political turmoil in Nepal mounted following the murder

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⁹⁵ Gellner, D. N. (2007). *Resistance and the state: Nepalese experiences of government*. Berghahn Books. p.p.35-47

⁹⁶ Ibid., PP(35-47)

of Rana Bahadur Shah in 1806, and suspicion that the British were meddling in the internal affairs of Nepal grew ever stronger. Concerned about British influence, Nepali rulers compelled the closure of the Residency, and British officials were compelled to retreat from Kathmandu.

The closure of the Residency in 1806 demonstrated Nepal's resolve to remain free from British interference, keeping formal British influence in the nation pending for some years. Nevertheless, the EIC persisted in considering Nepal strategically valuable, especially as a buffer state between British India and Tibet/China. Although British diplomatic missions in the late 18th and early 19th centuries failed to secure long-term agreements, they provided critical intelligence that later shaped British policies toward Nepal.⁹⁷ The tensions between the two sides ultimately led to the Anglo-Nepalese War (1814–1816), which resulted in the Treaty of Sugauli and a permanent British Residency in Kathmandu. In spite of the failure, these early interactions paved the ground for subsequent British intervention in Nepalese affairs.

Defense considerations were also paramount in this era. The British-Indian Gurkha regiments were an integral part of the colonial military forces. This military cooperation not only cemented a sense of camaraderie between the two nations but also provided Nepal with security assurances against potential external threats. The Gurkhas' reputation for bravery and loyalty earned them a distinct place in the British Indian Army. Economically, trade was a crucial aspect of the relationship. Nepal acted as a buffer state between British India and Qing China, facilitating trade between these powers. Nepal's geographic location made it an essential corridor for the exchange of goods and services. However, trade relations were often characterized by a delicate negotiation of economic interests, tariffs, and trade routes.

Geopolitics also played a role as both countries navigated the challenges of the colonial era. Nepal's geopolitical position allowed it to play the role of a mediator between British India and other regional powers. This strategic role further elevated Nepal's status in the international arena.⁹⁸

British Indian period saw India and Nepal engaging in a complex dance of diplomacy, defense, trade, and geopolitics. The nations carefully balanced their interactions to protect their own interests and maintain regional stability. The legacies of this era continue to influence their

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⁹⁷ Ibid., PP(.45-49)

⁹⁸ ⁹⁸ John, *op. cit.*, P.64

relationship, even after their independence, as they strive to forge a cooperative partnership in the contemporary world.

Various Aspects of British East India company relation and Nepal relation

During the British India period, Indo-Nepalese relations were characterized by a complex interplay of politics, defense, economics, trade, and geopolitics. Both countries navigated their interactions carefully to safeguard their interests and maintain a delicate balance of power in the region.

Politics:

During the Rana era, Nepal's rulers pursued a shrewd policy of maintaining independence and sovereignty while skillfully navigating diplomatic relations with the British.⁹⁹ The Ranas understood the importance of acknowledging the suzerainty of the British Crown to avoid direct colonial control over Nepal.¹⁰⁰ Through strategic negotiations, they established treaties with the British East India Company, with the Treaty of Sugauli (1815) being a crucial agreement that defined Nepal's western borders and set the foundation for its political relationship with British India. The British, in turn, recognized Nepal's autonomy and sovereignty. The Rana rulers often demonstrated their loyalty to the British Crown, and during certain critical periods, they provided military assistance. The Gurkha soldiers from Nepal gained a reputation for their bravery and loyalty, impressing the British with their martial prowess. This led to the tradition of recruiting Gurkhas into the British Indian Army, which endured over the years and continues to this day as the Gurkha regiments remain an integral part of the British Army.¹⁰¹

The strategic approach of the Rana rulers allowed Nepal to maintain its independence and sovereignty while establishing cordial relations with the British. It ensured that Nepal remained a buffer state between British India and China, playing a crucial role in regional geopolitics. The mutual respect between the two nations and the enduring legacy of the Gurkha soldiers

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⁹⁹ Whelpton, J. (2005). *A history of Nepal*. Cambridge University Press. pp. 61-79

¹⁰⁰ Rose, Leo E. (1971.) *Nepal: Strategy for Survival*. University of California Press, pp.55-60.

exemplify the intricacies of the Indo-Nepalese relationship during the Rana era, blending diplomacy and military ties within the context of independence and sovereignty.

Defense

Nepal's Gurkha soldiers indeed played a vital role in British India's military campaigns, and their reputation for military prowess and loyalty made them highly sought-after assets for the British. The Gurkhas' bravery, discipline, and unwavering commitment to duty earned them immense respect from their British counterparts and fellow soldiers.¹⁰²

During the Indian Mutiny of 1857, also known as the First War of Indian Independence, Gurkha regiments played a crucial role in assisting the British in suppressing the rebellion. Their formidable fighting skills and loyalty to the British Crown were instrumental in maintaining order and stability in British-controlled territories during this tumultuous period.

The significance of the Gurkha soldiers further escalated during both World Wars.¹⁰³ In World War I, the Gurkhas fought alongside British and Indian troops in various theaters of war, including the Western Front, Gallipoli, and Mesopotamia. Their contributions were particularly notable in the Battle of Neuve Chapelle and the Battle of Gallipoli, where they displayed exceptional courage under intense fire. In World War II, the Gurkhas continued to demonstrate their military prowess, serving in numerous campaigns across different theaters of war. They played a pivotal role in defending the British Empire, particularly in the Burma Campaign, where they faced formidable challenges and showcased their unwavering dedication to the cause.

The recruitment of Gurkha soldiers into the British Indian Army not only bolstered the British military capabilities but also created a deep and lasting bond between Nepal and Britain.¹⁰⁴ The Gurkha soldiers' loyalty and bravery in the face of adversity forged a unique relationship between the two nations. Over time, this tradition of Gurkha service in the British Army has evolved into a cherished aspect of the bilateral relationship, transcending the military sphere and extending to cultural, diplomatic, and economic ties.

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¹⁰² Adhikari, Indra. *Military and Democracy in Nepal*. Rutledge, 2015.pp. (45-55).

¹⁰³ John, *op. cit.*, P.67

¹⁰⁴ Adhikari, *O.pcit.*,pp(.45-57)

Even today, Gurkha regiments continue to serve in the British Army, maintaining the legacy of their forefathers and upholding the tradition of valor and dedication. The Gurkhas' contribution to British India's military endeavors and their enduring legacy in the British Army are a testament to the strong bonds forged between Nepal and Britain through shared history and mutual respect.

Economics:

Economically, Nepal's trade relationship with British India during the British India period was constrained by several factors. Despite historical ties and geographic proximity, the trade volume between the two nations remained relatively limited compared to India's trade with other countries. One of the primary obstacles to cross-border trade was Nepal's rugged terrain and lack of developed infrastructure. The mountainous terrain and difficult terrain made transportation of goods challenging and costly. The lack of efficient transportation routes hindered the movement of goods between Nepal and British India, further limiting trade opportunities.

Another significant factor influencing Nepal's trade with British India was the British East India Company's influence over Nepal's trade policies. The East India Company sought to maintain a favorable trade balance and safeguard its economic interests. As a result, they exerted considerable control over the terms of trade, imposing tariffs and customs duties to regulate cross-border commerce.¹⁰⁵

Trade between Nepal and British India was governed by treaties, such as the Treaty of Sugauli (1815), which defined Nepal's western borders and outlined trade regulations. Subsequent agreements further established trade protocols, including provisions for duty exemptions and privileges for Nepalese goods in certain British Indian territories.

However, despite these treaties, the trade volume remained modest, with limited exchange of goods and services. Nepal primarily exported items such as timber, livestock, and agricultural products, while importing manufactured goods, textiles, and other essentials from British India. The trade imbalance and the challenges posed by geography and infrastructure constraints contributed to the relatively low level of economic interaction between the two nations.

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¹⁰⁵ John, *op. cit.*,P.77

Moreover, the nature of the British colonial economy also influenced the trade dynamics. British India's economy was oriented towards serving the interests of the colonial administration and meeting the demands of the British industries. This focus on exporting raw materials from British India to Britain and importing finished goods from Britain left limited space for a robust trade relationship with Nepal.

The economic ties between Nepal and British India during the British India period were characterized by limited trade volumes, influenced by geographic challenges, British control over trade policies, and the broader dynamics of the colonial economy. Despite the constraints, the historical interactions paved the way for future economic relations between the two nations after Nepal's political transformation in the mid-20th century.

Geopolitics:

During the British India period, Nepal's strategic location as a buffer state between British India and China significantly influenced its geopolitics.¹⁰⁶ Both the British and the Nepalese rulers recognized the significance of maintaining friendly relations to prevent any potential Chinese influence from spilling into the region.

For the British, Nepal's geopolitical position was crucial in ensuring a strategic buffer between British India and the expanding Chinese influence in Tibet and the surrounding areas. The British were keen to secure Nepal's cooperation and loyalty to prevent any alliance or interference from China that could potentially challenge British interests in the subcontinent.

On the other hand, Nepal's rulers were acutely aware of the need to balance their relations with both India and China. They sought to safeguard Nepal's independence and sovereignty by avoiding becoming entangled in the power struggles between their two larger neighbors.

Nepal's policy of neutrality in regional geopolitics allowed it to pursue its interests independently and avoid being drawn into conflicts between the British and the Chinese. The Nepalese rulers carefully navigated diplomatic waters, ensuring that Nepal remained a sovereign state with the ability to chart its own course.¹⁰⁷ The concept of being a buffer state served Nepal's interests well

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¹⁰⁶ Gurung, Harka B. (2012). *Nepal: India-China Relations and Regional Cooperation*. Nepal Foundation for Advanced Studies. Kathmandu, pp.1-5

¹⁰⁷ Maharjan, B. (2011). The diplomacy of the Rana rulers in Nepal: An analysis of their tactics to maintain sovereignty. *Himalaya: The Journal of the Association for Nepal and Himalayan Studies*, 30(1), PP(45–58).

during this period. It allowed Nepal to maintain a degree of autonomy and strategic importance, which, in turn, fostered its image as a peaceful and stable nation in the region.

Overall, Indo-Nepalese relations during the British India period were characterized by a careful balancing of interests and the acknowledgment of each other's sovereignty. The strong military ties through the recruitment of Gurkha soldiers and the mutual respect for independence shaped the foundation of the bilateral relationship that endures to this day.

British Indian administration had to deal with two administrators in Nepal

SHAH DYNASTY (1764-1846)

RANA ERA (1846-1951)

1. **SHAH DYNASTY**

When India was under the rule of British east India company, Nepal was being ruled by Shah dynasty of Nepal King Prithvi Narayan Shah, is widely regarded as the founder of the modern Kingdom of Nepal.¹⁰⁸

During the Pre-Unification Period, which occurred before 1768, the relationship between the Shah dynasty of Nepal and the East India Company was relatively limited and indirect.¹⁰⁹ This phase can be characterized by mutual disinterest and lack of significant interactions between the two entities. Here are some key aspects of their relationship during this period:

Geographic and Political Isolation: Nepal, before being unified by Prithvi Narayan Shah in 1768, was divided into numerous small and fragmented kingdoms. The Gorkha kingdom, ruled by the Shah dynasty, was one among them. Geographically, Nepal was a landlocked country, nestled in the Himalayas, which made it relatively isolated from the coastal regions where the British East India Company was primarily active.

Focus on Trade and Expansion in Eastern India: During this period, the British East India Company was mainly focused on its trading activities in the eastern regions of India, particularly

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¹⁰⁸ Stiller, L. F. (1973). *The rise of the House of Gorkha: A study in the unification of Nepal*, 1768-1816. Manjushri Publishing House, PP.(20-30)

¹⁰⁹ Whelpton, John. (2005). *A History of Nepal*. Cambridge: Cambridge University Press. PP.(35-45)

Bengal, and was gradually expanding its influence in other parts of eastern India. The Company had established trading posts and acquired territorial control along the eastern coast, but its direct involvement in Nepal or the Gorkha kingdom was limited.

Lack of Strategic Significance: At the time, Nepal did not hold immediate strategic importance for the British East India Company. The Company's primary focus was on consolidating its control in eastern India and dealing with various Indian princely states and regional powers. The fragmented and politically unstable situation in Nepal did not attract much attention from the British at that time.

Absence of Direct Conflicts: Since Nepal and the East India Company were operating in different geographical and political spheres, there were no direct conflicts or confrontations between the two during the Pre-Consolidation Period. The British and the Gorkha had minimal contact with each other, and there is no record of any major hostilities or diplomatic relations during this phase.¹¹⁰

Trade and Regional Interactions: While there may not have been direct interactions at the political level, there might have been some trade and regional interactions between merchants, travelers, and locals from both sides along the border regions. However, these exchanges were likely limited and did not significantly impact the broader political landscape.

The relationship between the Shah dynasty of Nepal and the East India Company during the Pre-unification Period can be characterized as one of mutual disinterest and limited interactions. Nepal's fragmented political structure, geographic isolation, and lack of immediate strategic significance kept it largely outside the scope of the British East India Company's activities and ambitions at that time. The real confrontations and territorial disputes between the two entities would come into play in the later periods of Nepal's history.

Prithvi Narayan Shah's reign began in 1743. the British East India Company focused primarily on expanding its influence in eastern India and had not yet turned its attention to Nepal.¹¹¹ During this period, the British were engaged in trading activities and establishing trading posts

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¹¹⁰Stiller, L. F. (1973). *The rise of the House of Gorkha: A study in the unification of Nepal, 1768-1816*. Manjushri Publishing House, PP(.99-110)

¹¹¹ Ibid.,p.103

along the eastern coast of India. There is no direct record of any conflict between Prithvi Narayan Shah and British India, as he passed away in 1775, and the British East India Company did not gain control over significant parts of the Indian subcontinent until the early 19th century. Moreover, Nepal's status as a landlocked country in the Himalayas meant that it did not hold immediate strategic importance for the British.

However, after the unification and expansion of Nepal under the Shah dynasty from 1768 to 1816, the relationship between the Shah dynasty of Nepal and the East India Company, representing British India, evolved with elements of both cooperation and conflict. During this period, there were significant interactions between the two entities as they competed for influence and control over territories in the Indian subcontinent.

Initially, there was a period of relative peace and cooperation between the newly formed Kingdom of Nepal and the British East India Company. Both sides recognized each other's territorial boundaries and maintained friendly relations for the purposes of trade and security.

Trade and commerce played a crucial role in their relationship. The East India Company sought to expand its trading activities in the region, while Nepal, being landlocked, relied on access to Indian markets for its economic prosperity. Consequently, both parties engaged in mutually beneficial trade, with goods flowing between Nepal and British India.

Disputes over territorial expansion led to conflicts between Nepal and the East India Company. Nepal's aggressive expansion towards the south and east brought it into direct conflict with British India's ambitions to control the region. This culminated in the Anglo-Nepalese War, which took place from 1814 to 1816.¹¹² The war was fought between the British East India Company and the Kingdom of Nepal, as both sought to extend their territories. The British East India Company, with its superior military power and resources, gradually gained the upper hand in the conflict.

Overall, the relationship between the Shah dynasty of Nepal and the East India Company after unification and expansion was marked by early cooperation in trade and relative peace, but later turned contentious due to territorial ambitions, leading to armed conflicts.

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¹¹² Ibid.,p.104

The Shah dynasty of Nepal, also known as the House of Gorkha, ruled Nepal for more than two centuries.¹¹³ Here is a list of the kings from the Shah dynasty who played significant roles in the history of Nepal.

1. Prithvi Narayan Shah (1768-1775): He was the founder of Shah dynasty and the first King of Nepal. He unified many small kingdoms and principalities into a one kingdom, and laid the foundation for modern Nepal.
2. Pratap Singh Shah (1775-1777): He was the son of Prithvi Narayan Shah. He succeeded his father but had a short reign, as he abdicated the throne in favor of his younger brother.
3. Rana Bahadur Shah (1777-1799): Rana Bahadur Shah, another son of Prithvi Narayan Shah, became the ruler of Nepal after Pratap Singh Shah's abdication. However, he was a child when he ascended the throne, and the kingdom was ruled by regents. He later abdicated and spent many years in exile.
4. Girvan Yuddha Shah (1799-1816): Girvan Yuddha Shah, also known as Rajendra Bikram Shah, became the ruler of Nepal after his father's abdication. He led the Nepalese forces during the Anglo-Nepalese War against the British East India Company.
5. Surendra Bikram Shah (1816-1847): Surendra Bikram Shah succeeded his father Girvan Yuddha Shah after the conclusion of the Anglo-Nepalese War. His reign saw political instability and conflicts within the ruling elite.
6. Rajendra Bikram Shah (1847-1881): Rajendra Bikram Shah, also known as Rajendra Bikram Shah Dev, was the eldest son of Surendra Bikram Shah. He ascended the throne after his father's death and sought to modernize Nepal's administration.
7. Surendra Bikram Shah (1881-1911): Surendra Bikram Shah, the second king with the same name, was the son of Rajendra Bikram Shah. His reign witnessed the influence of the British Raj and socio-political reforms within Nepal.

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¹¹³ Stiller, L. F. (1973). The rise of the House of Gorkha: A study in the unification of Nepal, 1768-1816. Manjushri Publishing House., PP(100-120)

8. Prithvi Bir Bikram Shah (1911-1950): Prithvi Bir Bikram Shah was the son of Surendra Bikram Shah. His reign marked a period of significant political changes, including the end of the Rana oligarchy and the establishment of democracy in Nepal.
9. Tribhuvan Bir Bikram Shah (1951-1955): Tribhuvan Bir Bikram Shah, the son of Prithvi Bir Bikram Shah, played a crucial role in the transition from the Rana regime to a democratic government. He is widely respected as the "Father of the Nation" in Nepal.

Important Events Which Influenced Indo-Nepalese Relation Between Shah Dynasty And British India

1. Anglo-Nepalese War (1814-1816):

As mentioned earlier, this war was fought between Kingdom of Nepal under the rule of Shah dynasty and the expanding British East India Company and the.¹¹⁴ The war arose due to territorial disputes and Nepal's refusal to accept British influence. It ended with the signing of the Sugauli Treaty, which forced Nepal to cede significant territories to British India.

Figure 10



The British East Indian Company faced opposition from Gurkha warriors from Nepal during the 1814–16 Anglo–Nepalese War. After losing the battle in 1816, Nepal signed the contentious Sugauli Treaty, which cost it significant territory. Fraser- Album

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¹¹⁴ Whelpton, J. (2005). *A History of Nepal*. Cambridge University Press. PP.(42-44)

Here is an overview of the events that led to the Anglo-Nepalese War: ¹¹⁵

Nepal's Unification: Prithvi Narayan Shah, the founder of the Shah dynasty, had unified various small kingdoms in the Kathmandu Valley and surrounding regions to establish a unified Kingdom of Nepal by the mid-18th century.

British Expansion in India: During the same period, the British East India Company was expanding its control over various parts of the Indian subcontinent. Their interests were primarily focused on trade, political dominance, and securing strategic territories.

Territorial Disputes: As both Nepal and the British East India Company expanded their territories, disputes arose over border regions, particularly in the foothills of the Himalayas. The British were concerned about Nepal's growing power and influence in the region.

Diplomatic Relations: Attempts were made by both sides to establish diplomatic relations and resolve the disputes peacefully. However, negotiations failed as neither party was willing to compromise on their territorial claims.

Nepalese Invasion of British Territories: In 1814, the Nepalese forces, under the leadership of King Girvan Yuddha Shah and his prime minister, Bhimsen Thapa, launched an invasion of British territories in the present-day Indian states of Uttarakhand, Himachal Pradesh, and parts of northern West Bengal and Bihar.¹¹⁶ The Nepalese army achieved initial success, capturing several British-held territories.

British Counter-Offensive: The British responded to the Nepalese invasion by launching a counter-offensive in 1815. The British, under the command of General David Ochterlony, began to regain lost territories and put pressure on the Nepalese forces.

Sugauli Treaty: The war concluded with the signing of the Sugauli Treaty on December 2, 1815.¹¹⁷ The treaty was ratified in 1816. Nepal, facing the British military might and pressure, had to accept significant territorial losses. It ceded extensive territories, including the aforementioned regions, to British India.

The Anglo-Nepalese War resulted in a decisive British victory, significantly reducing Nepal's territory and establishing British influence in the region. The war had far-reaching consequences

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¹¹⁵ Stiller, L. F. (1973). *The rise of the House of Gorkha: A study in the unification of Nepal, 1768-1816*. Manjushri Publishing House., pp.(100-120)

¹¹⁶ I. bid, p. 100

¹¹⁷ I. bid, p. 102

for Nepal's subsequent relationship with British India and shaped the geopolitical landscape of the region for years to come.

The Anglo-Nepalese War concluded with the signing of the Sugauli Treaty in 1816. Under the treaty, Nepal lost substantial territory to British India, including areas in present-day Uttarakhand, Himachal Pradesh, and parts of northern West Bengal and Bihar. As a result of the conflict, Nepal's independence was compromised, and the country became a de facto British protectorate.

The Anglo-Nepalese War and the subsequent Treaty of Sugauli significantly influenced the relationship between Nepal and British India. It marked a turning point in their interactions, as it solidified British control over Nepal's foreign affairs and led to the recruitment of Gurkhas into the British Indian Army, a practice that continued for many years.

2. The Treaty of Sugauli (1816).

This treaty is also known as the Sugauli Treaty. The Treaty of Sugauli was signed on December 2, 1815, was an important agreement between Nepal and the East India Company, marking the end of the Anglo-Nepalese War (1814-1816). The treaty had significant implications for Indo-Nepalese relations during the British period. The war arose from territorial disputes and British concerns over Nepal's ambitions to expand into British territories.¹¹⁸

Original translations of the Sugauli Treaty as well as the memorandum and other treaties that came after it. For Articles And Analysis About This Treaty¹¹⁹

Result of the treaty

Territorial Provisions: The Treaty of Sugauli resulted in significant territorial concessions by Nepal to the British. The provisions included Ceding Territories. Nepal ceded large portions of its territories, including the territories of Kumaon, Garhwal, and parts of the Terai region to the British. These territories became part of the British Indian provinces of Bengal and later the United Provinces (now Uttarakhand and Uttar Pradesh).¹²⁰

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¹¹⁸ Whelpton, J. (2005). *A History of Nepal*. Cambridge University Press. P.42

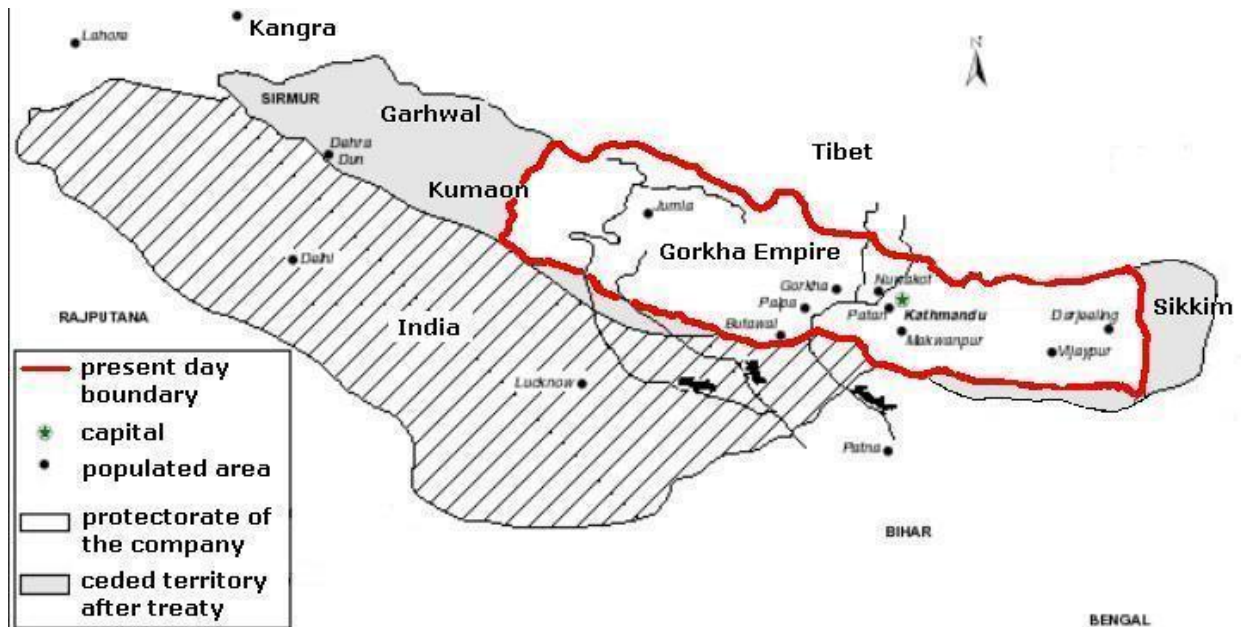
¹¹⁹ "See Appendix-1"

¹²⁰ Kumari, P., & Kushwaha, R. (2019). *Sugauli Treaty 1816*. International Journal of History, 1(1), pp.(42–47).

The treaty established the fixed boundary between British India and Nepal, known as the "Sugauli Line." It defined the border between the two countries, demarcating their respective territories. Nepal also agreed to surrender strategic locations, such as the fortresses of Nalagarh, Kangra, and Jaitak, which had been under its control. In addition to territorial concessions, Nepal agreed to pay a large indemnity to the British as war reparation. The amount was set at 15 million rupees, a significant sum at that time. ¹²¹

The Treaty of Sugauli established formal diplomatic relations between Nepal and British India. Nepal agreed to consult British government in its external affairs, effectively becoming a British protectorate. The British, in turn, recognized Nepal as sovereign state.

Figure-11



Territory ceded by Nepal after treaty of Sugauli

Consequence of the treaty:

The Treaty of Sugauli had profound consequences for both Nepal and British India: ¹²²

Nepal's territorial concessions significantly reduced its size and curtailed its ambitions for expansion. The treaty solidified British influence in Nepal and established a new power dynamic between the two countries. While Nepal maintained its sovereignty, it became increasingly reliant on British guidance and support in its external affairs. The acquisition of new territories expanded British India's geographical boundaries and provided strategic advantages.

The Treaty of Sugauli marked a turning point in the relations between Nepal and British India. It established a new order in the region, with Nepal accepting British influence and the loss of significant territories. The treaty's provisions and their consequences have had a lasting impact on the political, territorial, and diplomatic dynamics of the region.

Significance of the treaty of Sugauli:

This Treaty is seen as a key moment in Nepal's history, influencing feelings of nationalism and shaping Nepal's modern identity. It is remembered as part of the resistance against colonial powers and the ongoing struggles for sovereignty. The treaty signed between the East India Company and Nepal, is important for several reasons.

Boundary Definition: The treaty set the borders between British India and Nepal, marking the end of the Anglo-Nepal War (1814-1816) and clearly outlining the land that would be recognized as Nepal.

Recognition of Independence: Although the treaty imposed limits on Nepal's expansion, it also recognized Nepal as an independent country at a time when many nearby regions were being taken over by European powers.

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¹²² Whelpton, J. (2005). *A History of Nepal*. Cambridge University Press. PP(42-45)

Political Changes: As a result of the treaty, Nepal had to give up significant territories to the British, including areas that are now part of the Indian states of Sikkim, Uttarakhand, and Bihar. This loss changed the political situation in the region and reduced Nepal's power.

Impact on Nepal-India Relations: The Treaty of Sugauli set the stage for future relations between Nepal and British India. While it created tension due to lost land, it also opened doors for diplomatic talks that continued over the years.

Military Importance: The treaty allowed the British East India Company to have a military presence in Nepal, which was important for security and for showing power in the Himalayan region. Treaty of Sugauli was a significant event that shaped the political landscape of South Asia, affecting Nepal's territory, political identity, and its relationship with India.

3. Cultural and Political Tensions:

During the British colonial period, the conflicts between the British and Nepal went beyond mere territorial disputes. Cultural and political tensions also played a significant role in shaping the relationship between the two entities.

Nepal was a Hindu monarchy with a long history of cultural traditions and practices deeply rooted in Hinduism.¹²³ The country had a diverse ethnic composition with various indigenous groups, each contributing to its unique cultural identity. Religion, language, and customs were integral to Nepalese society, and these aspects formed the foundation of their cultural identity. On the other hand, the British East India Company represented British colonial interests and operated under the influence of British imperialism. British colonial rule was characterized by the promotion of Western values, Christianity, and British cultural norms.¹²⁴ The British saw themselves as superior to the people they ruled, often viewing their culture as more advanced and civilized. The clash of these cultural identities and practices led to misunderstandings, stereotypes, and prejudices between the British and the Nepalese. Each side had its own set of

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¹²³ Acharya, B. (2012). *The British East India Company's War with Nepal: A Historical and Geopolitical Analysis*. The Journal of Asian Studies, 71(3), PP(665-682).

¹²⁴ Ibid.,p.665

beliefs and values, leading to a lack of mutual understanding and respect for each other's culture.¹²⁵

The political systems of Nepal and the British East India Company were fundamentally different. Nepal was a Hindu monarchy, ruled by the Shah dynasty, with the king holding absolute power. The Shah monarchs of Nepal, especially under Prithvi Narayan Shah, aimed at unifying their control and enlarging Nepal's border limits, thus resulting in face-to-face confrontations with British interests in the area. Prithvi Narayan Shah began a series of military campaigns to consolidate the Himalayan small principalities, and he succeeded in capturing the Kathmandu Valley in 1768. His successors extended this policy of expansion, and Nepal's influence reached the Terai, Sikkim, Kumaon, and Garhwal. But this brought Nepal into confrontation with the British East India Company, which was actively expanding its own dominion on the Indian subcontinent. The British, economically and strategically interested, wanted to dominate the Tibet trade routes and guarantee their primacy over north India. The expansion of power of Nepal, its control of important trade routes, was strongly counter to the British ambitions, so war became unavoidable.¹²⁶

Aside from border conflicts, the ideological differences between the two powers also heightened tensions. The British East India Company used a policy of indirect rule, treaties, and economic control, while the Shah monarchy exercised centralized authority over its domains. Prithvi Narayan Shah, aware of the expansionist tendencies of the British, had cautioned his successors to be ever vigilant of their influence, labeling them a "swelling sea." When Nepal continued to grow, British officials saw it as a destabilizing factor menacing their authority. Nepal's occupation of regions such as Kumaon, Garhwal, and Sikkim caused tensions, as the British perceived these areas as potential spheres of influence necessary for their strategic depth in South Asia. The increasing border disputes intensified into clashes and finally resulted in the Anglo-Nepalese War of 1814–1816.

The war led to Nepal's defeat, compelling the kingdom to sign the Treaty of Sugauli in 1816, giving the British control over large areas of land, including Sikkim, Kumaon, and Garhwal. This

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¹²⁵ Ibid.,p.666

¹²⁶ John, *op. cit.*, P.56

was a turning point in Nepal's history with the British because it was transformed from being a future regional power to a limited one under British control. Though it lost its territory, Nepal was able to preserve its sovereignty, and in the subsequent years, it tactfully aligned itself with the British to ensure its independence. The war between the Shah monarchs and the British East India Company was really a conflict between two expansionist powers—one wanting to consolidate the Himalayan region and the other bent on asserting colonial control over the Indian subcontinent. These cultural and political tensions shaped the overall dynamics of the relationship between the British and Nepal during the colonial period. While territorial disputes were the primary cause of the Anglo-Nepalese War of 1814-1816, cultural and political differences also contributed to the underlying animosity between the two parties.¹²⁷

4. Influence of Tibet:

Another factor that contributed to the conflict was the British East India Company's interest in maintaining influence in Tibet and the surrounding regions. The British saw Nepal as a buffer state between their Indian territories and Tibet, and this strategic importance further complicated the relationship. Tibet, as a neighboring region, shared borders with both British India and Nepal, making it a crucial player in the geopolitics of the Himalayan region.¹²⁸ The influence of Tibet on Indo-Nepalese relations can be understood through several aspects:

Figure-12

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¹²⁷ Acharya, B. (2012). *The British East India Company's War with Nepal: A Historical and Geopolitical Analysis*. The Journal of Asian Studies, 71(3), PP(665-682).

¹²⁸ Karmacharya, R. P. (2005). *The Status of Tibet: History, Rights, and Prospects in International Law*. Routledge, PP(30-33)



Tibet as Buffer state between India and China

Tibet served as a buffer state between British India and Nepal. ¹²⁹The British recognized the strategic importance of Tibet in maintaining a buffer zone between their Indian territories and Nepal. This consideration influenced their approach towards Nepal and contributed to a policy of non-interference in Nepal's internal affairs. ¹³⁰Nepal's strategic location between British India, controlled by the East India Company, and Tibet, under Chinese suzerainty, positioned it as a natural buffer state. The Shah Kings capitalized on this advantage to shape regional politics and commerce. Functioning as a crucial trade route, Nepal facilitated the exchange of goods like salt, wool, and gold between Tibet and British India, which enhanced its economic importance. The Shah Kings exercised control over this trade by imposing taxes and regulations, profiting from the transit. Although the British East India Company sought to establish direct trade with Tibet to sidestep Nepal's influence, Nepal resisted these efforts to safeguard its economic interests.

British being the dominant power in the Indian subcontinent exercised considerable influence over the foreign relations of neighboring states. Their interactions with Tibet had implications for Nepal, and the British often used their diplomatic channels to influence Nepalese policies and

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¹²⁹ Sharma, Prayag Raj. "Nepal as a Buffer State," Contributions to Nepalese Studies, 1986, PP.(2-3).

¹³⁰ Ibid.,p.3.

actions concerning Tibet. ¹³¹Similarly, the British could mediate between Tibet and Nepal during periods of tension.

The borders between British India, Nepal, and Tibet were not always well-defined, leading to occasional border disputes and territorial claims. The involvement of Tibet in these disputes could complicate the situation, as both British India and Nepal had to consider Tibet's position and interests. Resolving these disputes required delicate diplomacy and negotiation involving all three parties.¹³²

There were historical cultural and religious ties between Tibet, Nepal, and the Himalayan regions. The influence of Tibetan Buddhism in both Nepal and Tibet fostered cultural exchanges and religious pilgrimages between the two countries.

The British had to navigate these cultural ties while dealing with diplomatic matters involving both nations.¹³³

The influence of Tibet on Indo-Nepalese relations during the British period was multifaceted, encompassing geopolitical, economic, diplomatic, and cultural dimensions. The interplay of these factors shaped the nature of relations between British India, Nepal, and Tibet during that historical period.

2. RANA ERA IN NEPAL (1846-1951)

The Rana shahi, or Rana regime, in Nepal was a period of autocratic rule that lasted for over a century, from 1846 to 1951. During this era, the Rana family wielded absolute power, controlling the government, military, and administration of Nepal, while the monarchy remained largely ceremonial.

The Emergence of Rana Rule

The emergence of the Rana shahi (Rana regime) in Nepal can be attributed to the significant historical event known as the Kot Massacre of 1846. This event played a pivotal role in shifting

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¹³¹ Ibid.,p.4

¹³²Karmacharya, R. P. (2005). *The Status of Tibet: History, Rights, and Prospects in International Law*. Routledge,pp.(30-33)

¹³³ Sharma, Prayag Raj. "Nepal as a Buffer State," Contributions to Nepalese Studies, 1986, pp. (2-3).

the balance of power in Nepal and establishing the Rana dynasty's dominance over the country's political landscape. The origins and consequences of the Kot Massacre can be explained in detail, shedding light on its profound impact on Nepal's governance.¹³⁴

In the early 19th century, Nepal, ruled by the Shah dynasty, faced internal conflicts and power struggles within its court. Jung Bahadur Kunwar, a prominent military figure, exploited this environment to his advantage. In September 1846, he orchestrated the Kot Massacre, a coup where armed soldiers, under the pretext of maintaining order, assassinated senior officials and nobles.¹³⁵ This massacre solidified Jung Bahadur's control, and he coerced King Rajendra Bikram Shah into appointing him prime minister. This marked the inception of the Rana dynasty's autocratic rule that lasted over a century. Jung Bahadur centralized power within his family, sidelining the monarchy to ceremonial roles. The Rana regime's legacy was marked by limited progress, economic stagnation, and isolation.¹³⁶ The regime's grip was broken in 1951 through democratic efforts led by King Tribhuvan, with India's support. The Rana era underscored the drastic shift in Nepal's governance, where the Ranas held sway, suppressing dissent, exploiting resources, and imposing isolationist policies, until the path to democracy was opened after decades of Rana rule.

The sequence of rulers from the Rana dynasty is as follows:

- 1. Jung Bahadur Rana (1846-1877):** Jung Bahadur Rana was the founder of the Rana dynasty. He seized power through a coup in 1846 and established an autocratic rule, serving as the Prime Minister (Maharaja) of Nepal. He held power until his death in 1877.
- 2. Ranodip Singh Rana (1877-1885):** After Jung Bahadur's death, his eldest son, Ranodip Singh Rana, succeeded him as the Prime Minister. His rule, however, was short-lived, as he died in 1885.

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¹³⁴Dhungel, R. P. (1999).*Rise and growth of anti-Rana movement in Nepal*. Proceedings of the Indian History Congress, 65, PP(992–1002).

¹³⁵ Ibid.,p.992

3. **Ranendra Rana** (1885-1901): Following the death of Ranodip Singh, his younger half-brother, Ranendra Rana, assumed the position of Prime Minister. He ruled for sixteen years until his death in 1901.
4. **Surendra Bikram Shah** (1901-1929): After the death of Ranendra Rana, Prime Minister Chandra Shamsher Rana effectively took control of the government, sidelining the Shah monarchy. During this period, King Surendra Bikram Shah remained the nominal ruler, but real power was held by the Rana Prime Ministers.
5. **Juddha Shamsher Rana** (1932-1945): In 1932, Juddha Shamsher Rana became the Prime Minister of Nepal. He implemented some reforms and modernization efforts but maintained a repressive regime. During his tenure, political repression and censorship increased.
6. **Padma Shamsher Rana** (1945-1948): Padma Shamsher Rana, the younger brother of Juddha Shamsher, succeeded him as the Prime Minister in 1945. However, his reign was brief, and he held power for only three years.
7. **Mohun Shamsher Rana** (1948-1951): Mohun Shamsher Rana, the last Rana Prime Minister, assumed power in 1948. His rule witnessed growing opposition and demands for democracy in Nepal.

Characteristics of Rana Shahi

The Ranas ruled with an iron fist, holding absolute power over all aspects of governance. There were no democratic institutions, and dissent was suppressed mercilessly. Opposition to the Rana regime was met with severe consequences, including imprisonment and execution. The Ranas controlled Nepal's resources and economy, amassing significant wealth for themselves and their families. They implemented policies that favored their own interests and those of their supporters, leading to widespread economic disparity. The Rana regime perpetuated a rigid caste-based social hierarchy.¹³⁷ The Ranas, belonging to the Chhetri caste, favored members of their own caste and ethnic group in government positions and privileges, while marginalizing

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¹³⁷ Singh, C. P. (2004). *Rise and growth of anti-rana movement in nepal*. Proceedings of the Indian History Congress, 65, PP(992–1002).

other communities. To preserve Nepal's independence, the Ranas pursued a policy of neutrality, trying to balance relations with neighboring countries, especially India and China. However, this policy often resulted in a lack of assertiveness in confronting British colonial influence in the region.¹³⁸

The Rana shahi had a profound impact on Nepal, shaping the country's political, social, and economic landscape for over a century. The autocratic rule stifled political development and hindered the progress of democratic institutions. The lack of political freedoms and opportunities for the populace resulted in a stagnant society. The economic policies of the Ranas concentrated wealth in the hands of a few, leading to a significant gap between the rich and the poor. This disparity further entrenched social inequalities. The Rana regime maintained a conservative and regressive approach towards cultural and social reforms, perpetuating age-old traditions that hindered societal progress. While the Ranas did undertake certain modernization efforts, such as building roads and schools, these were primarily aimed at consolidating their power rather than overall national development.

Downfall of Rana Shahi

By the mid-20th century, discontent among the Nepali population had grown significantly. Inspired by democratic movements worldwide and encouraged by the shifting geopolitical dynamics, democratic forces united to challenge the autocratic rule.

The turning point came in 1950 with the Jana Andolan, a democratic uprising, supported by a section of the monarchy and tacitly backed by India. This revolution led to the fall of the Rana shahi and resulted in the Ranas agreeing to hand over power to the monarchy. Rana Shahi in Nepal by autocratic rule, economic exploitation, and social stratification. It had a profound impact on Nepal, hindering the nation's progress and development. However, the downfall of the Rana regime paved the way for significant changes, leading to the establishment of a constitutional monarchy and the gradual development of democratic institutions. Nepal's journey towards a more inclusive and democratic society continues, as it strives to overcome the legacy of the Rana era and forge a brighter future.¹³⁹

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¹³⁸ Ibid.,p.992

¹³⁹ Ibid.,p.993

Events Which Influenced Indo-Nepalese Relation Between and British India And Nepal Under Rana Sahi

During the Rana era in Nepal (1846-1951), India's relationship with Nepal underwent significant changes and complexities. The Rana era, also known as the Rana autocracy or Rana rule, refers to the period when the Rana family held absolute power in Nepal. The Ranas were hereditary Prime Ministers and exercised de facto control over the country, with nominal authority vested in the monarchy.¹⁴⁰

The relationship between India and Nepal during the Rana era can be characterized by several key factors:

1. Kot Massacre (1846):

This event took place within the Shah dynasty itself but had implications for British-Nepal relations. one of the most significant events in Nepal's history, occurred on the night of September 14, 1846, at the Kot courtyard (military armory) in Kathmandu. It drastically altered the political landscape of Nepal. ¹⁴¹During this period, Nepal's political environment was highly volatile, marked by power struggles involving the monarchy, noble families, and military leaders. King Rajendra Bikram Shah was a weak ruler, with most political authority resting with Queen Rajendra Lakshmi, his consort, and the Prime Minister. However, tensions were escalating among various factions, particularly the Thapa, Pande, and Basnyat families, all vying for power.

Jung Bahadur Kunwar (later known as Jung Bahadur Rana), an ambitious military leader from a humble background, was gaining influence due to his strategic skills and military backing. The crisis was sparked by the mysterious assassination of Gagan Singh Bhandari, a close military commander and ally of the queen. In her outrage and fear, Queen Rajendra Lakshmi called an

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¹⁴⁰ Whelpton, J. (2005). *A History of Nepal*. Cambridge University Press. P.4

¹⁴¹ Singh, C. P. (2004). *Rise and growth of anti-rana movement in nepal*. Proceedings of the Indian History Congress, 65,PP(992–1002).

emergency meeting of key courtiers, noblemen, and military officials at the Kot to address the assassination and uncover the culprit. Amid the heated discussions, violence broke out. Seizing the opportunity, Jung Bahadur, supported by loyal soldiers, launched a sudden attack on the assembled nobles. In the ensuing chaos, many leading figures, including prominent members of the Pande and Basnyat families, were killed. It is estimated that between 30 and 40 people died in this massacre, marking a turning point in Nepal's history. The queen and her son, King Rajendra Bikram Shah, were also targeted but managed to escape.¹⁴² The British interest in the Kot Massacre of 1846 arose from their wider aim of keeping Nepal stable and ensuring that it was a non-threatening buffer zone between British India and the growing influence of China and Tibet. While the British East India Company did not directly control the massacre, they closely observed Nepal's internal power dynamics and ultimately gained from Jang Bahadur Kunwar (later Jang Bahadur Rana)'s ascension. Prior to the massacre, Nepal was politically unstable, with constant power struggles between aristocratic groups. The British were concerned about any instability that would spill into their domains or interfere with trade passage to Tibet. They were looking for a firm, pro-British ruler who could keep Nepal out of the vortex of anti-British plots. Following the Kot Massacre, in which Jang Bahadur suppressed his opposition, the British at once recognized and approved his domination. In contrast to earlier Nepalese kings who were perennially wary of British motives, Jang Bahadur sought British approval and brought Nepal's policies into accord with their policy. His sojourn to Britain in 1850, where he encountered Queen Victoria and learned about British administration, cemented these links further. The British embraced his rule since he offered a predictable and stable government that did not challenge British colonial domination in India. This alignment came to be especially apparent during the Indian Rebellion of 1857, when Jang Bahadur deployed Nepalese soldiers to assist the British in quelling the revolt. His military support was invaluable to British troops, cementing his status as a reliable ally.

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¹⁴² Ibid., p.992

In the long run, the British gained greatly from the result of the Kot Massacre as it resulted in the formation of the Rana regime, which remained committed to British India for more than a century. The Ranas saw to it that Nepal did not have anti-British forces, did not meddle in local politics, and was a buffer state between British India and the Himalayas. The British, in turn, accorded diplomatic recognition and avoided meddling in Nepal's internal affairs so that the Ranas could rule autocratically without challenge. Therefore, even though the British did not directly cause the Kot Massacre, they were instrumental in legitimizing and perpetuating the regime which arose from it, in order to secure their strategic interests within the region.

Consequences:

The Kot Massacre had far-reaching consequences for Nepal's political landscape. The Kot Massacre marked the ascension of Jung Bahadur Rana and his family to power. Jung Bahadur Rana, as the prime minister, established the Rana dynasty, which held de facto control over Nepal for more than a century. The Rana dynasty under Jung Bahadur Rana centralized power in Nepal and marginalized the authority of the monarchy. The massacre allowed Jung Bahadur Rana to eliminate potential rivals and establish himself as the dominant political figure.

The Rana regime implemented a highly centralized and autocratic form of governance. The Ranas held power as hereditary prime ministers, effectively sidelining the monarchy and maintaining strict control over the government.¹⁴³ Jung Bahadur Rana initiated several reforms aimed at modernizing Nepal. He adopted Western customs and practices, implemented administrative changes, and established closer ties with the British Raj.

Suppression of Political Opposition: The Rana regime severely suppressed political opposition and dissent. Dissidents were often imprisoned, exiled, or subjected to other forms of punishment.

Socio-economic Inequality: The Rana regime perpetuated socio-economic inequality in Nepal. The Ranas controlled significant resources and held a privileged position in society, while the majority of the population faced socio-economic hardships.

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¹⁴³ Singh, C. P. (2004). *Rise and growth of anti-rana movement in nepal*. Proceedings of the Indian History Congress, 65, PP(992–1002).

Impact on Nepal's Development: The Rana regime focused on infrastructural development and modernization, particularly in the capital city of Kathmandu. However, the centralized rule hindered political participation, economic progress, and social development in other parts of the country.

The Kot Massacre of 1846 was a pivotal event that led to the consolidation of power by the Rana dynasty and the establishment of an autocratic rule in Nepal. It significantly influenced Nepal's political trajectory and had long-lasting consequences for the country's governance, socio-economic structure, and relationship with foreign powers

2. Jung Bahadur's Visit to India (1850):

In 1850, Jung Bahadur Rana, the influential Prime Minister of Nepal, undertook a significant visit to India to meet with the British authorities. This visit marked a crucial moment in the relationship between the Rana regime in Nepal and the British Raj in India, solidifying their alignment and mutual interests.¹⁴⁴

Jung Bahadur's visit to India was not merely a ceremonial gesture; it had substantial diplomatic implications. During the mid-19th century, the British Empire sought to consolidate its influence in the Indian subcontinent, and having a friendly and cooperative buffer state like Nepal was strategically advantageous. Jung Bahadur's visit provided an opportunity for the Rana regime to strengthen ties with the British rulers, cementing their position as loyal allies in the region.

During his visit, Jung Bahadur engaged in meetings with high-ranking British officials, including those in the East India Company. The cordiality and camaraderie displayed during these interactions further solidified the friendship between the Ranas and the British, leading to the establishment of a mutual understanding of shared interests.

The visit also served as a platform for discussing regional security, trade relations, and the strategic importance of Nepal as a buffer state. Jung Bahadur strategically showcased Nepal's commitment to maintaining friendly relations with the British, reassuring them of Nepal's role as a stable and trustworthy ally in the region.

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¹⁴⁴ Whelpton, J. (2005). *A History of Nepal*. Cambridge University Press. P.46

As a result of this visit, the Rana regime's position in Nepal was considerably strengthened. The British acknowledged the significance of having a reliable partner in Nepal, and in return, the Ranas received assurances of British support for their rule. Jung Bahadur's alignment with the British Raj effectively provided a shield of protection for the Rana regime against potential external threats and internal challenges to their authority. The strengthened relationship between the Rana regime and the British Empire during Jung Bahadur's visit had a lasting impact on Nepal's political landscape. It allowed the Ranas to consolidate their power and exert a more centralized rule over Nepal. The subsequent decades saw the Ranas tightening their grip on governance, with the support and implicit backing of the British authorities.

3. Open Border Policy and boundary conflicts:

Throughout history, including during the Rana era, India and Nepal shared a unique and porous border with no formal controls. The open border allowed the movement of people, goods, and culture between the two nations with relative ease. This open and unrestricted flow contributed to a special people-to-people relationship, fostering cultural exchanges, trade, and social connections between the citizens of India and Nepal.¹⁴⁵ The open border policy was not limited to individuals but also extended to goods and commodities. Trade between India and Nepal flourished, with the free movement of goods benefiting both economies.

During the Rana era (1846-1951), Nepal encountered several border disputes with British India, largely due to unresolved territorial ambiguities following the Treaty of Sugauli in 1815. The treaty ended the Anglo-Nepalese War, defining Nepal's borders and ceding significant territories to British India. However, unclear boundary lines and overlapping claims led to ongoing tensions between the British administration and the Ranas, who sought to defend Nepal's territorial integrity.¹⁴⁶ One major contention arose over the Kheri district in the Terai, where both sides claimed authority. While the British relied on early boundary surveys to assert their control, the Ranas argued for their historic rights to the region, leading to diplomatic exchanges, though British administration ultimately prevailed. Additionally, the British returned the Naya Muluk (New Territories) areas of Banke, Bardia, Kailali, and Kanchanpur to Nepal as a reward for

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¹⁴⁵ Ibid.,p.46

¹⁴⁶ Adhikari, Indra. *Military and Democracy in Nepal*. Rutledge, 2015.pp. (45-55).

Nepal's support during the Indian Rebellion of 1857.¹⁴⁷ Although these territories were returned, boundaries remained somewhat unclear, sparking occasional friction over jurisdiction in the Terai region. The Butwal and Dang regions also proved problematic, as both sides asserted rights over administration and taxation. The British retained control largely through economic arrangements, but disputes continued intermittently. In Eastern Nepal, the Mechi River served as a natural boundary; however, shifts in the river's course caused disagreements over the exact alignment of the boundary near Darjeeling and Sikkim. Both sides occasionally extended control over small border areas. Furthermore, both British India and Nepal sought access to the Terai's valuable forest resources, particularly timber for British railway construction, leading to competing claims along the shared forest borders and requiring frequent resource access negotiations.¹⁴⁸

Recognizing British power, the Ranas used diplomacy and good relations with British in managing these disputes. Ranas typically pursued diplomatic channels, favoring negotiation over confrontation.¹⁴⁹ They used to communicate through letters and raise their concerns regarding any boundary dispute and any small scale war like situations. This approach allowed Nepal to retain its independence, even as British influence expanded.

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¹⁴⁷ Ibid.,p.45

¹⁴⁸ Rose, Leo E. (1971.)*Nepal: Strategy for Survival*. University of California Press, pp.(55-60).

¹⁴⁹ Ibid, p.60.

Citthi Patra

Short Title *Patra*

NEPAL - GERMAN MANUSCRIPT PRESERVATION PROJECT

Place of Deposit: *Na. Arch* Private: *MS NO. 238*

Subject: *Document* Running No. *235*

TITLE (acc. to Colophon/Catalogue):

It is the letter sent by Jitmanā Sinha Basnyat, Badri Van Sahi and Jagadeva Bhadrā from Salyāna to General Bhimsen Thapa and Kaji Ranadheva Thapa reporting about war fought in western region between Nepal and the British.

AUTHOR:

No. of leaves: *1* Incompl. Size in cm: *21 X 51* Reel No. **DNA 3**

Date of filming: *8.3.2000* Script: *(Nagari) Newari - Tibetan - Maithili*

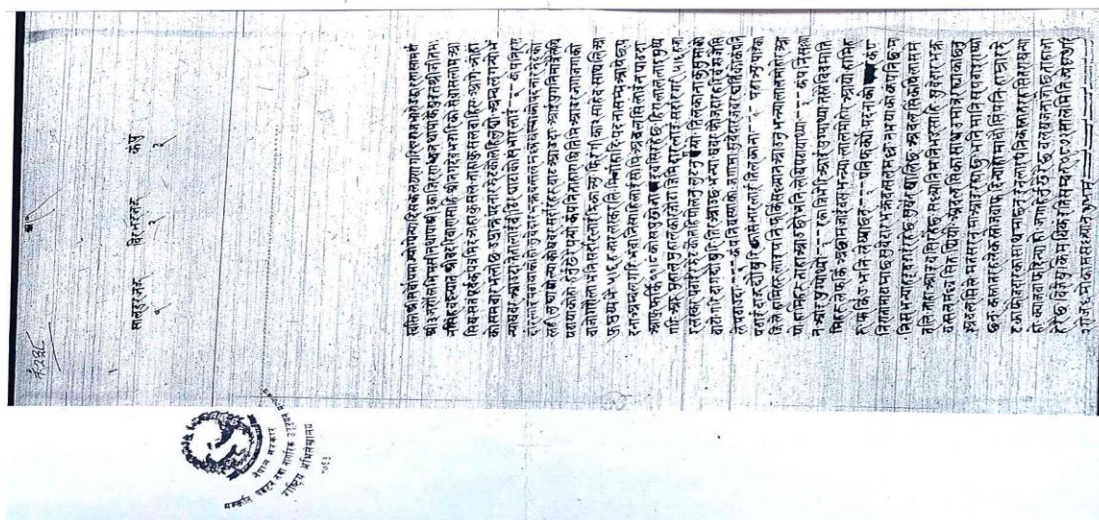
Remarks: *paper* palm-leaf, damaged by *(moths)* - rats - breaking - others:

Paper *(Nepali)* Indian - mill-made, loose - *Thiyasaphu* - bound

Date: *NS* VS *1872* Shake LS Colour: *Light brown* Colour Slide No.

Tyestha Sudi 2, Friday

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letter written by Jitman Sinha Basnyat and Badri Van Sahi(loyalist of shah Clan) to General Bhimsen Thapa (Mukhtar, Equivalent to PM) informing about war fought between Nepal and British India in western Nepal.

The Ranas' methods of border management had long-term impacts on Nepal-India relations, as unresolved ambiguities along the boundary would resurface after India's independence in 1947. These issues highlight the Ranas' diplomatic skills in preserving Nepal's sovereignty amid

British dominance, setting a precedent for the complexities in Nepal's modern territorial relations with India.¹⁵⁰

4. The Sepoy Mutiny (1857): During the Sepoy Mutiny of 1857 (also known as the Indian Rebellion or First War of Independence), Nepal played a significant role in supporting the British and maintaining stability in the region. Nepal's role during the Indian Rebellion of 1857, also known as the Sepoy Mutiny or the First War of Independence, was primarily that of a neutral observer.¹⁵¹ During the Indian Rebellion against British rule, some Nepalese soldiers in the British Indian Army were involved in the uprising. The British suspected the involvement of the Nepal in supporting the rebellion but The Gurkha regiments from Nepal, known for their loyalty and military prowess, were instrumental in assisting the British during this critical period.¹⁵²

Support to the British: Gurkha regiments from Nepal formed a crucial part of the British Indian Army, and they remained loyal to the British during the mutiny. The Gurkhas actively participated in military campaigns against the mutineers and helped suppress the rebellion in various parts of India.

Security of Northern Frontier: Nepal's geographical location was strategically important for the British during the mutiny. The British relied on Nepal to guard the northern frontier and prevent any potential invasion or support to the mutineers from neighboring territories.

Control of Key Locations: Nepal's control over strategic locations like the Terai region and key passes in the Himalayas provided the British with a secure rear base during their operations against the mutineers.

Reinforcements: Nepal provided additional reinforcements to the British Indian Army, bolstering their strength during the challenging times of the mutiny.

Neutrality and Non-Intervention: Nepal, under the leadership of Prime Minister Jung Bahadur Rana, pursued a policy of neutrality during the Indian Rebellion of 1857. The Rana regime

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¹⁵⁰ Singh, C. P. (2004). *Rise and growth of anti-Rana movement in Nepal*. Proceedings of the Indian History Congress, 65, PP.(992–1002).

¹⁵¹ Ibid.,p.55.

¹⁵² Seddon, D. (2003). British Gurkha Recruitment in Nepal, 1815-1914. *Modern Asian Studies*, 37(3), PP.(671-698).

aimed to maintain friendly relations with the British Raj and avoid any direct involvement in the conflict.¹⁵³

Border Security and Cooperation with the British: Nepal actively guarded its borders to prevent any spillover of the rebellion into Nepalese territories. The British appreciated Nepal's cooperation in maintaining border security and preventing the rebellion from spreading into Nepal.

Refusal of Rebel Refugees: Some rebel sepoys and leaders sought refuge in Nepal, hoping for support or a base to continue their resistance against the British. However, the Rana regime refused to provide refuge or support to the rebel leaders and handed them over to the British authorities.

Assistance in British Suppression Efforts: Nepal, while maintaining neutrality, cooperated with the British Raj by apprehending rebel fugitives and sharing intelligence to aid the British in suppressing the rebellion. This cooperation was part of Nepal's policy to maintain peaceful relations with the British and avoid any potential repercussions.

Limited Impact on Nepal: Unlike many regions in British India, Nepal did not witness a large-scale rebellion or uprising against British rule during the 1857 events. The Rana regime's strict control over Nepal's governance and its neutral stance played a role in preventing significant unrest within Nepal during that period.

Implications of Sepoy Mutiny

The Sepoy Mutiny (1857) and Indo-Nepalese Relations: The role of Nepal in supporting the British during the Sepoy Mutiny had several implications for Indo-Nepalese relations during the British period.¹⁵⁴

Strengthening Military Ties: Nepal's loyal assistance during the mutiny further strengthened the military ties between Nepal and the British. The British recognized the Gurkhas' loyalty and bravery, and this contributed to the continuation of the recruitment of Gurkhas into the British Indian Army in the years that followed.

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¹⁵³ Singh, C. P. (2004). *Rise and growth of anti-Rana movement in Nepal*. Proceedings of the Indian History Congress, 65, PP.(992–1002).

¹⁵⁴ Seddon, D. (2003). British Gurkha Recruitment in Nepal, 1815-1914. *Modern Asian Studies*, 37(3), PP.(671-698).

British Influence: Nepal's support during the mutiny solidified British influence over Nepalese foreign and military affairs. The British saw Nepal as a valuable ally and continued to exert influence over the country's political and strategic decisions.¹⁵⁵

Economic Benefits: The recruitment of Gurkhas into the British Indian Army provided economic benefits to Nepal. The remittances sent back by Gurkha soldiers to their families in Nepal contributed to the economy and welfare of the region.

Ongoing Concerns: Despite the support during the mutiny, there were also concerns in Nepal about the potential implications of British dominance in the region. Nepal remained wary of any actions that might compromise its sovereignty or draw it into conflicts that were not of its making.

5. Nepal's Neutrality during World Wars:

During both World Wars, Nepal maintained a stance of neutrality and refrained from directly participating in the conflicts. This position of neutrality was crucial for Nepal in preserving its independence and avoiding entanglement in the war affairs of neighboring countries, particularly India. During World War I (1914-1918) and World War II (1939-1945), the world witnessed widespread military mobilization and global conflict.¹⁵⁶ Many countries were drawn into the wars due to alliances and colonial ties. However, Nepal, under the Rana rule, decided not to take sides and remained neutral throughout both conflicts.¹⁵⁷

Nepal's decision to remain neutral was influenced by several factors. First and foremost, the Rana rulers were keen on preserving Nepal's sovereignty and independence. They recognized that getting involved in the wars could potentially jeopardize Nepal's autonomy and subject the country to external pressures and influence. Nepal's geographical location as a buffer state between British India and China further motivated the decision to stay neutral. The Ranas understood that being drawn into the war affairs of their larger neighbors could lead to unwanted consequences, including disruptions in trade, border issues, and potential threats to national security.

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¹⁵⁵ Ibid.,p.671

¹⁵⁶ Ibid.,p.672

¹⁵⁷ Whelpton, J. (2005). *A History of Nepal*. Cambridge University Press. PP.(65-70)

Nepal's economy was largely agrarian and not heavily industrialized, reducing its direct interests in the war efforts. Therefore, there were limited incentives for Nepal to participate actively in the conflicts. It is worth noting that while Nepal declared its neutrality, the country did not remain entirely isolated from the impacts of the wars. The wars had global ramifications, affecting trade, supply chains, and economies worldwide, including in the region surrounding Nepal.

Nepal's decision to maintain neutrality was significant in safeguarding its independence and ensuring the continuity of the Rana rule during a time of global upheaval. By avoiding direct involvement in the wars, Nepal could focus on its internal affairs and navigate through the complexities of the changing global landscape without becoming a battleground for foreign powers.

6. Gurkhas in British Indian Army:

The recruitment of Gurkhas by the British during the colonial period had a significant influence on Indo-Nepalese relations. The Gurkhas, renowned for their bravery and loyalty, were recruited by the British East India Company in the early 19th century to serve as soldiers in their military campaigns. This recruitment practice created a complex dynamic between Nepal and British India, impacting their relations in various ways. The recruitment of Gurkhas into the British Indian Army strengthened military ties between Nepal and the British.¹⁵⁸ It provided employment opportunities for many Nepalese men and contributed to the economic well-being of their families. However, the recruitment of Gurkhas also generated tensions between Nepal and the British. The British began to exercise greater influence over Nepal's foreign and military affairs due to the strong military ties. This influence was seen as a threat to Nepal's sovereignty, and it raised concerns about the potential of being drawn into conflicts that were not of their own making. The recruitment of Gurkhas had both positive and negative impacts on Indo-Nepalese relations during the British period. It created economic opportunities and enhanced military ties, but it also raised concerns about sovereignty and generated disputes over recruitment practices, military skills, and the Company subsequently recruited many Gurkhas into its own army.¹⁵⁹

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¹⁵⁸ Seddon, D. (2003). *British Gurkha Recruitment in Nepal, 1815-1914*. Modern Asian Studies, 37(3), PP.(671-698)

¹⁵⁹ Ibid.,p.672

This recruitment process had both positive and negative impacts on the relationship between Nepal and British India.

Effect of Gorkhas recruitment in British Army:

Economic Benefits: The recruitment of Gurkhas provided a vital source of income for Nepal. The British paid the Nepalese government for the services of the Gurkha soldiers, and this income played a crucial role in supporting the Nepalese economy.

Military Cooperation: The Gurkhas proved to be highly skilled and loyal soldiers, earning the respect and admiration of the British officers and soldiers they served alongside. Their reputation for bravery and discipline enhanced military cooperation between Nepal and British India.

Cultural Exchange: The presence of Gurkha soldiers in the British Indian Army facilitated cultural exchange between the two countries. The Gurkhas brought their unique traditions, language, and customs, which, to some extent, fostered mutual understanding and appreciation.

Loss of Human Capital: The recruitment of Gurkhas, often at a young age, meant that Nepal lost a significant portion of its young workforce and able-bodied men to the British Indian Army. This loss had adverse effects on Nepal's labor force and agricultural productivity.¹⁶⁰

Political Tensions: While the recruitment was carried out through agreements between Nepal and the British, it also led to political tensions at times. The British sometimes interfered in Nepal's internal affairs, raising concerns about the sovereignty and independence of the nation.

Territorial Disputes: The presence of Gurkha soldiers in the British Indian Army brought attention to territorial disputes between Nepal and British India. These disputes occasionally escalated into conflicts, further complicating their relationship.

The recruitment of Gurkhas by the British during the colonial period had a multifaceted influence on Indo-Nepalese relations. While it provided economic benefits and military cooperation, it also led to political tensions, conflicts, and territorial disputes. The legacy of Gurkha recruitment continues to impact the relationship between the two countries even in the post-colonial era.

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¹⁶⁰ Ibid.,p.672

7. Change of Monarchs in Nepal, The Jana Andolan (1950):

During the Rana era in Nepal, the relationship between India and Nepal was not solely shaped by the Rana rulers' policies but was also influenced by changes in the Nepalese monarchy. One significant event that had a profound impact on India-Nepal relations was the Jana Andolan, or the democratic movement, that took place in 1950.¹⁶¹ At that time, Nepal was under the rule of the Rana family, and the monarchy remained largely ceremonial with limited authority. However, discontent among the Nepalese population had been simmering, inspired by the democratic movements happening in other parts of the world.

In November 1950, King Tribhuvan, who was then the reigning monarch, took refuge in the Indian Embassy in Kathmandu during the Jana Andolan. The movement, fueled by demands for democratic reforms and the end of the Rana autocracy, had reached a critical juncture.¹⁶²

King Tribhuvan's decision to seek refuge in the Indian Embassy brought the internal political crisis in Nepal to India's attention. India, being Nepal's immediate neighbor and sharing close historical and cultural ties, was closely monitoring the developments in the country. The Indian government led by Prime Minister Jawaharlal Nehru, responded by supporting the pro-democracy movement in Nepal. India saw an opportunity to promote democratic ideals and strengthen its ties with the Nepalese people, who were calling for a more participatory and representative government.

India's support for the democratic movement added significant momentum to the Jana Andolan. The pro-democracy forces backed by the Nepalese public and India's tacit support, gained strength and momentum. The Rana regime, faced with growing internal and external pressure, eventually gave in to the demands for change.¹⁶³

As a result, the Rana regime agreed to hand over power to King Tribhuvan, marking the end of the Rana era in Nepal. This marked a crucial turning point in Nepal's political history, leading to

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¹⁶¹ Shah, S. (1997). *The Making of Modern Nepal: A Study of History, Art, and Culture of the Principalities of Western Nepa*: BR Publishing Corporation. New Delhi, pp (110-120).

¹⁶² Ibid.,p.110

¹⁶³ Ibid.,p.111

The establishment of a constitutional monarchy and the gradual development of democratic institutions in the country.¹⁶⁴

The change of monarchs and the eventual overthrow of the Rana regime had a profound impact on India-Nepal relations. It marked the beginning of a new chapter in their relationship, characterized by a more democratic and open engagement. The support provided by India during the Jana Andolan not only contributed to Nepal's political transformation but also strengthened the ties between the two neighboring countries. The events of 1950 laid the foundation for a more progressive and cooperative relationship between India and Nepal in the years that followed.

CONCLUSION

The relationship between British India and Nepal during the Shah dynasty and Rana regime was characterized by astute diplomacy, strategic considerations, and a shared commitment to preserving sovereignty. Both Nepal's rulers under the Shah dynasty and the Rana regime demonstrated diplomatic acumen in navigating their interactions with the British, ensuring the preservation of their nation's independence and autonomy.

The signing of the Treaty of Sugauli during the Shah dynasty marked a pivotal moment in Nepal's history, laying the foundation for a peaceful coexistence with British India. While acknowledging the suzerainty of the British Crown, the Shah rulers skillfully maintained their sovereignty and avoided direct colonial control. This diplomatic approach allowed Nepal to chart its own course and exercise internal governance without interference from the British.

Under the Rana regime, Nepal solidified its position as a buffer state between British India and China. The establishment of diplomatic relations further cemented the ties between Nepal and Britain. The recruitment of Gurkha soldiers into the British Indian Army created a deep and enduring bond between the two nations, fostering a tradition that continues to shape their relationship to this day. The Gurkhas' loyalty, valor, and contributions to the British military

¹⁶⁴ Dhungel, R. P. (1999). "Singh, C. P. (2004). *Rise and growth of anti-rana movement in nepal*. Proceedings of the Indian History Congress, 65, PP.(992–1002).

reinforced the special connection between Nepal and Britain and became a symbol of friendship and mutual respect.

Nepal's strategic location as a buffer state was of significant geopolitical importance during both periods. The British valued Nepal's friendship to prevent potential Chinese influence in the region, recognizing the strategic implications of having a stable and friendly neighbor. For Nepal, the delicate balancing act in its relations with both India and China was essential to safeguard its independence and ensure it did not become entangled in the power struggles of its larger neighbors.

During the tumultuous period of the World Wars, Nepal's policy of neutrality stood as a testament to its commitment to maintaining sovereignty and independence. As the world was engulfed in global conflicts, Nepal chose to refrain from direct involvement in the wars, asserting its determination to remain an autonomous nation and avoid being embroiled in the power struggles of external powers.

By adopting a stance of neutrality, Nepal effectively showcased its resolve to preserve its independence and protect its territorial integrity. The decision to stay out of the conflicts was not a sign of weakness but rather a strategic move to safeguard its interests and shield its citizens from the ravages of war.

Nepal's geographical location as a landlocked country between British India and Tibet (under Chinese influence) made it a crucial buffer state. Amid the backdrop of the global conflicts, Nepal recognized the sensitivity of its position and the potential risks of getting entangled in the geopolitical ambitions of its larger neighbors. Thus, neutrality became a prudent approach to navigate through the turbulent times.

Choosing neutrality during the World Wars further solidified Nepal's international reputation as a nation that values peace and non-interference in the affairs of other countries. The country's commitment to neutrality demonstrated its commitment to diplomacy, dialogue, and the peaceful resolution of conflicts.

The legacies of the historical relationship between British India and Nepal continue to shape the modern-day ties between India and Nepal. The diplomatic, cultural, and military cooperation between the two nations are a testament to the enduring impact of their shared history and mutual understanding. As both countries move forward, the lessons from their historical interactions

serve as a foundation for building a future based on cooperation, friendship, and mutual respect, ensuring stability and prosperity in the region.

Chapter -4

A CRITICAL ANALYSIS OF GEOPOLITICAL RELATIONS BETWEEN INDIA AND NEPAL FROM 1947-2020.

"A Critical Analysis of Geo-Political Relations between India and Nepal from 1947-2020" delves into the intricate and multifaceted relationship between two neighboring South Asian countries, India and Nepal, over a span of more than seven decades. This analysis seeks to explore the intricate interplay of historical, political, economic, cultural, and security factors that have shaped and influenced their bilateral interactions from the time of their respective independence in 1947 to the year 2020.

The geo-political relations between India and Nepal hold a significant place in the broader canvas of international affairs, owing to their geographical proximity, shared history, and multifarious connections. From the establishment of sovereign nations in 1947 following British colonial rule, India and Nepal embarked on distinct paths while sharing common boundaries. The unfolding of events over the subsequent decades has given rise to an intricate web of diplomatic ties, challenges, cooperation, and occasional discord that has drawn the attention of scholars, policymakers, and global observers.

The analysis begins by contextualizing the geo-political relationship within the historical context of post-colonial South Asia. It examines the backdrop against which India and Nepal emerged as independent nations and discusses the initial camaraderie due to shared cultural heritage and historical connections.¹⁶⁵ The transition from monarchy to democracy in Nepal and India's evolving role as a regional powerhouse further adds layers to their complex interactions.

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¹⁶⁵ Thapa, d. B. (2018). *Nepal-India economic ties: a comparative study of public perception and political discourse*. Journal of contemporary china, 27(114),pp. (434-450)

The analysis delves into the intricate mosaic of factors that have influenced the trajectory of India-Nepal relations. It considers the historical ties, geographical proximity, cultural affinities, and the complex interplay of power dynamics that have played a pivotal role in shaping their interactions. Additionally, it scrutinizes the evolving nature of these factors over time, highlighting instances where they have acted as catalysts for cooperation or sources of tension.

The examination of bilateral agreements and treaties signed between the two nations forms a crucial aspect of the analysis. These documents not only reflect the diplomatic efforts to manage various aspects of their relationship but also provide insights into the degree of mutual understanding, cooperation, and divergent interests. By scrutinizing the successes and failures of these agreements, the analysis seeks to uncover the effectiveness of diplomatic mechanisms in maintaining stability.

Addressing challenges, including territorial disputes and border issues, is pivotal to comprehending the nuanced nature of the India-Nepal relationship. The analysis examines how these disputes have arisen, the historical roots of such conflicts, and their impact on the geo-political landscape. The way these issues have been managed or exacerbated by the two nations over time reveals insights into their diplomatic strategies and the significance of these matters in the broader context of their relations.¹⁶⁶

Economic ties are another pivotal facet under scrutiny. The analysis assesses the evolution of trade, investment, development assistance, and other economic interactions between India and Nepal. By analyzing the extent of collaboration and the challenges encountered, it offers insights into the economic dimensions of their relationship and how these have influenced their broader diplomatic interactions. The analysis addresses the security concerns that have occasionally strained the relationship, such as cross-border terrorism and insurgency. By juxtaposing these factors, the analysis presents a comprehensive picture of the varied facets of the Indo-Nepalese relationship.

The critical analysis of geo-political relations between India and Nepal from 1947-2020 encapsulates a journey through time, unraveling the intricate threads that have woven the fabric of their interactions. Through a meticulous examination of historical, political, economic, and

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¹⁶⁶ Ibid.,p.435

cultural aspects, this analysis aims to shed light on the complex dynamics that have both connected and occasionally strained these two neighboring nations.

1. Historical Context And Background:

Here is a comprehensive overview of the historical events, social changes, and political developments related to both India and Nepal from 1947 to 2020:

India and Nepal -1947-2020

India's post-independence history has been shaped by significant events that influenced its political, social, and economic framework. In 1947, after gaining freedom from British rule, the Indian subcontinent was divided into two nations, India and Pakistan. This religiously based partition sparked extensive communal violence and mass migrations. Following independence, India worked to unify the various princely states, a process that involved intricate negotiations, public referendums, and sometimes military intervention to establish a cohesive nation.

Under Prime Minister Jawaharlal Nehru's leadership (1947-1964), India pursued a vision of secularism and democracy, establishing a non-aligned foreign policy.¹⁶⁷ Nehru emphasized industrial growth, agricultural reform, and strategic economic planning through Five-Year Plans to foster self-reliance. However, the 1962 Indo-China conflict revealed pressing border and security issues in the north. Subsequently, the Indo-Pak Wars of 1965 and 1971 underscored tensions over Kashmir. The 1971 conflict had a transformative impact, leading to the creation of Bangladesh and reshaping regional dynamics.

In 1975, Prime Minister Indira Gandhi declared a national emergency, temporarily suspending civil rights, a period that remains contentious for its authoritarian undertones.¹⁶⁸ India's economic landscape saw a major shift in 1991 when liberalization reforms opened the economy to global markets, igniting a new era of growth and modernization. India's position in global

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¹⁶⁷ Sharma, P. (2023). The Nehruvian era and its foreign policy: A comprehensive analysis. *International Journal of Creative Research Thoughts (IJCRT)*, 11(9), PP.(894-899)

¹⁶⁸ Ibid.,p.895

security was further solidified in 1998 with a series of nuclear tests, asserting its nuclear capabilities on the world stage.¹⁶⁹ From the early 2000s through 2020, India experienced rapid economic growth, emerging as a leading global technology and service center. Alongside this economic rise, India strengthened its international alliances and active role in global organizations, marking its transformation from a newly independent nation to an influential global player.

Nepal's recent history is defined by key events that reshaped the country. In 1951, Nepal ended centuries of Rana rule and moved towards a constitutional monarchy under King Tribhuvan, influenced by a popular democratic revolution. Soon after, Nepal signed the Treaty of Peace and Friendship, 2050 with India, which led to strong ties in security and trade.¹⁷⁰ Yet, political instability followed in the 1950s and 1960s, with constant shifts in power and struggles between political groups. In 1961, King Mahendra dissolved democracy and introduced the Panchayat system, a one-party rule with limited freedoms. This system lasted until the People's Movement in 1990 restored democracy and led to a new constitution, bringing back a constitutional monarchy. A tragic event struck Nepal's royal family in 2001 when Crown Prince Dipendra reportedly killed his parents, King Birendra and Queen Aishwarya, along with other family members.¹⁷¹ Although Dipendra briefly became king in a coma, he died soon after, and his uncle Gyanendra took the throne. This incident shocked Nepal, as King Birendra was a respected leader during a time of rising Maoist conflict. Rumors spread about Dipendra's motives, including family disapproval of his relationship with Devyani Rana, but nothing conclusive was proven. The tragedy severely hurt the monarchy's reputation, and in 2008, public dissatisfaction with King Gyanendra's rule led to the end of the monarchy and the start of a republic.¹⁷² During this time, Nepal also faced a ten-year civil war with Maoist rebels, lasting from 1996 to 2006. The conflict ended with the decision to form a democratic republic, replacing the monarchy with a federal government. In 2015, Nepal introduced a new constitution to address ethnic and

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¹⁶⁹ Agarwal, M., & Whalley, J. (2013). *The 1991 reforms, Indian economic growth, and social progress* (Working Paper No. 19024). National Bureau of Economic Research, p.17.

¹⁷⁰ Ministry of External Affairs, Government of India. (1950). *India-Nepal Treaty of Peace and Friendship*. Retrieved November 12, 2024, from <https://mea.gov.in/bilateral-documents.htm?dtl/6295>

¹⁷¹ Gregson, J. (2002). *Massacre at the palace: The doomed royal dynasty of Nepal*. Miramax Books, PP.(45-55).

¹⁷² Ibid.,p.45

regional issues, although it faced some protests. That same year, a powerful earthquake struck Nepal, revealing weak infrastructure and a need for better disaster response.

Nepal's relationships with its neighbors, India and China, have been vital for its political stability and economic development. Balancing ties with these powerful countries has been essential to Nepal's strategy for growth and maintaining independence.¹⁷³ India and Nepal share a long-standing relationship based on their close geography, historical ties, and strategic interests. Visits by Indian Prime Ministers to Nepal have played an important role in strengthening diplomatic ties, addressing security concerns, and boosting economic and cultural cooperation. These visits have often been influenced by political changes in Nepal, shifting regional dynamics, and Nepal's evolving foreign policy, particularly in relation to India and China.

Jawaharlal Nehru was one of the first Indian leaders to actively engage with Nepal. His visits in 1951 and 1954 came during a period of political instability in Nepal. In 1951, he supported King Tribhuvan and pro-democracy forces in their struggle against the Rana regime, helping Nepal transition from hereditary rule to a constitutional monarchy. His 1954 visit was largely driven by India's concerns over China's growing influence in the region, especially after Tibet's annexation in 1950.¹⁷⁴ During this visit, India and Nepal signed agreements on trade, transit, and security to keep Nepal closely aligned with India and limit China's influence.

Indira Gandhi visited Nepal in 1969 at a time when Nepal was expanding its diplomatic ties with China. King Mahendra had pursued an independent foreign policy, reducing Nepal's dependence on India for trade and military assistance. Indira Gandhi aimed to strengthen economic cooperation and reinforce security arrangements that would limit Nepal's growing ties with Beijing. However, Nepal remained cautious about India's influence and continued its efforts to balance relations with both its neighbors. A key moment in Indo-Nepal relations came with Morarji Desai's visit in 1978. His discussions focused on resolving trade and transit issues that

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¹⁷³ Gupta, R. (2023). *Nepal's geopolitical crossroads: Balancing China, India, and the United States*. Asia Society Policy Institute, PP.(10-20)

¹⁷⁴ Ramachandran, S., & Ramachandaran, S. (2003). *Nepal as seen from India*. India International Centre Quarterly, 30(2), PP.(81-98).

had created tensions between the two countries. By emphasizing economic cooperation and mutual benefits, Desai helped stabilize relations. However, tensions resurfaced in 1989 during Rajiv Gandhi's tenure. Nepal's increasing military ties with China raised concerns in India, leading to a trade and transit blockade that severely impacted Nepal's economy. This fueled anti-India sentiment in Nepal and pushed the country to seek alternative trade routes, particularly with China. In the late 1990s, efforts were made to improve ties. I.K. Gujral's visit in 1997 aimed at mending relations after the 1989 blockade. His government followed a non-interference policy, respecting Nepal's sovereignty while promoting economic cooperation. This approach helped ease tensions and set the stage for future engagements. Atal Bihari Vajpayee's visit in 2002, during the SAARC Summit, was largely focused on security concerns related to Nepal's Maoist insurgency. The conflict had destabilized Nepal and posed security risks for India, especially in border areas. Vajpayee reaffirmed India's commitment to Nepal's democratic stability and discussed counterinsurgency cooperation. Although Dr. Manmohan Singh did not visit Nepal as Prime Minister, his administration played a major role in Nepal's transition from a monarchy to a federal democratic republic. His government facilitated negotiations between Nepalese political parties and Maoist leaders, leading to the 12-point agreement in 2005. This agreement helped end Nepal's civil war and paved the way for the monarchy's abolition in 2008.

¹⁷⁵Singh's government also supported Nepal's economic recovery during this critical period.

Narendra Modi's tenure has seen an unprecedented level of engagement with Nepal. His 2014 visit was significant as it was the first visit by an Indian Prime Minister in 17 years. Modi sought to rebuild relations by focusing on cultural, religious, and economic cooperation. His speech in Nepal's Parliament emphasized India's respect for Nepal's sovereignty while promoting stronger bilateral ties.¹⁷⁶ In 2018, he further strengthened cooperation in trade, hydropower, and infrastructure, reinforcing India's role in Nepal's development. His visits to Janakpur and Muktinath highlighted the deep cultural and religious ties between the two nations. The 2022 visit focused on cultural diplomacy and economic collaboration. Modi inaugurated the cross-

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¹⁷⁵ Ibid., PP.(81-98)

¹⁷⁶*Reimagining India-Nepal ties: The decade that was and the road ahead.* (2023). Observer Research Foundation. Retrieved from <https://www.orfonline.org/research/reimagining-india-nepal-ties-the-decade-that-was-and-the-road-ahead>

border railway between Jayanagar (India) and Kurtha (Nepal), improving trade and connectivity. Energy cooperation was also a key topic, with agreements allowing Nepal to export hydropower to India, boosting Nepal's energy sector. However, despite these positive developments, challenges remain. Disputes over border issues, Nepal's internal political changes, and trade restrictions have occasionally strained relations.

2. Post-Colonial Era, The End Of Monarchy In Nepal, And India's Emergence As A Regional Power

The post-colonial era, the end of monarchy in Nepal, and India's emergence as a regional power has all significantly influenced the interactions between India and Nepal. These historical developments have shaped the dynamics of their relationship, contributing to both cooperation and occasional tensions. Here's how each of these factors played a role:

After independence from colonial rule, both India and Nepal entered a new phase of nation-building and asserting their sovereignty. This common experience of emerging from colonialism created a sense of shared history and post-colonial era, the end of monarchy in Nepal, and India's emergence as a regional power struggles. However, the transition also brought about challenges as these newly independent nations sought to establish their identities and place in the global arena. The shared experience of colonial rule created a sense of solidarity between India and Nepal, fostering an initial spirit of cooperation and mutual support. Both countries emphasized their sovereignty and cultural identities, sometimes leading to sensitivities over perceived interference in internal affairs.¹⁷⁷

End of Monarchy in Nepal: The abolition of Nepal's monarchy in 2008 was a monumental moment in the country's history, marking the end of an institution that had shaped its identity for centuries. This change didn't happen overnight it was the result of years of struggle and unrest. A decade-long Maoist insurgency, the tragic royal massacre of 2001, and growing public anger against King Gyanendra's authoritarian rule all contributed to the wave of change. The turning point came in 2006 with the People's Movement (*Loktantra Andolan*), which saw massive

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¹⁷⁷ Ibid.,p.14

protests demanding democracy. The Comprehensive Peace Agreement that followed brought the Maoists into mainstream politics, and in 2008, the newly elected Constituent Assembly formally declared Nepal a federal democratic republic.

India, as Nepal's closest neighbor and long-time ally, played an important role during this tumultuous period. It stepped in as a mediator, encouraging dialogue between political parties and the Maoists while backing Nepal's democratic aspirations. India welcomed the shift to a republic, but it also had its reservations about the Maoists, given their earlier anti-India stance. Strategically, India worked to ensure that Nepal's transition remained peaceful and that external influences, particularly from China, didn't upset the balance in the region. Economic aid and development support were part of India's broader efforts to help stabilize Nepal during this critical phase. The end of Nepal's monarchy also brought new challenges for its relationship with India. As Nepal began to diversify its foreign relations, including strengthening ties with China, India faced the challenge of maintaining its traditional influence. The open border between the two nations added layers of complexity, particularly in managing security and trade. However, cultural and historical bonds remained a steady foundation, reminding both countries of their shared heritage. The fall of the monarchy not only reshaped Nepal's political future but also redefined its ties with India, requiring a mix of understanding, diplomacy, and collaboration to navigate the evolving dynamics.¹⁷⁸

India's Emergence as a Regional Power: As India emerged as a significant regional power, its influence extended to its neighboring countries, including Nepal. India's economic growth, military capabilities, and diplomatic engagements elevated its standing in the region. India's growing economic and technological prowess offered opportunities for cooperation in trade, development, and infrastructure projects that could benefit Nepal.

Balancing Act: Nepal needed to navigate its relationship with India carefully, balancing its economic dependence and historical ties with the desire to maintain its sovereignty and pursue diverse international partnerships.

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¹⁷⁸Nepal, J. (2023). *End of Nepali monarchy: Contribution of King Gyanendra and Nepali media* (Version 1). Cambridge University Press.

Security Concerns: India's enhanced security capabilities led to concerns in Nepal over potential domination or interference in its domestic affairs.

3. Factors Shaping Geo-Political Relations:

Historical Ties and Cultural Affinities: The historical ties and cultural affinities between India and Nepal have formed bedrock for their relationship, tracing back through centuries. Shared religious traditions, such as Hinduism and Buddhism, and historical interactions have fostered a sense of common identity and understanding. These ties have continued to evolve and influence the dynamics of the India-Nepal relationship after their independence in 1947. The open border between the two nations has facilitated extensive people-to-people contacts, allowing for cultural exchanges, familial connections, and cross-border marriages. Notably, religious sites like Pashupatinath and Janakpur in Nepal, as well as various pilgrimage sites in India, have drawn devotees from both countries, reinforcing their spiritual connections. Such cultural exchanges have contributed to diplomatic relations, exemplified by the Treaty of Peace and Friendship (1950), which in part was influenced by their shared heritage.¹⁷⁹ However, while historical ties have engendered goodwill, they can also present challenges, such as navigating cultural sensitivities and preserving national identities. As the relationship between India and Nepal has evolved, these cultural and historical bonds have been complemented by a broader array of geo-political factors, encompassing economic cooperation, security concerns, and diplomatic considerations, underscoring the complex interplay that characterizes their interactions in the modern era.

Geographical Proximity: The concept of "Geographical Proximity" has played a pivotal role in shaping the intricate dynamics of the Indo-Nepal relationship since the year of their independence in 1947. This proximity, characterized by their shared border and geographical adjacency, has evolved over time, exerting profound influences on their interactions. Historically, their close geographical ties facilitated cultural and religious exchanges, reinforcing

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¹⁷⁹ Ministry of External Affairs, Government of India. (1950). *India-Nepal Treaty of Peace and Friendship*. Retrieved November 12, 2024, from <https://mea.gov.in/bilateral-documents.htm?dtl/6295>

shared traditions and affinities.¹⁸⁰ As time progressed, this proximity took on various dimensions, particularly in the early post-independence phase when diplomatic ties were established, and Treaty of Peace and Friendship of 1950 cemented open borders and economic cooperation. However, while the geographic closeness has promoted people-to-people interactions and informal trade, it has also posed challenges such as border management and security concerns.

The geographical factor facilitated discussions on joint hydroelectric projects and encouraged cooperation on water resources, underscoring mutual benefits. Specific references to events such as the Indo-Nepal Peace and Friendship treaty (and the Koshi and Gandak projects further exemplify the role of geographical proximity in shaping policies and agreements. Thus, the evolving concept of geographical proximity has significantly impacted the Indo-Nepal relationship, both enabling cooperation and engendering complexities that demand careful navigation. Sharing an open border spanning over 1,700 kilometers has led to extensive people-to-people interactions, trade, and cultural exchanges. ¹⁸¹The geographical proximity also gives rise to cross-border challenges, such as migration, trade imbalances, and smuggling.

The Koshi and Gandak projects, which involved harnessing water resources for irrigation and power, were influenced by geographical proximity, aiming to address India's energy needs and Nepal's development goals.¹⁸²The Indo-Nepal Peace and Friendship treaty, which ensured free movement of people, and economic cooperation, directly reflected the importance of their geographical proximity.

Economic Interests and Trade: Economic ties have grown over time, with India being a significant trading partner and investor in Nepal. Trade agreements, joint ventures, and infrastructure projects have aimed at enhancing economic cooperation and connectivity. The realm of "Economic Interests and Trade" has undergone a dynamic evolution in shaping the

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¹⁸⁰ Chaudhary, S. K. (2023). *The evolving dynamics of India-Nepal economic ties*. Nepal Institute for International Cooperation and Engagement (NIICE),pp(.1-5)

¹⁸¹ Ibid.,P.7

¹⁸²Ministry of External Affairs, Government of India. (2021). "*India-Nepal Relations*". Retrieved from [https://www.mea.gov.in/Portal/foreignrelation/Nepal,pp.\(2-7\)](https://www.mea.gov.in/Portal/foreignrelation/Nepal,pp.(2-7)

India-Nepal relationship since 1947.¹⁸³ Initially, the post-independence period saw a gradual growth of trade, but it was the Peace and Friendship treaty of 1950 that marked a defining moment by fostering economic ties between the two nations. As decades passed, economic interactions intensified, with bilateral trade agreements being signed to facilitate smoother cross-border commerce.¹⁸⁴ The trading landscape further expanded with the implementation of SAARC (South Asian Association for Regional Cooperation) in 1985, offering a platform for regional economic cooperation. However, economic interests also brought challenges, including trade imbalances and tariff issues that led to sporadic tensions. In recent years, the Comprehensive Economic Partnership Agreement (CEPA) aimed to deepen economic integration and address trade-related concerns. Furthermore, both countries embarked on joint infrastructure projects, such as hydroelectric plants, aimed at mutual economic gains. While economic interests and trade have undeniably provided a foundation for cooperation, they have also raised questions about equitable benefits and the need for strategic management of economic ties. In essence, the trajectory of economic interests and trade has significantly influenced the dynamics of the India-Nepal relationship, reflecting both opportunities and complexities.

Water Resources and Hydropower: Nepal's abundant water resources have the potential to provide hydroelectric power to energy-hungry regions of India. Collaborative efforts in harnessing these resources have been seen as a potential win-win situation for both countries.

The utilization of water resources and hydropower has emerged as a significant aspect of the India-Nepal relationship, evolving over time to both shape and reflect their bilateral dynamics since 1947. The two countries share river systems that originate in the Himalayas, presenting opportunities for harnessing hydroelectric power and addressing energy needs. This aspect of the relationship gained prominence as Nepal's potential to supply hydropower to energy-deficient regions in India became increasingly apparent. Historical agreements and discussions, like the Koshi and Gandak projects, exemplify collaborative efforts to utilize water resources for mutual

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¹⁸³ Chaudhary, S. K. (2023). *The evolving dynamics of India-Nepal economic ties*. Nepal Institute for International Cooperation and Engagement (NIICE), PP.(1-5)

¹⁸⁴ Poudel, M. S. (2017). *"Indo-Nepal Trade Relations: A Review of Theories and Recent Trends"*. Economic Journal of Nepal, 40(3), PP.(242-255)

benefit. These projects underscore the potential for interdependence, where Nepal can contribute to India's energy requirements while enhancing its own economic development.¹⁸⁵

Reference to specific events further highlights the evolution of water resource cooperation. For instance, the 1996 Mahakali Treaty laid the foundation for joint development of the Mahakali River and hydropower projects. The 2014 Power Trade Agreement aimed at facilitating the trade of surplus electricity, strengthening energy ties. However, challenges and sensitivities have also arisen due to concerns about the equitable sharing of benefits and the environmental impact of large-scale projects.

This evolution in water resource and hydropower cooperation has impacted the India-Nepal relationship by fostering mutual economic interests, promoting infrastructural development, and facilitating deeper collaboration. Nevertheless, the realization of these projects requires careful negotiation and balancing national interests, as seen in instances where controversies and delays emerged due to the complexity of implementing cross-border projects. Therefore, water resource and hydropower development, while offering substantial opportunities for cooperation; also underscore the need for effective diplomacy, technical collaboration, and equitable benefit-sharing to ensure a harmonious and progressive Indo-Nepal relationship.

Cultural and Linguistic Diversity: Both countries are diverse in terms of languages, cultures, and ethnic groups, leading to both shared identities and unique challenges within their borders. Ensuring the rights and recognition of different ethnic and linguistic groups has been an important concern for both nations.¹⁸⁶ The evolution of cultural and linguistic diversity between India and Nepal has played a significant role in shaping their bilateral relationship since 1947. Historically interconnected through shared traditions and religious practices, the post-1947 era saw both countries grappling with the complexities of their diverse populations. This evolution was marked by efforts to acknowledge and protect the rights of various ethnic and linguistic groups within their borders.

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¹⁸⁵Chaudhary, S. K. (2023). *The evolving dynamics of India-Nepal economic ties*. Nepal Institute for International Cooperation and Engagement (NIICE),pp.(1-5)

¹⁸⁶ Chaudhary, M. (2017). *India-Nepal Relations: A Cultural Study*. Journal of Political Studies, 24(1),pp.(125-136).

As both nations embarked on the path of nation-building and modernization, the diverse cultural fabric remained a vital aspect of their identities.¹⁸⁷

This diversity had an impact on the dynamics of the India-Nepal relationship. It contributed to mutual respect for each other's distinct cultural heritage and linguistic pluralism, often forming a basis for people-to-people connections and cultural exchanges. Moreover, the recognition of linguistic and cultural diversity informed diplomatic engagements, necessitating a sensitive approach to issues that might have cultural implications. For instance, the Nepal Bhasha movement in the mid-20th century highlighted the importance of linguistic identity, ultimately leading to the recognition of Nepali as the national language while acknowledging the diverse linguistic landscape of Nepal. This recognition, in turn, shaped Nepal's domestic policies and its approach to language-based identities. Similarly, India's own experience with linguistic diversity, exemplified by the linguistic reorganization of states, underscored the significance of accommodating diverse linguistic communities. These experiences influenced how both countries approached the management of their own cultural and linguistic diversity, indirectly influencing their bilateral interactions.

Diplomatic and Historical Agreements: Diplomatic and historical agreements played a crucial role in defining the intricate dynamics of the India-Nepal relationship since 1947. These agreements have evolved over time, impacting the bilateral relationship in multifaceted ways. One of the most significant agreements, the 1950 Treaty of Peace and Friendship, established a framework for cooperation, open borders, and cultural exchange.¹⁸⁸ However, as time progressed, interpretations of this treaty sometimes gave rise to concerns in Nepal over issues of sovereignty and national interest. The dynamics were further influenced by historical treaties, including the Sugauli Treaty of 1816, which delineated Nepal's borders with British India and occasionally became points of contention. Additionally, discussions surrounding the Kalapani and Lipulekh border disputes exemplified the complexities of historical agreements impacting modern relations. While these agreements initially aimed at ensuring cooperation and mutual understanding, they also at times created sensitivities and disagreements. It is noteworthy that the

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¹⁸⁷ Ibid.,p.125

¹⁸⁸ Ministry of External Affairs, Government of India. (1950). *India-Nepal Treaty of Peace and Friendship*. Retrieved November 12, 2023, from <https://mea.gov.in/bilateral-documents.htm?dtl/6295>

Peace and Friendship treaty was reviewed in 2019, highlighting the evolving nature of diplomatic agreements. Therefore, the evolution of diplomatic and historical agreements has significantly shaped the India-Nepal relationship, laying down the foundations for cooperation while also occasionally sparking debates on sovereignty and mutual interests.¹⁸⁹

External Influences: External influences have cast a notable impact on the dynamics of the India-Nepal relationship since 1947, playing a role in shaping both cooperation and occasional tensions. The involvement of powers, like USA and China has added layers to the bilateral communication between Nepal and India. The increasing presence of China in Nepal through economic investments, infrastructure projects, and diplomatic engagements has prompted India to carefully monitor its influence, sometimes leading to a sense of competition for Nepal's allegiance. Similarly, the USA's interests in the region have contributed to the complex geopolitical environment. The evolving relationship between these external powers and India and Nepal has influenced policy decisions, economic initiatives, and strategic considerations. While external influences have provided opportunities for Nepal to diversify its diplomatic engagements, they have also occasionally posed challenges by creating balancing acts for both countries in maintaining sovereignty and safeguarding national interests. Therefore, the impact of external influences on the India-Nepal relationship reflects the intricate regional dynamics and the balancing act that both countries navigate (China's Role in Nepal, references to US-Nepal relations).¹⁹⁰

Territorial Disputes and Border Issues: Territorial disputes and border issues have played a dynamic and evolving role in shaping the relationship between India and Nepal since 1947.¹⁹¹

These disputes have revolved around areas such as Kalapani and Lipulekh, with historical and cartographic differences causing contention. Over time, these issues have influenced the bilateral dynamics, oscillating between cooperation and tension. For instance, during the 1950s, the Indo-Nepal Treaty of Peace and Friendship laid the foundation for diplomatic relations, yet disagreements over territorial matters occasionally strained the relationship. The proximity of

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¹⁸⁹Ibid.,P.1

¹⁹⁰ Gupta, R. (2023). *Nepal's geopolitical crossroads: Balancing China, India, and the United States*. Asia Society Policy Institute,P.10

¹⁹¹ Aryal, S. K., & Pulami, M. J. (2023). *The Trajectory Between Territorial Disputes, Nationalism, and Geopolitics*.tyler and Francis 29(2), PP.(691–713).

these disputes to strategic and cultural areas heightened their significance. The Indo-China conflict of 1962 also impacted the India-Nepal relationship, as India's focus shifted northwards, leading to perceptions of neglect by Nepal. The 2015 Nepal Constitution, which depicted certain disputed territories as part of Nepal, triggered protests and criticism from India. Although historical treaties between the two nations provide a basis for diplomatic engagement, addressing these disputes remains a complex challenge.¹⁹² The evolution of these issues underscores the need for open dialogue and careful negotiation, as they have both united and divided India and Nepal, influencing the ebb and flow of their diplomatic ties over time.

The relationship between Nepal and India has been influenced by a diverse array of geo-political factors. While historical ties and cultural affinities create a strong foundation, geographical proximity, security concerns, economic interests, external influences, and other dynamics have also played pivotal roles in shaping the nature of their interactions over time. Balancing these factors has been a continuous challenge, as both nations navigate their mutual interests while preserving their sovereignty and addressing domestic concerns.

Migration from Nepal to India and Its Impact on the Himalayan Foothill Region

Migration from Nepal to India has been a longstanding phenomenon driven by historical agreements, shared cultural identities, and economic disparities. The Indo-Nepal Treaty of Peace and Friendship signed in 1950 enables citizens of both countries to move freely across borders, live, and work without requiring passports or visas. This open-border policy has resulted in an estimated 6 to 7 million Nepali migrants currently residing and working in India, although exact numbers are difficult to verify due to undocumented migration. The Himalayan foothill regions including Uttarakhand, Himachal Pradesh, Sikkim, Darjeeling, Kalimpong, and parts of Assam have become prominent settlement areas for these migrants, profoundly influencing the social, economic, political, and environmental landscape of these area.¹⁹³

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¹⁹² Ibid.,p.692

¹⁹³ Seddon, D., Adhikari, J., & Gurung, G. (2002). *Foreign labour migration and the remittance economy of Nepal*. Himalayan Research Bulletin, 22(2),PP(3–10).

Migration began during British colonial rule when Nepali men were recruited into the British Indian Army, particularly the Gorkha regiments. Post-independence, the 1950 treaty institutionalized this movement. Political instability in Nepal such as the Maoist insurgency (1996–2006) and the 2015 constitutional crisis further spurred migration. According to the 2011 Census of India, around 2.9 million people identified Nepali as their mother tongue, indicating a significant migrant population and its descendants.¹⁹⁴ The primary push factor for Nepali migration to India is economic hardship. As of 2023, Nepal's GDP per capita stood at USD 1,372 compared to India's USD 2,612. This economic gap encourages Nepalis to seek employment in Indian industries such as construction, tourism, domestic work, security, and tea plantations. For instance, over 60% of tea plantation workers in Darjeeling and Kalimpong are of Nepali origin. In Uttarakhand and Himachal Pradesh, Nepali workers are employed in hospitality, trekking, and road construction. These migrants send remittances back to their families in Nepal. A 2019 report by the International Organization for Migration revealed that about 75% of Nepali migrants in India remit money. These remittances constitute nearly 24% of Nepal's GDP, making them critical to the country's economic health.¹⁹⁵

Migration has significantly changed the demographic composition of Himalayan towns. In Darjeeling, over 50% of the population is of Nepali descent, while Sikkim's Nepali-origin population is around 40%. Nepali language, festivals, and food have become integral to the region's culture. Politically, these communities have gained influence; the Gorkhaland movement is an example of their demand for recognition and autonomy. The cultural fusion in these regions has created a unique socio-political identity that blends Indian and Nepali traditions. The porous 1,751 km Indo-Nepal border, while symbolizing strong bilateral ties, presents governance challenges. With minimal border regulation, managing security becomes difficult. Agencies like the Sashastra Seema Bal (SSB) face problems in monitoring undocumented entries. Although there are no substantial security concerns tied to Nepali migrants, local anxieties persist in border districts of Bihar and Uttarakhand regarding land

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¹⁹⁴ Ministry of Home Affairs, Government of India. (2011). *Census of India 2011: Migration tables*.
<https://censusindia.gov.in>

¹⁹⁵ Lokniti-CSDS. (2018). *Survey of Nepali migrants in Indian border states*. Centre for the Study of Developing Societies.

pressure and employment. Nepalese political groups occasionally demand a review of the 1950 treaty, citing imbalances and changing geopolitical needs.

Urban centers such as Dehradun, Mussoorie, Gangtok, and Darjeeling have seen rapid population growth due to migration. Dehradun's population rose by nearly 32% between 2001 and 2011. Increased demand for housing and infrastructure strains resources and contributes to environmental degradation, including deforestation and landslides. While migration fuels urban stress, it also provides labor for essential sectors. Nepali workers maintain mountain trails, build roads, and support rural agriculture in remote areas.

Despite their contributions, many Nepali migrants lack official documentation, preventing access to public services like healthcare and education. States vary in their treatment of migrants: Sikkim offers some welfare support, while West Bengal faces ethnic and political sensitivities. There is no comprehensive bilateral agreement on labor migration, resulting in policy confusion. Experts recommend establishing a migrant registry, bilateral coordination, and social security mechanisms to address these gaps.¹⁹⁶ Migration from Nepal to India's Himalayan foothill region is a multifaceted phenomenon deeply rooted in history, economy, and culture. With 6–7 million Nepalis living in India and remittances accounting for about 24% of Nepal's GDP, its significance cannot be overstated. While the migration has fostered economic growth and cultural integration, it also presents governance and urban planning challenges. A cooperative and well-managed policy framework is necessary to ensure that migration continues to benefit both countries.

4. Bilateral Agreements And Treaties

Several significant bilateral agreements and treaties have marked the relationship between India and Nepal after 1947, shaping their diplomatic interactions and cooperation. These agreements reflect the evolving nature of the relationship and address various aspects such as trade, transit,

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¹⁹⁶ Anjaria & C. McFarlane (Eds.), *Urban navigations: Politics, space and the city in South Asia* Routledge. PP(217–236).

security, and cultural exchanges. Here, I will analyze some of these agreements with specific references:

1. Treaty of Peace and Friendship (1950):

Peace and Friendship treaty, was signed on July 31, 1950, stands as a pivotal and historic accord that has left an enduring mark on the bilateral relationship between Nepal and India. This landmark agreement holds immense significance due to its profound influence on shaping the interactions and cooperation between the two neighboring nations. The timing of the treaty's signing is noteworthy, as it coincided with a momentous juncture in Nepal's political landscape. It was inked shortly after Nepal's transition from the autocratic Rana regime to a constitutional monarchy, symbolizing a critical turning point in the diplomatic ties that bound these two nations.¹⁹⁷

The signing of the treaty occurred at a juncture when Nepal was undergoing a transformative period, moving away from the centuries-old Rana rule towards a more open and democratic governance structure. This shift in Nepal's internal dynamics was accompanied by a reevaluation of its foreign policy priorities and an exploration of new avenues for international engagement. Against this backdrop, Peace and Friendship treaty assumed a role of strategic importance, signifying the dawn of a new era in the diplomatic relationship between India and Nepal.¹⁹⁸

The treaty's signing was not just a formal diplomatic event but an embodiment of the shared aspirations of both countries for mutual respect, friendship, and cooperation. The transition from autocracy to constitutional monarchy in Nepal paralleled India's journey as an independent nation in the post-colonial world. This shared context fostered an atmosphere of commonality and camaraderie, as both countries endeavored to establish their identities on the global stage while nurturing their historical and cultural connections.

key provisions of the Treaty is aimed at fostering friendship, cooperation, and mutual understanding between Nepal and India.¹⁹⁹

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¹⁹⁷ Ministry of External Affairs, *Government of India. (1950). India-Nepal Treaty of Peace and Friendship, P.1* Retrieved November 12, 2023, from <https://mea.gov.in/bilateral-documents.htm?dtl/6295>

¹⁹⁸ Ibid., p.1

¹⁹⁹ Ministry of External Affairs, *Government of India. (1950). India-Nepal Treaty of Peace and Friendship, P.1* Retrieved November 12, 2023, from <https://mea.gov.in/bilateral-documents.htm?dtl/6295>

Sovereignty and Non-interference: The mutual respect of their respective sovereignty and territorial integrity is reaffirmed in the treaty. It highlights that neither nation will stand for any external threat to the other's security.

Open Borders and Equal Treatment: One of the most significant aspects of the treaty is the commitment to open borders. Citizens of both nations are granted the freedom to move, reside, and own property in each other's territories. Additionally, citizens are provided equal rights and privileges, removing barriers to cross-border interactions.

Trade and Commerce: The treaty encourages economic cooperation by allowing both nations to establish trade relations on terms of equality and mutual benefit. It promotes free trade and provides for the settlement of trade-related disputes through consultation.

Cultural and Economic Cooperation: The treaty underscores the importance of cultural and economic exchanges, aiming to strengthen the relationship between both the countries

Security and Consultation: The treaty establishes the commitment Nepal and India to consult each other on matters related to their common interests and security concerns. It also encourages both nations to coordinate their efforts to maintain regional peace and security.

Foundation of Friendship: The treaty laid the foundation for a strong and enduring friendship between India and Nepal, emphasizing mutual respect, trust, and cooperation.

People-to-People Connectivity: By granting open borders and equal treatment to citizens, the treaty facilitated cross-border interactions, cultural exchanges, and family connections, deepening the people-to-people ties.²⁰⁰

Economic Cooperation: The treaty's provisions on trade and commerce contributed to the growth of economic cooperation, leading to increased bilateral trade, investment, and joint ventures.

Diplomatic Framework: The treaty established a diplomatic framework for addressing security concerns, regional stability, and common interests through consultation and cooperation.

Basis for Subsequent Agreements: The treaty provided a foundation for future agreements between the two countries, reflecting their commitment to building a multifaceted relationship. Despite its significance, the treaty has also faced occasional criticism and concerns, particularly when perceived as infringing on Nepal's sovereignty or being unequally implemented. However, it

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²⁰⁰ Ibid.,p.1

remains a cornerstone of India-Nepal relations and continues to influence their diplomatic interactions to this day.²⁰¹

Letter of Exchanges of Peace and Friendship treaty²⁰²

Critique and challenges of the Treaty of Peace and Friendship (1950) between Nepal and India:

Historical Context: The Treaty of Peace and Friendship emerged at a time of significant change in Nepal's political landscape. It was signed shortly after the fall of the Rana regime and Nepal's transition towards democracy. The timing of the treaty has led to debates about whether it was signed under duress or coercion due to Nepal's vulnerable political situation at the time.²⁰³

One of the major critiques of the treaty is the perceived power asymmetry between India and Nepal. Some critics argue that the treaty reflects India's dominance and influence over Nepal, as the smaller nation might have felt compelled to sign the treaty to secure its sovereignty and economic stability.

The treaty's language, particularly regarding the interpretation of terms like "peaceful coexistence" and "mutual security," has led to differing understandings between India and Nepal. This ambiguity has at times contributed to misunderstandings and differing expectations, causing friction in the bilateral relationship.

Border and Territorial Issues: While the treaty emphasizes respect for territorial integrity, border and territorial disputes between India and Nepal have persisted. The treaty did not provide clear mechanisms for resolving such disputes, leading to subsequent conflicts, especially concerning territories like Kalapani and Lipulekh.²⁰⁴

Critics argue that the open border provision has led to a perceived imbalance in benefits.

While Nepal benefits from open access to India's markets and resources, India's interests are not equally reciprocated, leading to concerns about the economic and social impact on

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²⁰¹ Ibid.,p.1

²⁰² "See Appendix-II"

²⁰³ Karki, R., & Paudel, L. (2015). *Challenges to the revision of the Nepal–India 1950 Peace and Friendship Treaty*. Taylor & Francis, 39(4), PP. (402–416).

²⁰⁴ Ibid.,p.408

Nepal.²⁰⁵ Some critics argue that the treaty infringed on Nepal's sovereignty by requiring the country to consult India on matters related to its external affairs. The provision that Nepal should not enter into any agreement with a third country without India's consent has been seen as limiting Nepal's ability to independently shape its foreign policy. The treaty has not undergone significant updates or modernization to reflect changing circumstances and address contemporary challenges. This rigidity has led to limitations in addressing new issues that have emerged over time. In both India and Nepal, there is a perception among certain segments of society that the treaty does not fully represent their interests and that it might need to be reexamined to ensure a more equitable relationship.

The criticism regarding the perceived loss of sovereignty in the Peace and Friendship Treaty of 1950 stems from a specific clause that has raised concerns about Nepal's ability to independently conduct its foreign affairs. This clause, often referred to as the "consent clause," stipulates that Nepal should not enter into any agreement with a third country that is deemed to be prejudicial to the security of India or to the friendly relations between India and Nepal without prior consultation with India.

Critics argue that this provision essentially places a requirement on Nepal to seek India's consent before establishing any significant foreign relationships or agreements. This requirement is seen as a limitation on Nepal's sovereignty and its capacity to engage with the international community on its own terms. Critics view this clause as implying a degree of oversight or control by India over Nepal's foreign policy decisions, which raises questions about Nepal's autonomy in shaping its international relations.

The "consent clause" has been a subject of debate and controversy in Nepal's political landscape. Critics claim that it undermines Nepal's position as a sovereign nation by subjecting its foreign policy choices to India's approval. They argue that this provision goes beyond the standard practices of diplomatic consultation between friendly nations and instead grants India a significant level of influence over Nepal's external engagements.²⁰⁶

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²⁰⁵ Karki, R., & Paudel, L. (2015). *Challenges to the revision of the Nepal–India 1950 Peace and Friendship Treaty*. *Taylor & Francis*, 39(4), PP. 402–416.

²⁰⁶ Ibid., p.408

Supporters of the treaty, on the other hand, may argue that the clause is intended to ensure that Nepal's actions do not adversely affect India's security interests or the harmonious relations between the two countries. They might contend that the clause promotes cooperation and collaboration, and that the requirement for consultation demonstrates a commitment to maintain regional stability.

The criticism about the perceived loss of sovereignty through the "consent clause" in the Peace and Friendship Treaty underscores the complex nature of diplomatic agreements, particularly when involving countries of differing sizes, power dynamics, and historical relationships. It highlights the challenge of balancing the interests of both nations while preserving each country's sovereign prerogatives and the ability to engage independently with the international community. The debate surrounding this clause continues to shape discussion on the dynamics of India-Nepal relations and the extent to which the treaty respects the sovereignty of both parties.

2. Gandak Agreement (1959):

Gandak River , also called as Narayani River in Nepal, is a trans boundary river that flows through both India and Nepal. Its water resources have significant potential for hydropower generation and irrigation. The Gandak Agreement was prompted by the desire of both countries to collaborate on utilizing these resources for mutual development.²⁰⁷

The Gandak Agreement of 1959 stands as a significant bilateral accord between Nepal and India, signifying a joint commitment to collaborate in the development and prudent management of the water resources associated with the Gandak River.²⁰⁸ This watercourse, known as the Narayani River in Nepal, traverses the territories of both nations, holding substantial potential for various developmental endeavors, particularly in the realms of irrigation and power generation. At its core, the agreement sought to harness the hydrological capabilities of the Gandak River, thereby addressing critical agricultural and energy requirements in both India and Nepal. This

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²⁰⁷ IDSA Task Force. (2010). *Water security for India: The external dynamics* .Institute for Defence Studies and Analyses, pp. (58–62).

²⁰⁸Narain, S. (2000). *India-Nepal cooperation in water resources development: Challenges and opportunities*. Economic and Political Weekly, 35(18), pp.(1531–1537).

commitment to shared development emerges as a pivotal aspect of the agreement, reflecting the aspiration to optimize the river's potential for the mutual benefit of the two countries.

The Gandak Agreement encompasses a comprehensive framework that facilitates collaborative efforts in managing and utilizing the river's waters. A fundamental objective of the agreement is to facilitate the establishment of infrastructure projects aimed at fulfilling irrigation and power generation needs. By laying out a structured plan for the construction and operation of such projects along the Gandak River, the agreement provides a practical roadmap for harnessing its water resources. Additionally, the agreement instates a Joint Committee composed of representatives from both India and Nepal, tasked with supervising the effective implementation of the projects, addressing potential disputes, and ensuring a harmonious partnership.

Furthermore, the Gandak Agreement addresses the critical issue of water allocation, acknowledging the necessity for equitable distribution between the two countries for both irrigation and power generation purposes. This equitable sharing approach signifies a concerted effort to strike a balance between the developmental needs of India and Nepal while fostering mutual cooperation and benefit. The agreement's emphasis on "benefit sharing" underscores the intent to ensure that the positive outcomes of harnessing the Gandak River's waters are equitably distributed, reinforcing the collaborative spirit that underpins the agreement.²⁰⁹

Challenges and Limitations of Gandak Agreement 1959

The Gandak Agreement of 1959, while a significant step towards cooperative water resource development between India and Nepal, has encountered challenges and limitations in its implementation. These issues have at times posed obstacles to the full realization of the agreement's objectives.

Implementation Delays: The execution of projects outlined in the Gandak Agreement has faced delays attributed to various factors, including technical complexities, bureaucratic hurdles, and funding constraints. These delays have hindered the timely development of irrigation and power projects along the Gandak River.²¹⁰

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²⁰⁹ IDSA Task Force. (2010). *Water security for India: The external dynamics* .Institute for Defence Studies and Analyses, pp. (58–62).

²¹⁰ Ibid.,p.60

Uneven Benefit Sharing: The equitable distribution of benefits arising from the utilization of the Gandak River's water resources has proven challenging. Differences in project prioritization, cost-sharing, and allocation of benefits between India and Nepal have led to disagreements and uneven sharing of advantages, impacting the collaborative spirit of the agreement.

Political and Administrative Changes: Changes in political administrations and bureaucratic structures in both countries have at times, disrupted the continuity of project implementation. Shifts in priorities and approaches within these frameworks have introduced uncertainties and inconsistencies in the execution of the agreement.²¹¹

Environmental Concerns: The development of infrastructure projects along the Gandak River has raised environmental concerns, including potential impacts on local ecosystems, water quality, and downstream communities. Balancing developmental aspirations with environmental sustainability has proven to be a complex challenge.

Limited Scope for Conflict Resolution: The Gandak Agreement does establish a Joint Committee to oversee implementation and address disputes. However, the committee's effectiveness in resolving disagreements and managing conflicts has been limited, leading to tensions between the two countries in certain instances.

The Gandak Agreement of 1959, while laudable in its aim to promote collaborative water resource development, has encountered a range of challenges and limitations. Delays in project implementation, uneven benefit sharing; political changes, environmental concerns, and issues related to conflict resolution have hindered the agreement's full potential. Addressing these challenges requires sustained efforts, transparent communication, and adaptive strategies to ensure the equitable and effective utilization of the Gandak River's waters for the benefit of both India and Nepal.

3. Mahakali Treaty (1996):

The Mahakali Treaty of 1996 stands as a significant milestone in the bilateral relationship between India and Nepal marking a collaborative approach to managing the waters of the

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²¹¹Narain, S. (2000). *India-Nepal cooperation in water resources development: Challenges and opportunities*. Economic and Political Weekly, 35(18), pp.(1531–1537).

Mahakali River.²¹² This agreement underscores the diplomatic efforts of both nations in jointly harnessing the potential of a shared natural resource while ensuring equitable benefits and sustainable development for both sides.

Originating in the high mountains of Nepal, the Mahakali River, also known as the Kali River, traverses across international boundaries, flowing into India before ultimately joining the Ghaghara River.²¹³ This Trans Boundary River holds immense importance for both countries due to its contribution to various sectors, including agriculture, hydropower, and domestic water supply. However, the shared utilization of these waters also raised concerns about potential conflicts and the need for a structured framework to promote effective resource management and cooperation.

The Mahakali Treaty, officially known as the Treaty on Integrated Development of the Mahakali River, was signed on February 12, 1996.²¹⁴ The treaty aimed to address the utilization, development, and management of the river's waters in a collaborative manner. One of the treaty's key provisions involves the construction of the Pancheshwar Multipurpose Project, a joint venture that encompasses the development of hydropower, irrigation, and flood control infrastructure. The project exemplifies the commitment of both nations to harness the river's potential for mutual benefit.

This treaty reflects the realization of the importance of cooperation in managing trans boundary water resources. It signifies a departure from potential conflicts and instead focuses on mutual understanding, shared development goals, and equitable utilization of resources. The Mahakali Treaty exemplifies a diplomatic approach to resolving complex issues by providing a legal framework for sustainable resource management and cross-border collaboration.

Objectives of the Mahakali Treaty are:

Equitable Water Sharing: The treaty addresses the distribution of water from the Mahakali River between India and Nepal. It outlines a mechanism for sharing the river's waters in an equitable manner, considering the needs of both countries and their respective development priorities.

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²¹² Gyawali, D., & Ajaya Dixit. (1999). *Mahakali Impasse and Indo-Nepal Water Conflict*. Economic and Political Weekly, 34(9), PP.(553–564).

²¹³ Ibid., p.554

²¹⁴ Gyawali, D., & Ajaya Dixit. (1999). *Mahakali Impasse and Indo-Nepal Water Conflict*. Economic and Political Weekly, 34(9), PP(553–564).

Joint Development: One of the most significant aspects of the treaty is the provision for joint development projects. The treaty paves the way for collaborative efforts in developing projects that utilize the river's resources for the mutual benefit of both nations. The Pancheshwar Multipurpose Project is a prime example of such collaboration. This project involves the construction of a dam to generate hydropower and manage water resources, showcasing the potential for shared development.²¹⁵

Benefit Sharing: The Mahakali Treaty emphasizes the concept of benefit sharing. This involves the sharing of benefits arising from the joint projects, including revenue from hydropower generation and other related economic activities. This ensures that both countries reap the rewards of their cooperation and investment.²¹⁶

Environmental and Social Considerations: The treaty acknowledges the importance of considering environmental and social impacts when implementing projects. It emphasizes the need to minimize any negative effects and promote sustainable development practices.

Dispute Resolution Mechanism: Recognizing that disagreements could arise during the implementation of the treaty's provisions, a dispute resolution mechanism is established to address such situations in a peaceful and mutually acceptable manner.

Mahakali Treaty of 1996 exemplifies the spirit of cooperation between India and Nepal in effectively managing a shared natural resource. It demonstrates their commitment to mutual benefit, sustainable development, and peaceful resolution of disputes through diplomatic channels.²¹⁷

Criticism Of Mahakali Treaty

The Mahakali Treaty of 1996, while an important bilateral agreement between India and Nepal, has been subject to both praise and criticism. Let's delve into a detailed critique of the treaty, taking into consideration its various aspects and implications.

Critics argue that the treaty's provisions for equitable water sharing between India and Nepal might not truly reflect a balanced allocation of resources. Some believe that India, being the

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²¹⁵ Ibid.,p 555

²¹⁶ Ibid.,p.556

²¹⁷ Ibid.,p.558

larger and more powerful nation, may still have an upper hand in negotiating the distribution of water. This raises concerns about the potential for disparities in benefits reaped by each country. The development of joint projects like the Pancheshwar Multipurpose Project under the treaty has faced criticism due to potential environmental consequences. The construction of large dams can result in ecological disruptions, loss of biodiversity, and alterations in river ecosystems. Critics contend that a comprehensive environmental impact assessment should have been conducted before proceeding with such projects.²¹⁸

The treaty's emphasis on hydropower generation and irrigation projects could lead to social and economic challenges for local communities living along the river. Displacement of communities due to dam construction and changes in river flow patterns could have far-reaching consequences on their livelihoods and cultural heritage.

While the benefit-sharing mechanism was a positive step, some critics question whether the actual distribution of benefits has been transparent and equitable. There may be concerns about how the revenues generated from hydropower projects are distributed between India and Nepal, and whether the local communities directly affected by these projects are adequately compensated.

The negotiation and signing of the treaty were criticized for not involving adequate public participation and consultations, particularly with the communities directly impacted by the projects. This lack of inclusivity in the decision-making process has led to grievances from local communities and civil society groups.²¹⁹

The treaty has been seen by some as an example of India exerting influence over Nepal's resources and development projects. Critics argue that the treaty might perpetuate or amplify a perception of unequal power dynamics between the two countries, potentially impacting Nepal's sovereignty.

While the Mahakali Treaty of 1996 sought to address water-sharing issues and promote cooperation between India and Nepal, it has faced legitimate criticism on various fronts. These criticisms revolve around issues of equitable resource allocation, environmental impact, socio-

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²¹⁸ Gyawali, D., & Ajaya Dixit. (1999). *Mahakali Impasse and Indo-Nepal Water Conflict*. Economic and Political Weekly, 34(9), PP.(553–564).

²¹⁹ Ibid.,p.562

economic considerations, transparency, public participation, and potential geopolitical implications. A balanced assessment of both the positive aspects and shortcomings of the treaty is essential for understanding its overall impact and significance.

4. Transit Treaty (1971)

The Transit Treaty of 1971 is a pivotal agreement that define the transit rights and trade relations between Nepal and India. These treaties have played a crucial role in facilitating bilateral trade and connectivity, contributing to the economic development and cooperation between the two nations. Aimed at regulating transit facilities for Nepal through Indian territory. This treaty enabled Nepal, being a landlocked country, to access sea routes through India for its international trade.²²⁰

The key provisions of the treaty included:

Transit Facilities: The treaty granted Nepal the right to use Indian Territory for transit purposes. It allowed goods from Nepal to be transported to and from the seaports of India for international trade.

Customs Duties: The treaty ensured that goods destined for or originating from Nepal would not be subjected to customs duties higher than what was levied on similar goods imported or exported by India.²²¹

Equal Treatment: Nepal was to receive treatment similar to that given to India's other neighbors in terms of transit facilities and customs duties.

Duration: The treaty had a validity period of seven years, after which it would be subject to review and renewal.

Revised Transit Treaty of 2003: As the Transit Treaty of 1971 was nearing its expiry, both countries recognized the need to update and modernize the terms of transit and trade relations. The Revised Transit Treaty of 2003 was signed to address contemporary trade and transit requirements. The key elements of the revised treaty included:

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²²⁰ Trade and Export Promotion Centre, Government of Nepal. (1999). *Treaty of transit 1999: India*,P.1 Retrieved from <http://tepc.gov.np/pages/treaty-of-transit-1999-india>

²²¹ Ibid.,p.1

Transit Facilities Enhancement: The treaty expanded the scope of transit facilities provided to Nepal through Indian territory. It incorporated provisions for the use of additional transit routes and entry/exit points.²²²

Transit Fees and Charges: The revised treaty established a framework for the collection of reasonable transit fees and charges for the use of infrastructure and services related to transit operations.

Customs Procedures: The treaty streamlined customs procedures and documentation requirements, aiming to facilitate smoother trade and transit operations.

Mutual Benefits: The treaty aimed to ensure that both India and Nepal benefited from their transit and trade relations. It emphasized the need for mutually advantageous outcomes.

Duration and Review: The revised treaty had an initial duration of seven years, with provisions for automatic renewal unless either party indicated otherwise.

Both the Transit Treaty of 1971 and the Revised Transit Treaty of 2003 reflect the commitment of India and Nepal to fostering economic cooperation, trade facilitation, and regional connectivity. These treaties have been instrumental in providing Nepal with essential transit routes through Indian territory and ensuring equitable trade relations between the two nations.²²³

Criticism of Transit Treaty (1971)

Transit Treaty of 1971 and the Revised Transit Treaty of 2003 have faced both praise and criticism. Critics often highlight various aspects of these treaties that they find problematic or unsatisfactory. Here are some common points of criticism:

Critics argue that the Transit Treaty of 1971 created a level of economic dependency for Nepal on India. As a landlocked country, Nepal relies heavily on Indian transit routes for its international trade, and this dependence has been viewed by some as a potential vulnerability. Critics have raised concerns about the negotiation process of the treaty, suggesting that India's larger size and stronger economic position might have given it a stronger bargaining position. This could have resulted in terms that may not have been entirely favorable to Nepal. The seven-

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²²² Ministry of Commerce and Industry, Government of India. *Treaty of transit between India and Nepal*. P.1 Retrieved from https://commerce.gov.in/wp-content/uploads/2020/05/TransitTreaty_NEPAL.pdf

²²³ Ibid., p.1

year validity period of the treaty and its requirement for periodic review have been criticized for potentially subjecting Nepal to uncertain conditions in the future. Critics argue that Nepal's access to transit routes should not be contingent on periodic negotiations.

Revised Transit Treaty of 2009

The Revised Treaty of Trade of 2009 is an updated version of the Trade and Transit Treaty between India and Nepal. This treaty governs the trade and transit relationship between the two countries. Here are some details about the Revised Treaty of Trade 2009.

The need for revision arose as the economic and political landscapes of both India and Nepal had evolved significantly since the signing of the original treaty.²²⁴

Key Provisions:

Duty-Free Trade: The treaty allows for duty-free trade of goods between India and Nepal. This provision is essential for Nepal, which is a landlocked country, as it relies heavily on India for access to international markets.

Trade Facilitation: It outlines procedures and mechanisms for facilitating the movement of goods from one country to another.

Transit Rights: The treaty grants Nepal transit rights through Indian territory for trade with third countries. This transit access is crucial for Nepal's economic activities.

Bilateral Consultations: The treaty establishes a Joint Committee to oversee its implementation and to address any trade-related issues that may arise.²²⁵

Impact on Nepal:

The treaty has a significant impact on Nepal's economy as it provides access to the much larger Indian market without tariffs, which is vital for its economic growth. It also allows Nepal to use Indian ports and transportation infrastructure for its trade with other countries.

The Revised Treaty of Trade in 2009 aimed to update and modernize the provisions of the original treaty. It addressed issues such as trade facilitation, non-tariff barriers, and transit rights

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²²⁴ Trade and Export Promotion Centre, Government of Nepal. *Trade agreements: Treaty between India and Nepal*, PP.1-2 Retrieved from <http://www.tepc.gov.np/tradeagreement/Treaty>

²²⁵ Ibid.,p.1

more comprehensively. The treaty continues to be a critical aspect of India-Nepal relations and plays a significant role in Nepal's foreign trade. However, it has also been a subject of negotiation and discussion between the two countries, with periodic updates and amendments to address evolving needs and concerns.

The Revised Treaty of Trade 2009 stands as a pivotal bilateral accord, shaping the trade and transit dynamics between India and Nepal. With its roots in the original 1950 treaty, this revised version plays a fundamental role in Nepal's economic endeavors. By allowing for duty-free trade and granting transit rights through Indian Territory, it enables Nepal, a landlocked nation, to access the vast Indian market and international trade routes seamlessly.²²⁶ In the contemporary context of South Asia, this treaty remains not only relevant but also subject to periodic updates and negotiations, reflecting its enduring importance in fostering economic cooperation between the two nations while underlining the intricate interplay of politics, trade, and regional dynamics in the region.

Treaty of Transit between Government of India and His Majesty's Government of Nepal²²⁷

5. Trade and economic cooperation:

India has been Nepal's largest partner in trade and a major source of foreign direct investment and development assistance. Nepal relies on India for its transit trade, access to seaports, and supply of essential goods. Economic cooperation between the two countries has included infrastructure projects, hydropower development, cross-border connectivity, and joint ventures in various sectors.²²⁸

The trade and economic cooperation between Nepal and India after 1947 has been marked by both positive developments and challenges. The two nations share a long and open border, historical ties, cultural similarities, and a significant level of people-to-people interaction.

Post-1947, the economic bond between Nepal and India has been governed by several bilateral agreements and treaties. The most notable of these is Peace and Friendship treaty of 1950, which

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²²⁶ Ibid.,p.1

²²⁷ "See Apeendix-III"

²²⁸ Poudel, M. S. (2017). *"Indo-Nepal Trade Relations: A Review of Theories and Recent Trends"*. Economic Journal of Nepal, 40(3), PP.(242-255)

forms the bedrock of their relationship. This treaty, while facilitating close ties, has also generated discussions and debates within Nepal about the extent of economic dependency on India.²²⁹

Trade between the two countries has been an essential aspect of their economic cooperation. India is Nepal's largest trading partner, and the exchange of goods and services between the two countries is substantial. However, trade issues have also surfaced over time, including concerns about trade imbalances, transit routes, and tariff barriers.

India has been a most important source of foreign direct investment in Nepal. Indian investments have been prominent in sectors like banking, tourism, and hydropower. Nevertheless, these investments have sometimes raised issues related to economic influence and sovereignty, leading to debates in Nepal's political and public spheres.²³⁰

The economic cooperation has also extended to infrastructure projects and connectivity initiatives. The development of cross-border roads, bridges, and integrated border check-posts has aimed to facilitate smoother trade and movement of people between the two nations.

Challenges have arisen from time to time, including political differences and border disputes that have occasionally strained the relationship. These challenges underscore the need for both countries to maintain open lines of communication and diplomatic efforts to address concerns and maintain harmonious economic cooperation.

In recent years, efforts have been made to diversify Nepal's trade and reduce its economic dependence on India by engaging with other countries and international organizations. This move aligns with Nepal's aspiration to maintain a balanced and independent foreign policy.

The trade and economic cooperation between India and Nepal after 1947 have been complex and multifaceted. While there have been benefits in terms of trade, investment, and infrastructure development, there have also been challenges related to economic dependency and political disagreements. The ongoing dynamics between the two countries continue to shape their economic relationship in the region.

There is dedicated chapter about the Trade and economic cooperation. Every aspect related to Trade and economy is discussed there.

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²²⁹ Ibid.,p.245

²³⁰ Ibid.,p.247

5. Border Disputes and Territorial Issues:

The India-Nepal border has witnessed several disputes and territorial issues over the years, stemming from historical, political, and administrative factors. Some of the prominent border disputes include:

Historical roots of the India-Nepal border disputes:

Colonial Era Demarcations: During the colonial era, European powers were focused on expanding their territories and asserting control over various regions. The British, in particular, played a significant role in shaping the borders of India and Nepal. In many cases, these borders were demarcated to suit the administrative convenience and strategic interests of the colonial rulers. The demarcations were often drawn with little consideration for the cultural, ethnic, and historical ties of the local populations. This approach led to the division of ethnic and cultural groups, sometimes straddling the newly drawn borders. As a result, communities that had shared histories and relationships suddenly found themselves on different sides of an arbitrary line on the map.²³¹

Treaties and Agreements: The Sugauli Treaty of 1816 between the East India Company and the Nepal is a pivotal document in the history of these border disputes. The treaty ended the Anglo-Nepalese War and attempted to define the border between the two territories. However, this treaty, like many colonial-era agreements, was often vague and open to interpretation.²³²

The terminology used in the treaties, such as the delineation of riverbanks and watershed divides, left room for differing viewpoints. Over time, changes in river courses due to natural factors further complicated matters. The shifting geography and the inability to precisely locate historical landmarks mentioned in the treaties led to conflicting claims.

Cartographic Discrepancies: Mapping techniques during the colonial period were not as precise as modern methods. The lack of accurate geographical data and surveying equipment contributed

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²³¹ Inventiva. *What is behind the India-Nepal border dispute*,P.1Retrieved from

<https://www.inventiva.co.in/stories/what-is-behind-the-india-nepal-border-dispute/>

²³² Nepal Development PBworks. (n.d.). *Sughauli*,Pp.1-5Retrieved November 12, 2024, from <http://nepaldevelopment.pbworks.com/w/page/34197552/Sughauli>

to cartographic inaccuracies. This, combined with variations in survey methods used by different parties, led to discrepancies in the depiction of borders on maps. The absence of well-defined geographical features, especially in mountainous regions, made it difficult to precisely demarcate the boundaries. As a result, different maps produced by different colonial authorities might show slight variations in border alignment.

Impact on Disputes: The historical roots of these disputes have created a foundation of ambiguity and differing interpretations. The colonial-era borders were drawn without considering the cultural and historical affiliations of the people living in the regions. This has resulted in communities with deep-seated ties suddenly finding themselves on opposite sides of a border. The vagueness of historical treaties and the lack of accurate cartographic data have led to ongoing debates about the true location of borders.²³³ These ambiguities have allowed for differing claims and perceptions on both sides, contributing to diplomatic tensions and disputes. the historical roots of the India-Nepal border disputes are embedded in the colonial legacy of border demarcation, vague treaties, and cartographic limitations. The impact of these historical factors continues to influence the contemporary border disputes, underscoring the need for careful historical analysis and diplomatic dialogue in resolving these complex issues.

1. Kalapani-Limpiyadhura Dispute:

The history of the Kalapani dispute is intricate and multifaceted. Due to its territorial expansion, Nepal fought British India in the early 19th century, which resulted in the British India-Nepal war and the Treaty of Sugauli²³⁴ in 1816. The Kali River, which rises in the Himalayas, was designated as the western boundary; however, no precise maps or locations were provided. Challenges emerged north of Garbyang village, where multiple tributaries converge to form the Kali River. Determining which tributary should be labeled as the Kali River became a point of contention. Survey maps from that era evolved with improved techniques and access to remote areas.

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²³³ Ibid.,P.3

²³⁴ Gyawali, D., & Ajaya Dixit. (1999). *Mahakali Impasse and Indo-Nepal Water Conflict*. Economic and Political Weekly, 34(9), PP.(553–564).

By 1817, an exchange of letters revealed Nepal's tried to claim villages Nabi and Kuti by considering the western tributary as the Kali River. This action clashed with the treaty's delineation of the Kali River as the eastern boundary. The disagreement led to disputes over the ownership of various villages, including Tinkar, Changru, Kunti, and Nabhi. Despite differing interpretations, the British Government retained villages Nabhi and Kunti.²³⁵

Additionally, there is a Nepali narrative suggesting that British India revised survey maps to retain the Lipulekh pass, aiming to control Tibetan trade. This occurred after Maoist China's takeover of Tibet in 1950. Subsequently, the Nepali royalist regime sought Indian assistance in securing the Nepal-Tibet border. While Nepal argues that India removed all border posts except one based on an agreement between Prime Minister Jawaharlal Nehru and King Mahendra, it is debated whether such an understanding existed, considering King Mahendra's balanced approach towards India and China. Amid deteriorating India-China relations from 1959, King Mahendra moved in 1961 to settle Nepal's boundary with China, starting near Tinkar pass.²³⁶ This location, about 10 km east of Lipulekh pass, reflects India's perspective on the India-Nepal boundary alignment. Actually, there is an open border between India and Nepal that permits unrestricted travel. During the ten years that the road was being built, there were no concerns about the alignment because there was no infrastructure in place. But amid a period of unrest in domestic politics, it became a touchy subject. Talks on the Kalapani dispute began on May 8, 2020, when Indian Defence Minister Rajnath Singh officially opened the 80-kilometer route that connected Ghatibagar to the Lipulekh pass. Historically, Indian and Nepali pilgrims used this road which is situated at an elevation of 17,000 feet on the border between Tibet and India to travel to Mount Kailash and the Mansarovar Lake in Tibet. Additionally, it made border trade between China and India easier. Even though the road's construction had been going on for years and Nepal had not previously objected to its route, Nepal saw the road's passage through Kalapani as a possible trick by India to seize control of the region.²³⁷

Impact of the kalapani dispute

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²³⁵ Atkinson, E. T. (1881). *The Himalayan gazetteer*. Cosmo Publications, Vol. 2, Part 2, PP.(679-685)

²³⁶ Opcit, Gyawali, D., & Ajaya Dixit,p.556

²³⁷ Opcit,Atkinson, E. T, PP.(679-685)

In May 2020, the Nepal government released a new map of the country that included a territory called Kalapani, which Nepal had been claiming since 1996. This disputed territory, located on the western border, has been a subject of inconclusive discussions between the two countries. However, the new map not only incorporated Kalapani but also extended Nepal's claims by changing the course of a tributary of the Kali River that defines the boundary between Nepal and India as established in the 1816 Treaty of Sugauli between Nepal and the East India Company.

Figure-15



Disputed land between India and Nepal

Source: Kanak Mani Dixit and Tika P Dhakal map article

The revised map was introduced as a constitutional amendment proposal and was overwhelmingly supported. Nepal's President signed it into law in June 2020. This move was met with widespread support and a surge in Nepali nationalism. Even opposition parties largely voted in favor of the amendment, showing the significant backing for this change.

Indian perspective:

The Kalapani Dispute revolves around differing claims between India and Nepal regarding the Kalapani region's territorial ownership. This dispute is rooted in historical maps from 1879 and administrative records from 1830 of Pithoragarh district, supporting India's contention that Kalapani marks the source of the Kali River, from which it derives its name. The Kuti-Yankti, a

tributary, is distinct from the Kali River, which flows from Kalapani to Gunji, where it joins the Kuti-Yankti, continuing southward as the Kali River. This alignment forms the present boundary between India and Nepal along the center of the Kali River.²³⁸

The Sugauli Treaty does not include Lipulekh Pass because it covers lands both west and east of the river. 1830 administrative records show that areas outside of Kalapani, such as Lipulekh Pass, were under Pithoragarh District administration. It's interesting to note that until the Peace and Friendship Treaty of 1950, Nepal did not voice strong opposition to India's sovereignty over Kalapani. Nepal had not before voiced any significant objections to India's occupation of the Kalapani area. In response to China's 1951 takeover of Tibet, India increased its defensive posture in an effort to stave off any possible incursions.

Since 1962, India's Indo-Tibetan Border Security Forces have remained in charge of Kalapani. Furthermore, through agreements in 1954, 1991, 1992, and 2015, China and India have repeatedly confirmed that Lipulekh is located on their shared boundary.²³⁹ Interestingly, Lipulekh is not recognised as a border route between China and Nepal in the 1961 Border Agreement. The Tinkar Pass, a few kilometres southeast of Lipulekh, is defined as the start of the Sino-Nepal boundary. This claim is supported by a map that China provided showing the boundary.

The management of the India-Nepal Kalapani dispute:

The management of the Kalapani dispute between India and Nepal has involved a combination of diplomatic initiatives, historical investigations, and bilateral discussions. Despite ongoing tensions, both countries have taken measures to handle the situation and explore potential resolutions. Diplomatic channels have been utilized to foster communication and understanding, with discussions taking place at various levels, including meetings between government officials,

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²³⁸ Gyawali, D., & Ajaya Dixit. (1999). *Mahakali Impasse and Indo-Nepal Water Conflict*. Economic and Political Weekly, 34(9), PP.(553–564).

²³⁹ Nayak, N. R. (2015, June 9). Controversy over Lipu-Lekh Pass: Is Nepal's stance politically motivated? *Manohar Parrikar Institute for Defence Studies and Analyses*, PP. (2-6)

foreign ministers, and heads of state. Historical evidence from treaties, maps, and agreements has been scrutinized to gain insights into the origins and intentions behind the dispute.²⁴⁰

Bilateral mechanisms have been established to address border-related issues, providing platforms for dialogue and negotiation. The Joint Technical Level Boundary Committee, for instance, has played a role in surveying and demarcating the contested border areas. The strong people-to-people ties between India and Nepal, driven by cultural, familial, and economic connections, have also contributed to managing tensions during times of diplomatic strain.

The dispute's context within regional geopolitics and international relations has also been considered, as both countries are mindful of the potential implications for their relationships with neighboring countries and the global community. To avoid escalation, temporary understandings have been reached, and both nations generally respect the status quo along the border. They maintain military and administrative presence in their respective claimed territories without taking provocative actions.²⁴¹

Engagement with civil society, academia, and experts has provided additional insights and perspectives, offering constructive input and suggestions for potential solutions. Public statements from leaders and officials underline the commitment to resolving the issue through peaceful dialogue. Despite the dispute, economic cooperation and collaboration in various sectors between India and Nepal continue, fostering interdependence that can incentivize maintaining peaceful relations and finding mutually beneficial outcomes.

While these efforts have helped manage the situation, a comprehensive resolution remains elusive. The Kalapani dispute's complexity and sensitivity necessitate ongoing dialogue, historical analysis, and diplomatic engagement to reach a satisfactory and mutually acceptable solution that considers the interests of both nations.

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²⁴⁰ Ibid.,p.5

²⁴¹ Gyawali, D., & Ajaya Dixit. (1999). *Mahakali Impasse and Indo-Nepal Water Conflict*. Economic and Political Weekly, 34(9), PP.(553–564).

2. Susta Dispute:

The Susta conflict, sometimes referred to as the Susta border dispute, is a complicated and protracted territorial dispute involving India and Nepal. This dispute centers on a stretch of land in the southern Nepalese lowlands that is close to the meeting point of the Rapti River and the Narayani River, often known as the Gandak River. Susta territory is a region in the province of Nepal that is close to Nichlaul in India's Uttar Pradesh. Nepal claims it as a component of the West Nawalparasi District of the Lumbini Province's Susta rural municipality. On the eastern bank of the Gandak River, or the Narayani River in Nepal, is the disputed land. The Susta region is currently in India due to the Gandak River's altered course.²⁴²

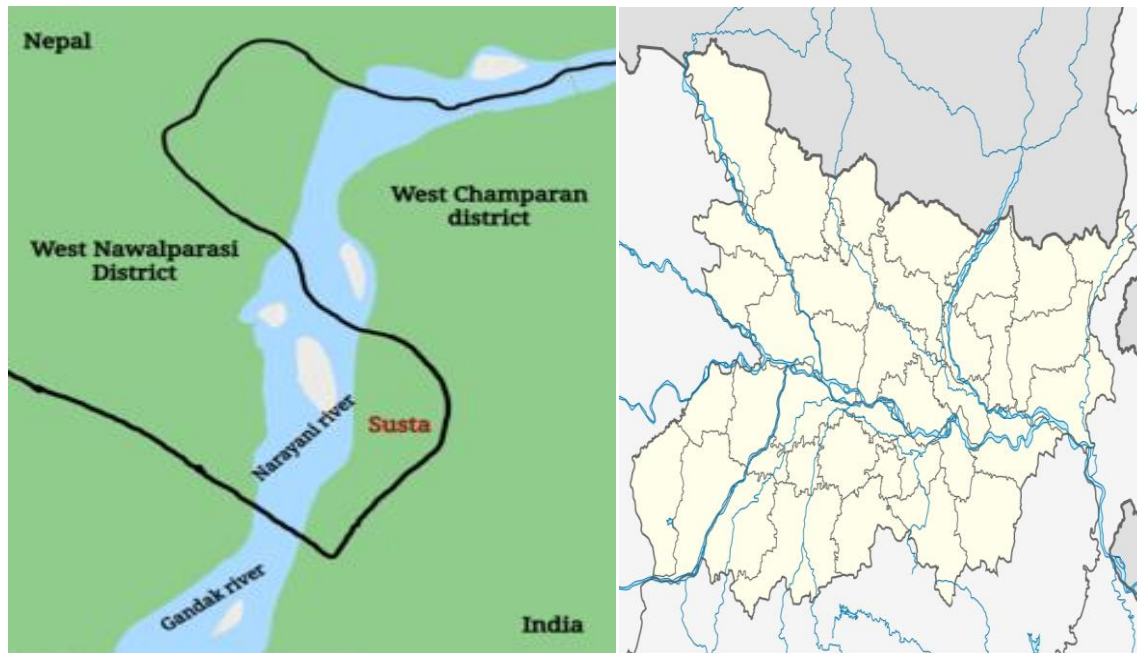
This disputed area totals over 140 km² and is being governed by Government of India²⁴³. This area falls in West Champaran district of the state of Bihar. Gandak, as established in Article 3 of the Treaty of Sagauli, is the international border separating India and Nepal. At the time the treaty was signed, Susta was situated on the Gandak/Kalyani River's right bank, which is under Nepal's geographical jurisdiction. Eventually, though, the river's course changed, and Susta area now situated on the left bank of the Gandak that is governed by India. The Susta territorial dispute resulted from the changing path of the Gandak/Kalyani River.²⁴⁴

Figure-16

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²⁴² Govil, D. M. (2022). *Nepal-India border dispute: Genesis, perspective, and recommendations*. Center for Joint Warfare Studies, PP.(3-6)

²⁴³ Inventiva. *What is behind the India-Nepal border dispute*, P.1-3 Retrieved from <https://www.inventiva.co.in/stories/what-is-behind-the-india-nepal-border-dispute/>

²⁴⁴ Ibid., PP(.1-3)



Susta dispute location in Bihar

At the heart of the Susta dispute are conflicting claims to sovereignty over this region by both Nepal and India. These territorial claims have historical roots dating back to the time of British India and have endured as unresolved issues since that era. The colonial powers, including the British, often delineated borders with little regard for local cultural and ethnic affiliations. As a result, these demarcations led to ambiguities and differing interpretations, creating a backdrop for disputes in various regions, including Susta.²⁴⁵

The changing courses of the Narayani and Rapti rivers have introduced further complexity to the Susta dispute. Over time, shifts in the river channels have caused alterations in the region's geographical features. As a consequence, the original boundaries established by historical treaties have become challenging to ascertain accurately. The evolving river channels have made it difficult to pinpoint the exact location of the boundary lines as defined in historical documents. The Susta dispute's intricate nature and historical background have given rise to diplomatic efforts by both Nepal and India to find a resolution.²⁴⁶ The dispute's impacts go beyond just

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²⁴⁵ Govil, D. M. (2022). *Nepal-India border dispute: Genesis, perspective, and recommendations*. Center for Joint Warfare Studies, PP.(3-6)

²⁴⁶ Ibid., PP.(3-6)

territorial claims; they affect the local communities residing in the region. Uncertainty regarding territorial ownership has implications for resource access, infrastructure development, and administrative services for these communities.

In navigating this dispute, both countries have also recognized the significance of maintaining friendly bilateral relations and cooperation in other sectors. Despite the disagreement, the people living in the border region have continued to maintain strong cultural, familial, and economic connections that transcend the boundaries. These connections have played a role in fostering mutual understanding and maintaining stability in the midst of the dispute.²⁴⁷

Efforts to resolve the Susta dispute have included diplomatic discussions, joint surveys, and mechanisms to address the issue bilaterally. Both Nepal and India have reiterated their commitment to finding a peaceful and mutually acceptable solution. The Susta dispute highlights the complexity of historical border demarcations, the challenges presented by changing geographical features, and the diplomatic endeavors required to address longstanding territorial disagreements.

3.Madheshi Movement:

The Madhesi movement in Nepal holds significant historical and socio-political implications, particularly in relation to the Terai region. The movement primarily represents the interests of the Madhesi community, which resides in the southern plains of Nepal and shares cultural, familial, and historical ties with neighboring India.²⁴⁸ Historically overlooked by the central government, the Madhesi community, which includes different ethnic groups like Tharus, Muslims, and Janjati, has faced many challenges regarding political representation, social fairness, and cultural recognition. The Madhesi community resides primarily in the Terai region, which spans Nepal's southern border with India. Despite constituting a significant portion of Nepal's population, the Madhesi people have historically felt marginalized in terms of political representation, socio-economic development, and cultural recognition. This has led to a sense of

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²⁴⁷ Ibid., PP.(3-6)

²⁴⁸ Singh, C. P. (2011). *Origin and development of Madhesi movement in Nepal*. Proceedings of the Indian History Congress, 72 PP.(1047–1053). Published by Indian History Congress.

inequality and discrimination, which has fueled the grievances that underlie the Madhesi movement.²⁴⁹

The Madhesi movement, emerging from the Terai region's specific socio-cultural context, underscores the complexity of cross-border ethnic relations. The Madhesi people, who often identify with Indian culture due to their shared roots, have sought recognition and representation within Nepal's diverse multi-ethnic society. The movement has brought to the forefront questions of how different ethnic groups can coexist harmoniously while preserving their distinct identities. Identity and citizenship have been key concerns driving the movement. Madhesi activists have called for a broader understanding of Nepali identity that encompasses their cultural heritage, language, and socio-economic conditions. The movement highlights the importance of acknowledging and respecting diverse identities within the nation, while also ensuring that citizenship and associated rights are extended equitably to all citizens regardless of their ethnicity. Border demarcation has been a contentious issue within the Madhesi movement.²⁵⁰ The Terai region shares a porous border with India, which has led to complexities in delineating territorial boundaries. This has given rise to concerns about the potential for border-related tensions, including disputes over land ownership, resource allocation, and migration patterns. The movement underscores the need for clear and mutually agreed-upon border demarcations to prevent future conflicts and misunderstandings. Critics argue that India's involvement in Nepal's domestic affairs, whether real or perceived, has implications for Nepal's sovereignty and internal decision-making processes. The movement thus highlights the intricate balance between national pride, cross-border ties, and the safeguarding of a nation's autonomy.

Key Grievances and Demands

Political Representation: One of the primary grievances of the Madhesi movement is the perceived underrepresentation of Madhesi people in Nepal's political structures. The community

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²⁴⁹ Ghimire, R. (2020). *Indo-Nepal Relations: Challenges and Opportunities*. Global South Studies, 1(1), pp.(136-151).

²⁵⁰ Ibid., pp.(136-151)

has demanded more proportional inclusion in legislative bodies and government institutions to ensure their voices are heard and their interests are represented.²⁵¹

Federalism and Identity: The Madhesi movement has also focused on issues related to federalism and identity. The community has advocated for the recognition of their distinct cultural and linguistic identity, as well as for greater autonomy and decentralization in decision-making processes through federalism.

Inequality and Discrimination: Madhesi activists and supporters of the movement have raised concerns about economic disparities, unequal access to resources, and discrimination in areas such as education, healthcare, and employment.

Timeline of Movements:

The Madhesi movement gained significant prominence during the early 2000s, with several phases of protests, demonstrations, and strikes taking place. Some key moments in the movement include:

2007-2008: The movement gained momentum after the Comprehensive Peace Agreement that ended the decade-long civil war in Nepal. Madhesi groups demanded proportional representation, federal restructuring, and cultural recognition.

2008: Protests erupted following the declaration of a new constitution in Nepal. Madhesi groups expressed dissatisfaction with the level of representation and autonomy provided by the new constitution.

2015: The promulgation of Nepal's new constitution led to renewed protests in the Terai region. Madhesi groups rejected the constitution, arguing that it did not address their demands for greater political inclusion and federalism.

2015-2016: The movement escalated into a widespread agitation, characterized by strikes, blockades, and clashes between protesters and security forces. These events led to disruptions in trade between Nepal and India, impacting the supply of essential goods.

Border blockade: During that time, Nepal's Constituent Assembly, which had been democratically elected, was in the process of passing a new constitution. The new constitution was supported by an overwhelming majority of Constituent Assembly members, more than 90%

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²⁵¹ Singh, C. P. (2011). *Origin and development of Madheshi movement in Nepal*. Proceedings of the Indian History Congress, 72 PP.(1047–1053).

of them. However, some socio-political groups, particularly in the southern region of Nepal, were protesting certain aspects of the constitution, arguing that their interests were not adequately addressed.

In response to these protests, some of which turned violent, there were allegations that the Madhesi groups were receiving support from India. While the Indian government officially denied any involvement, the perception of India's influence on the Madhesi protests further strained the relations between the two countries.²⁵²

Around the same time, checkpoints along the India-Nepal border experienced disruptions due to protests and demonstrations, and there were reports of vehicles being obstructed from crossing the border. This measure created severe shortages and caused widespread suffering in Nepal. The blockade had a profound impact on Nepal's economy and daily life. Shortages of essential goods, including fuel, cooking gas, and medical supplies, led to skyrocketing prices and hardships for the general population. Schools, industries, and transportation services were also affected. The blockade exacerbated existing challenges in Nepal's infrastructure and supply chains. The timing of the blockade is significant as it coincided with a critical moment in Nepal's domestic politics

The blockade strained India-Nepal relations significantly. Nepal accused India of using the blockade as a means of political pressure to influence its internal affairs, particularly its constitutional provisions. India, in turn, emphasized that its concerns were about the inclusivity and acceptance of the constitution by all sections of Nepal's population. More than two-month-long blockade imposed by India against Nepal in 2015. This episode is compared to a similar one that occurred in 1989-1990 when India reacted to Nepal's purchase of weapons from China. The focus is on the impact of the blockade on the new generation of Nepalese and its context within the broader historical relationship between the two countries.

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²⁵² Op.cit,Ghimire, R, pp.(136-151)

Government Response and Outcomes:

The resolution of the Indo-Nepal border blockade of 2015 was achieved through a combination of diplomatic negotiations, political consensus, and agreements between the Nepali government and the protesting groups. The blockade, which had led to severe economic and social hardships, prompted both sides to engage in dialogue to find a resolution. Key to the settlement was the acknowledgment of the concerns raised by the Madhesi and Tharu communities regarding their representation and rights within Nepal's new constitution. Constitutional amendments were made to address these concerns, focusing on federal boundaries and representation. Political consensus among major parties was crucial in garnering support for these changes. Agreements were reached between the government and the protesters, outlining commitments to address the issues raised. Additionally, international actors, including India, played a role in encouraging dialogue and supporting the peaceful resolution of the conflict. As the amendments were implemented and commitments fulfilled, the situation gradually normalized, and the supply of essential goods resumed. The settlement process highlighted the complexities of Nepal's internal politics, the importance of dialogue, and the necessity of balancing national interests with regional concerns to achieve lasting solutions.

Recommendations for dispute management

India should not underestimate the significance of border issues with Nepal. Procrastinating in addressing these matters could lead to further complications. Achieving a lasting solution requires both India and Nepal to be prepared for compromises.²⁵³

An enclave has emerged near the Gandak River known as Susta Village, covering an area of 140 sq km. Administering this village falls to Nepal, though the presence of the Gandak River poses administrative challenges. Concerning the Kalapani, Limpiyadhura, and Lipulekh regions, India possesses revenue records dating back to the 1830s, supporting its claim over these areas in the Pithoragarh district of Kumaon. A diplomatic resolution is vital for these disputes. To facilitate this process, the formation of a committee akin to the Nepal-India Joint Technical Level Boundary Committee (JTBC) established in 1981 (dissolved in 2008) is recommended. This

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²⁵³ Govil, D. M. (2022). Nepal-India border dispute: Genesis, perspective, and recommendations. *Center for Joint Warfare Studies*, PP.(6-10)

committee, led by diplomatic representatives from both India and Nepal, should be entrusted with resolving the border disputes. It's advisable to include a military official on this committee to ensure a comprehensive approach to the challenges at hand. Certain recommendations are given below: -

(a) Diplomatic.

- (i) To establish their claims over specific regions, Nepal and India should present historical documents, cartographic maps, and possibly refer to British records. These records can help provide insights into the historical context and agreements related to the disputed areas.²⁵⁴
- (ii) Seeking input from experts and encouraging in-depth research by scholars on the border issues can offer a comprehensive understanding of the territorial disputes and potential solutions.
- (iii) India should adopt a policy of non-interference in Nepal's internal affairs while maintaining a friendly stance. At the same time, India can provide guidance to Nepal in fostering a more inclusive democratic system through bilateral cooperation.
- (iv) Given the porous border and the free movement of people between the two countries, Nepal's stability is crucial for India's national security. Preventing terrorists from using Nepal as an entry point into India underscores the significance of maintaining strong and amicable relations with Nepal.²⁵⁵
- (v) India should communicate the positive relationship shared by the 6 to 8 million Nepali citizens living in India, highlighting the deep-rooted connection between the two nations. Preserving this historical togetherness is vital for both countries' well-being. The Indian Army's Gorkha Regiments, partially recruited from Nepal's hill districts, also symbolize this historical bond.
- (vi) Existing bilateral treaties between India and Nepal should consider the dynamic nature of Himalayan Rivers and ecological concerns. The boundary dispute resolution should account for shared environmental characteristics to achieve a holistic solution.
- (vii) If the bilateral efforts do not lead to a resolution, both nations should be open to seeking assistance from the United Nations Organization. As a last resort, the International Court of

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²⁵⁴ Ibid., PP.4-6

²⁵⁵ Ibid., PP.6-8

Justice could be considered for arbitration, as demonstrated in the Indo-Bangladesh maritime dispute.

Diplomats and leaders from both countries must exercise caution and avoid provocative statements. Instances like Prime Minister KP Oli's comments on India's national emblem and the handling of the coronavirus crisis need to be managed carefully to prevent undermining the bilateral relationship and causing offense to a nation and its people.

(b) Information.

(i) Accurate measurement of the disputed territories should rely on modern technologies like the Global Positioning System (GPS) and the use of Unmanned Aerial Vehicles (UAVs) to capture control point images. Regular monitoring and surveys of border areas, especially critical sites like the Kali River, are crucial. ²⁵⁶This approach is particularly relevant for regions like Limpiyadhura.

(ii) Historical records can be cross-referenced with satellite imagery to track changes in river courses. This technique can help pinpoint the exact location of rivers during the times of relevant treaties and agreements.

(iii) It is essential to engage with the local population in regions such as Kalapani and Susta. Gathering information about their language, self-identification with Nepal or India, possession of documents like Aadhaar cards indicating nationality, participation in elections of either country, and other relevant aspects can provide valuable insights. This approach recognizes the importance of considering the perspectives of the people and the cultural ties that have developed over time.

(iv) Responsible media practices are crucial in this context. The media should avoid targeting Nepal and its citizens, and both Indian and Nepali media should refrain from actions that could inflame tensions or misrepresent facts. A balanced and unbiased portrayal of the situation is necessary to foster understanding and goodwill.

(c) Economic.

(i) Nepal presents a significant opportunity for India to fulfill its growing energy needs, while India offers Nepal access to a substantial market for trade and investment, along with advanced

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²⁵⁶ Ibid., PP.(6-10)

technology. Both nations recognize these potential advantages and are working towards building mutually beneficial interdependent structures.²⁵⁷

(ii) India's focus should be on developing infrastructure, including road connectivity and electricity, in the areas of Limpiyadhura, Kalapani, and Lipulekh. Prioritizing grassroots-level infrastructure development is crucial.

(iii) India's willingness to accommodate Nepal in trade and transit issues and the ongoing implementation of the Mahakali Treaty represent positive steps. Sustaining this progress with increased momentum is essential to overcome lingering political mistrust and suspicions. As interdependence grows, the political atmosphere between the two countries is likely to improve. India must also effectively leverage economic factors to enhance bilateral ties.

(iv) The enduring "open border" between India and Nepal, maintained for around a century, adds a unique dimension to their relationship. For Nepal, this open border acts as a safety valve, generating income and promoting employment opportunities from its larger neighbor, India.

(v) Contentious water-related matters, as seen in controversies surrounding treaties like Kosi, Gandak, and Mahakali, have strained relations between India and Nepal. This has posed challenges for Indian investors in Nepal's hydropower sector. Addressing the perception that Nepal's natural resources were undervalued in these treaties is crucial. The joint committee must clarify doubts within the Nepali populace. India's geographical advantage, with most Nepalese rivers flowing into India, must also be taken into consideration.

To effectively resolve these matters, the Joint Committee should work within a specific timeframe. Regular reports should be submitted to both governments every six months until the border disputes are fully resolved. This structured approach will contribute to a more constructive and time-bound resolution process.²⁵⁸

6. Security Concerns and Regional Dynamics:

The India-Nepal relationship has been influenced by a range of security concerns, which have at times strained their diplomatic ties.

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²⁵⁷ Ibid.,PP.(6-8)

²⁵⁸ Ibid.,PP.(8-10)

Cross-Border Terrorism and Insurgency: The issue of cross-border terrorism and insurgency stands as a substantial factor shaping the India-Nepal relationship, eliciting deep-seated security concerns. This shared concern arises from the presence of terrorist activities and insurgent groups that have exploited the porous border separating the two nations. The Himalayan border's permeable nature has posed challenges, allowing these elements to maneuver relatively unhindered. This porousness has granted such groups the advantage of covert movement, enabling them to conduct illicit activities, including arms smuggling and the transit of militants across the border. These activities have raised apprehensions about the potential misuse of the open border for facilitating illegal operations that can destabilize both nations and the broader region. The infiltration of militants and weaponry through the porous border has historically amplified security challenges and posed a threat to regional stability. While diplomatic channels and collaborative efforts have been employed to address these concerns, the persistent nature of these threats underscores the need for sustained vigilance and cooperation to safeguard both countries.²⁵⁹

Regional Stability: Maintaining regional stability is crucial for both India and Nepal due to their geographic proximity and shared cultural and historical ties. Any instability or conflicts within Nepal can have spill-over effects on India, impacting security in the bordering regions. Political unrest, ethnic tensions, and conflicts in Nepal have, in the past, led to migration of people across the border and potential security challenges.

India and Nepal share a long and porous border that spans over 1,750 kilometers. This geographical closeness means that events within Nepal can quickly impact India. The flow of people, goods, and ideas across the border is extensive, making it imperative to ensure that any disruptions or conflicts in Nepal are managed effectively to prevent any negative spillover effects. Instability in Nepal can directly impact the regions along the border. For instance, political unrest, ethnic tensions, or violence in Nepal can lead to an influx of refugees and migrants into India. This not only strains local resources but also raises security concerns as it becomes challenging to track and regulate the movement of people.

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²⁵⁹ Devkota, R. (2018). *Nepal's evolving security environment: impact on India's security*. Strategic Analysis, 42(3), pp.(212-226).

In cases of political turmoil or civil strife, the instability can be exploited by various factors, including insurgent groups, criminals, and extremists. The lack of stable governance can create safe havens for these elements, further destabilizing the region and posing threats to both India and Nepal. There have been instances in the past where Nepal's internal conflicts have had repercussions in India. During the Maoist insurgency in Nepal (1996-2006), the movement's activities had an impact on both sides of the border. Arms smuggling, recruitment, and training of insurgents were reported to have taken place across the border, affecting the security environment in the region.²⁶⁰ To address these concerns, India and Nepal have engaged in diplomatic efforts and security cooperation. This includes sharing intelligence, collaborating on border management, and conducting joint security exercises. Strengthening governance and institutions within Nepal is also seen as crucial for promoting stability and preventing security challenges.

Border Management: The open border between India and Nepal, while a testament to their historical, cultural, and economic interconnectedness, has also given rise to a set of security challenges that demand careful consideration.²⁶¹ The absence of stringent border controls has created an environment ripe for exploitation by criminal networks and smugglers, who take advantage of the porous frontier to engage in illicit activities that pose threats to both nations. The lack of robust security mechanisms along the border has rendered it vulnerable to human trafficking, narcotics trade, and the smuggling of arms and contraband. This dynamic presents a complex challenge: how to maintain the valuable aspects of the border's openness while concurrently ensuring effective security measures. Striking this equilibrium requires a judicious approach that safeguards bilateral relations while preventing the misuse of the open border. Collaborative initiatives and technological advancements have been pursued to enhance border management and curb criminal activities. It is a balance that necessitates consistent diplomatic

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²⁶⁰ Chaudhary, A., & Paul, R. (2019). *India-Nepal Relations: Revisiting Security Concerns*. Journal of South Asian Studies, 7(1), PP.(115-131).

²⁶¹ Ibid. PP.(115-131)

dialogue and cooperative efforts to address security concerns without compromising the rich cultural and economic ties that bind India and Nepal together.²⁶²

Geopolitical Influence: Geopolitical dynamics have exerted a significant influence on the India-Nepal relationship, shaping their diplomatic interactions and strategic considerations. Nepal's historical connections with both India and China have compelled it to navigate a delicate balancing act in its foreign policy endeavors. This intricate positioning stems from its desire to maintain harmonious relations with both neighboring giants while safeguarding its own sovereignty and interests. The rise of China's influence in the region has particularly captured India's attention, prompting a heightened awareness of Nepal's strategic alignment and its potential impact on regional stability. India's concerns about China's expanding presence in Nepal have triggered discussions on security cooperation and a shared interest in ensuring regional stability.²⁶³

Diplomatic efforts have thus emerged as a crucial means of addressing these concerns and promoting stability. The governments of India and Nepal have actively engaged in dialogues, negotiations, and cooperative agreements aimed at managing security challenges and fostering an environment of mutual understanding. These efforts underscore the shared recognition of the importance of maintaining regional stability and addressing common security threats. Additionally, regional forums such as the South Asian Association for Regional Cooperation (SAARC) have provided platforms for dialogue and collaboration, facilitating multilateral discussions on security and stability in the broader South Asian context. The complex interplay of historical ties, geopolitical interests, and security considerations highlights the intricate nature of India-Nepal relations. Both nations are working towards a delicate equilibrium that not only respects their historical connections but also addresses contemporary security challenges through diplomatic means.

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²⁶²Ghimire, R. (2020). *Indo-Nepal Relations: Challenges and Opportunities*. Global South Studies, 1(1), pp.(136-151).

²⁶³ Gupta, R. (2023). *Nepal's geopolitical crossroads: Balancing China, India, and the United States*. Asia Society Policy Institute.P.11

Addressing security concerns and regional dynamics

Bilateral Agreements: The bilateral agreements between India and Nepal encompass a range of issues, including security, trade, and transit. The Peace and Friendship Treaty and the Bilateral Investment Promotion and Protection Agreement (BIPPA) stand out as foundational agreements that have paved the way for cooperation between the two nations. The Peace and Friendship Treaty, signed in 1950, established the framework for close diplomatic and economic ties. It emphasized mutual respect for sovereignty and territorial integrity and laid the groundwork for collaborative security efforts. The Bilateral Investment Promotion and Protection Agreement (BIPPA) seek to create a favorable investment environment for countries, promoting economic growth and stability. These agreements demonstrate a commitment to fostering cooperation on multiple fronts.

Joint Security Mechanisms: The Nepal-India Bilateral Consultative Group on Security Issues provides a structured platform for security officials to engage in dialogue, exchange information, and collaborate on addressing common security challenges. This mechanism enables timely sharing of intelligence, strategic assessments, and discussions on regional security dynamics.

The Consultative Group's regular meetings and exchanges help security agencies from both nations develop a shared understanding of evolving threats and opportunities for joint action. By facilitating cooperation at the operational level, this mechanism enhances the effectiveness of security responses.

Border Management: Efforts to improve border management are critical for addressing security concerns and curbing illegal activities. Joint patrols, increased personnel presence, and intelligence sharing contribute to effective border control²⁶⁴. The use of modern technology such as surveillance cameras, drone patrols, and biometric identification systems can enhance the ability to monitor and secure the border. These measures deter criminal activities like human trafficking, smuggling, and other illicit cross-border movements.

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²⁶⁴ Sijapati, B., & Sharma, K. (2011). *Narratives on Borders and Security*: Discourse on the Indo-Nepal Border, 33(2), pp.(275-291)

Counterterrorism Cooperation: Counterterrorism cooperation between India and Nepal involves the exchange of intelligence on terrorist activities, sharing of information on extremist groups, and collaborative efforts to counter terrorism threats. Joint operations and coordinated efforts by security agencies have resulted in the apprehension of individuals involved in terrorism-related activities. Sharing expertise, knowledge, and resources enhances both nations' capacity to address terrorism effectively.²⁶⁵

Cultural Exchanges: Cultural and people-to-people exchanges contribute to mutual understanding and trust between the citizens of India and Nepal. ²⁶⁶These exchanges include art exhibitions, cultural festivals, academic exchanges, and tourism. Through these interactions, people gain insights into each other's way of life, history, and values. This familiarity fosters a sense of unity and shared identity, which can help mitigate misunderstandings and build bridges between the two nations.

Regional Forums: Engaging with regional organizations like SAARC provides a platform for multilateral discussions on security and regional issues. SAARC enables member countries to address common concerns collectively. Participating in regional forums allows India and Nepal to collaborate with neighboring nations, exchanging perspectives, sharing best practices, and collectively working towards regional stability and security.

Economic Cooperation: Joint development projects, such as the Pancheshwar Multipurpose Project, exemplify the commitment to economic cooperation. These projects involve the joint utilization of resources for mutual benefit. By pooling resources and expertise, both countries can achieve economies of scale, promote sustainable development, and address regional disparities, contributing to overall stability.

Conflict Resolution: Diplomatic channels and dialogue have been the preferred means for managing disputes between India and Nepal. The commitment to peaceful resolution is evident in their willingness to engage in negotiations to find mutually acceptable solutions. By focusing

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²⁶⁵ Ibid., PP.(275-291)

²⁶⁶ Upreti, B. C. (2016). *India-Nepal relations: Complexities, misperceptions, and irritants*. Indian Foreign Affairs Journal, 11(2), pp.(107–113).

on diplomatic solutions rather than escalation, both countries maintain stability and prioritize their long-standing bilateral ties.²⁶⁷

High-Level Diplomacy: Regular high-level meetings between top leaders of India and Nepal serve as important platforms for addressing security concerns and fostering bilateral cooperation. These interactions provide opportunities for candid discussions, strategic planning, and the establishment of personal rapport between leaders. They contribute to a robust foundation for addressing complex security challenges.

Educational Collaboration: Academic partnerships and educational collaborations offer insights into each other's perspectives through scholarly research, joint seminars, and exchange programs. By fostering intellectual dialogue, these collaborations contribute to a more nuanced understanding of historical, cultural, and political contexts, helping to build empathy and trust between the two nations.

Areas for Further Action

Enhanced Intelligence Sharing Establishing dedicated channels for real-time intelligence sharing can improve both countries' ability to respond effectively to emerging security threats. Regular updates on potential security risks, terrorism activities, and organized crime can lead to coordinated preventive measures.

Cyber security Collaboration: Collaboration on cyber security can involve sharing best practices, joint training workshops, and information on cyber threats. Establishing a framework for mutual assistance during cyber attacks can enhance both nations' cyber defenses and resilience.

Joint Training Exercises: Organizing joint military exercises and training sessions can enhance interoperability between the armed forces of India and Nepal. These exercises can focus on counterterrorism, disaster response, and crisis management scenarios.

Transnational Crime Cooperation: Establishing joint task forces or operational groups to address transnational crimes like drug smuggling, human trafficking, and arms trafficking can strengthen efforts to combat organized criminal networks that exploit porous borders.

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²⁶⁷ Ibid., pp.(107–113).

Water Resource Management: Collaborative water resource management can involve sharing hydrological data, negotiating water sharing agreements, and jointly developing water infrastructure projects. This approach can help mitigate potential conflicts arising from the shared use of water resources.

Disaster Management Cooperation: Developing joint disaster response plans and conducting joint exercises can enhance preparedness and coordination in the event of natural disasters such as earthquakes, floods, and landslides.

Economic Integration: Exploring deeper economic integration through trade agreements, harmonized regulations, and joint investment projects can enhance economic interdependence and contribute to regional stability.²⁶⁸

Track II Diplomacy: Engaging think tanks, academia, and civil society in discussions on security concerns can provide alternative perspectives and innovative solutions. Track II diplomacy can supplement official dialogues and foster a deeper understanding of mutual interests.

Sustainable Development Initiatives: Jointly identifying and implementing sustainable development projects, such as infrastructure development, poverty alleviation, and healthcare initiatives, can address underlying socio-economic issues and promote stability.

Cultural Diplomacy: Expanding cultural exchange programs can involve promoting art, music, literature, and traditional practices from both nations. Cultural diplomacy can foster mutual respect and understanding among citizens.²⁶⁹

People-to-People Initiatives: Facilitating easier travel, encouraging tourism, and promoting business exchanges can create personal connections that contribute to stronger bilateral relationships.

Environmental Cooperation: Collaborative efforts to combat environmental issues, such as water and air pollution, deforestation, and climate change, can contribute to regional ecological stability and sustainability.

By actively pursuing these areas for further action, India and Nepal can deepen their cooperation, build trust, and collectively address security concerns and regional dynamics. These initiatives

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²⁶⁸. Sijapati, B., & Sharma, K. (2011). *Narratives on Borders and Security*: Discourse on the Indo-Nepal Border, 33(2), PP. (275-291)

²⁶⁹ Ibid., PP.(275-291)

require sustained commitment, open communication, and the recognition of shared interests to create a more secure and stable environment for both nations and the wider region.²⁷⁰

7. Nepalese Inclination towards China

Nepal and India have a special and long-standing relationship that is marked by close socioeconomic, cultural, religious, and historical links that date back thousands of years.²⁷¹

Their long-lasting relationship has endured through all of history's ups and downs, setting it apart from the connections of any other country. Due to its geographic location, Nepal has 1,414 kilometers of borders with China and 1,753 kilometers with India, placing it at the intersection of these two countries. Nepal's reliance on and concerns about China and India have grown as a result of their ascent to prominence as global powers and Nepal's comparatively sluggish progress.

Because of Nepal's strategic importance, the West gave its ruling class especially the monarchy more confidence during the Cold War. However, they felt that India did not treat Nepal with the same consideration as a "special relationship." India was able to maintain control over the Himalayan nation for a number of years in spite of Nepal's objections. The peaceful relationship between India and its "little brother" was seen by the Indian establishment as a successful outcome of their policies.

But rather than India, Western institutions and non-governmental organizations (NGOs) started paying particular attention to Nepal's administration in the post-Cold War era. China is now really invading the new republic, and India's past success may no longer be tenable. China has long been involved in Nepal, which puts India's historically advantageous position in the country in jeopardy. In response to Nepal's worries about India, Indian Prime Minister Narendra Modi has launched a number of initiatives.

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²⁷⁰ Raj, K. (2012). *Political and Economic Relations between India and Nepal*. Journal of Political Studies, 19(2), PP. (49-58)

²⁷¹ Khilnani, N.M. (1993), *"Socio-Political Dimensions of Modern India,"* M.D. Publications Pvt. Ltd, New Delhi, PP. (71-80)

The ability of New Delhi to confront China on a broad scale and India's political resolve to rectify its contentious policies towards Nepal will be the two primary determinants of whether India can effectively compete with China to protect its interests and retain its influence.

Nepal's Policy Departure

Observers have taken notice of Nepal's eagerness to interact with China, which is commonly misconstrued as Prime Minister Oli's plan to obtain more territory from India. Nonetheless, the present strategy makes excellent use of Nepal's advantageous geostrategic location and adheres to the country's tradition of pursuing a varied foreign policy and partners.

The goal of the Nepalese government is to uphold its ties with China apart from those with India. This makes one wonder if Nepal can pull this off considering India's unease over the increasing Chinese influence. China and Nepal have both stated that they are committed to having meaningful interactions with one another. The causes behind Nepal's policies must be examined in order to comprehend this.²⁷²

Long-standing perceptions of New Delhi in Kathmandu as "hawkish" and "selfish" when it comes to managing delicate affairs have harmed India's reputation. Some of the notable difficulties are the different river treaties, the development of large structures in border region, and the harsh behavior of armed forces on border, trade and transit crises, embargoes, and India's unwillingness to address frequent border encroachment accusations. Nepal is looking for alternatives as a result of these experiences.²⁷³

The necessity of China for Nepal much transcends any possible difficulties in the Sino-Nepal relationship. China has become an ally of Nepal amid the traditionally complicated ties between India and Nepal. The parts that follow go over the new prospects that Nepal has as a result of stronger connections with China.

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²⁷² Nye, J. S. (2004). *Soft Power: The Means to Success in World Politics*. Public Affairs, pp.(5-8)

²⁷³ Ibid.,p.6

Probable Reasons behind Nepal's Growing Proximity with China

Indian policy errors for a long time, Kathmandu saw New Delhi as "selfish" and "hawkish" when it came to handling delicate issues. Several river treaties, a reluctance to react to frequent accusations of border encroachment, high-structure construction parallel to the border, flooding concerns, the severe actions of the border armed forces and trade and transit crises, are some of the most prominent examples of this. Open border has been a one of the point of conflict. Nepal has been largely dependent on India and has never been able to gain a competitive edge to improve exports.

India's tardiness in executing multiple projects in Nepal, particularly in comparison to China's execution of mutually agreed projects. For example, the Mahakali Agreement hasn't been started in more than 20 years.²⁷⁴ Nepal sees the railway from china as a opportunity to introduce Chinese tourists and pilgrims to Lumbini, the birthplace Gautam Buddha. Nepal's communist parties have always supported India and regularly demonstrated against it. The Nepali Congress supported them as well this time.

Chinese involvement in Nepal is primarily intended to prevent Tibetans from using the country as a breeding ground for unrest. During the 1950s to 1980s, the Chinese made significant efforts to establish their economic presence in Nepal, which continued to grow after the 1990s. China has expanded its economic engagement with Nepal and made advances into the country's infrastructure, health, and education sectors.

Soft policy: China's soft policy involvement with Nepal has gotten stronger during the past ten years. In addition, China has established numerous Mandarin language teaching institutes in the Terai region. Madhesis are receiving Mandarin language instruction from Chinese in an effort to position them as possible workers in the rapidly developing Chinese economy.

The Trans-Himalayan railway: China and Nepal have agreed to "intensify implementation of the MoU on Cooperation under the BRI to enhance connectivity," which includes ports, roads, trains, aircraft, and communications, within the scope of the Trans-Himalayan Multi-

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²⁷⁴ Gyawali, D., & Ajaya Dixit. (1999). *Mahakali Impasse and Indo-Nepal Water Conflict*. Economic and Political Weekly, 34(9), PP.(553–564).

Dimensional Connectivity. ²⁷⁵It is expected that the Chinese Qinghai-Tibet railway, which is currently running nonstop up to Xigaze, would soon reach Gyirong, the Nepal border (Rasuwa).²⁷⁶ From Kerung to Kathmandu, a 100-kilometer railway will be built. It only takes 10 days to accomplish the entire voyage, as opposed to 35 days if one were to travel by sea via Kolkata. Therefore, a Chinese railway at Kerung can improve trade and commerce between China and Nepal. Nepal sees the Chinese railway as an opportunity to expose Chinese tourists and pilgrims to the famous Pokhara region as well as Lumbini, the birthplace of the Buddha. Nepal sees the Chinese railway as an opportunity to expose Chinese tourists and pilgrims to the famous Pokhara region as well as Lumbini, the birthplace of Gautam Buddh.

Figure-17



Rail line from Tibet to Kathmandu

Source- <https://www.thethirdpole.net>

²⁷⁵ The Third Pole. Nepal, China take step towards one of the world's toughest railways, PP.1-2 Retrieved from <https://www.thethirdpole.net/en/regional-cooperation/nepal-china-take-step-towards-one-of-worlds-toughest-railways/>

²⁷⁶ Ibid.,p.2

China-Nepal involvement has grown in areas like cultural exchanges, people-to-people ties, political exchanges hydropower, aviation, tourism, industry telecommunications, and technology



Source- <https://www.thethirdpole.net>

even in the absence of rail link and the Belt and Road Initiative. The only thing that remains unclear in all of this is China's economic situation. When China's stock market crashed just three years ago, everyone was talking about "the great fall of China." While the predictions regarding China turned out to be inaccurate, certain projects did collapse. China's involvement in Nepal would also be influenced to some extent by the growing mutual understanding between China and India.

Economic policy: Nepal has consented to enhance imports from China and permit Chinese banks to build offices and provide financial services inside its borders. The two nations signed a number of Memorandums of Understanding on topics including investment and cooperation on production capacity, economic and technical cooperation, and cooperation on human resource development.²⁷⁷ China has promised to act favorably to encourage Nepal's exports to its borders and to advance agricultural product development by advancing post-harvest technologies. China

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²⁷⁷ Melissen, j. (2005). *The new public diplomacy: soft power in international relations*. Palgrave macmillan, p.7

also wants to use the resources that Nepal has to offer, such as building materials, hydropower and water conservation, organic farming, and herbs. The China-Nepal Free Trade Agreement (FTA) will also be finalized, as agreed by both nations.

Agreements on trade and transit have already been reached. Nepal wants to integrate into the global supply chain through Chinese ports, including the seaport in Tianjin to the east, Central Asia to the west, and beyond. It also wants to connect to the Chinese market and oil refineries. Administrative and security: Additionally, China and Nepal inked a convention on mutual legal aid in criminal issues, enabling China to look into potential crimes against Nepal. Nepal said that Taiwan was an integral part of China and that it would not permit any anti-Chinese activities to take place on its soil. Every year, China will provide 100 training opportunities for Nepalese law enforcement officials. In remembrance of the late Communist leader of Nepal, China decided to establish Madan Bhandari University for Science and Technology.

Implications for India

India's rising military posture along their shared border has contributed to China's greater involvement in Nepal in recent years. Remarkably, China's interest in Nepal increased after the Tibetan demonstrations during the 2008 Beijing Olympics, and this coincided with the Indian government, led by former Prime Minister Manmohan Singh, considering strengthening border forces for defensive objectives.

The changing US-Indian relationship has also contributed. China's involvement in Nepal is either entirely independent or closely linked to India's policies towards China. Given Nepal's past unwillingness to support India in a conflict, it is unclear if the country will support India in accordance with the terms of the 1950 treaty and any further accords.²⁷⁸

Despite being an official ally of India, Nepal has stated in its constitution that nonalignment, the United Nations Charter, and Panchsheel are the cornerstones of its foreign policy. This position is frequently reaffirmed by major political parties, and the national mood reflects Nepal's wish to maintain its neutrality as it did during the Doklam crisis in the middle of 2017.²⁷⁹

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²⁷⁸ Gokhale, V. (2021, October 4). *India's fog of misunderstanding surrounding Nepal-China relations*. The Carnegie Endowment for International Peace, PP.(13-17)

²⁷⁹ Ibid.,P.13

The United States position in Latin America becomes similar to India's current situation with Nepal. For instance, Panama, once seen as America's "colony," has severed its ties with Taiwan at Beijing's request. The government of Nepal under KP Oli has portrayed India negatively. Oli's "ultranationalist" election rhetoric has strained Indo-Nepalese relations in recent years. Issues such as the Nepalese constitution, the border blockade, and the new Nepalese map showing Indian territories as part of Nepal have brought Indo-Nepalese relations to a new low.

The Way Forward

China has a long history of involvement with Nepal. The capacity of New Delhi to confront China and its political resolve to rectify its contentious policies towards Nepal will be the two primary determinants of whether India can successfully compete with China to safeguard its interests and retain its influence. Even while Nepal's ties to China are expanding, it is still unable to completely cut off India, which is still very important. But India's plan to reduce Nepal's interaction with China is now unworkable. India must launch fresh infrastructural, development, and economic projects that will help the people of Nepal and solve any potential risks as Nepal strengthens its connections with China.²⁸⁰

Recent events between Nepal and India point to a promising future for their bilateral ties. For instance, a joint inspection team made an unusual visit to border areas that are prone to flooding. The joint Eminent Persons Group (EPG) has also completed proposals for amending the 1950 treaty, and a second joint conference has decided on the procedures for carrying out a significant water connectivity project, for which India is providing technical and financial support. Also well-received is the Memorandum of Understanding about the Raxaul-Kathmandu railway. Nevertheless, India's actions give conflicting messages in spite of these encouraging improvements. For example, the development of air and land connectivity has been sluggish; new air routes for Nepal were not established for two years after access to Vizag Port was made available. . Nepal's request for access to India's western ports is still in its early stages and will

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²⁸⁰ Gokhale, V. (2021, October 4). *India's fog of misunderstanding surrounding Nepal-China relations*. The Carnegie Endowment for International Peace, PP.(13-17)

take more years to materialize. While Modi has made encouraging statements, India has yet to cooperate on power trade with Nepal as desired, or to provide electricity at lower rates.

Regarding China's increasing presence in Nepal, India could try to maintain the status quo by blocking Nepal's efforts to diversify its partnerships, including those involving Chinese infrastructure investments. However, such a policy is likely to fail as Nepal is determined to explore cooperation opportunities with foreign partners, including China. Nepali Foreign Minister P. Gyawali has emphasized that internal matters will never be subjects of bilateral discussions with India, China, or others, indicating Nepal's stance on external interference. China is gaining favor in Nepal through generous strategic support.²⁸¹

India should therefore embrace new ideas and policies in place of its conventional security-focused strategy. The first stage is to comprehend why, in light of its trade imbalances with both China and India; Nepal has continuously welcomed China while resisting India. As Nepal interacts with China, India must launch fresh infrastructure, development, and economic projects that assist Nepali people and solve new vulnerabilities. It's time for India to implement PM Modi's endorsement of PM Oli's plan for a "prosperous and happy Nepal." Nepal knows that India must maintain its proximity to Nepal over China, which is why it places such a high value on India keeping its word. Although Nepal is dependent on India, its involvement in China's Belt and Road Initiative (BRI) makes things more difficult for India.²⁸²

"New Delhi has found itself unprepared to deal with an assertive Chinese foreign policy under Xi Jinping." India must assess its position regarding Nepal and devise a short, medium, and long-term strategy considering the changing regional and global dynamics, technological advances, and new threats like terrorism. Nepal has undergone a historic political transformation but still faces significant difficulties in managing its population and economy, with remittances constituting about 30 percent of its GDP, mostly from the Gulf. There is also a growing Nepali Diaspora worldwide. Therefore, India and Nepal need to explore new ways to advance their relationship in the best interests of both nations.

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²⁸¹ Ibid., PP.(35-37)

²⁸² Ibid, pp.38

8. Cultural and People-to-People Exchanges:

Cultural exchanges, people-to-people contacts, and soft power diplomacy have emerged as pivotal agents in fostering mutual understanding and goodwill between nations.²⁸³ These elements transcend the traditional realm of political discourse, playing a critical role in shaping international relations. Cultural exchanges involve the sharing of art, music, dance, literature, and traditions between countries, facilitating a deeper appreciation of diverse heritages. As these cultural elements traverse borders, they serve as conduits for cross-cultural understanding, dispelling stereotypes and nurturing empathy. These exchanges have been recognized as catalysts for building personal connections and strengthening bonds between nations, contributing to a more nuanced comprehension of each other's complexities and values²⁸⁴.

People-to-people contacts, characterized by direct interactions between citizens of different countries, humanize international relations by transcending government policies and geopolitical differences. These personal connections break down barriers and foster trust through positive interactions. When individuals from diverse backgrounds meet, they gain insights into each other's stories, aspirations, and dreams. These interactions not only reduce misunderstandings arising from cultural differences but also create a foundation of trust upon which meaningful relationships can be built²⁸⁵.

soft power diplomacy emerges as a strategic approach in international affairs, where cultural influence, values, and ideals shape perceptions and policies. Countries that excel in the realms of culture, education, and innovation attract admiration and respect globally. Soft power initiatives, such as cultural festivals, joint academic programs, and collaborative humanitarian efforts, serve as bridges between nations. These connections foster dialogue, cooperation, and shared understanding. The power of soft diplomacy lies in its ability to shape perceptions and influence policy decisions by promoting shared values and interests rather than relying on coercive tactics.

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²⁸³ Melissen, j. (2005). *The new public diplomacy: soft power in international relations*. Palgrave macmillan, p.2

²⁸⁴ Nye, J. S. (2004). *Soft Power: The Means to Success in World Politics*. Public Affairs,p.5

²⁸⁵ Chishti, S. (2017). *People-to-People Diplomacy: A Study of India-Nepal Relations*. Journal of Asian Security and International Affairs, 4(1), pp.(119-139).

The profound impact of cultural exchanges, people-to-people contacts, and soft power diplomacy in fostering mutual understanding and goodwill cannot be understated. These aspects form the bedrock of modern diplomacy, emphasizing shared humanity, empathy, and common aspirations over political differences. By transcending conventional diplomatic methods, they contribute to a more humane, empathetic, and cooperative global landscape. As nations engage in cultural dialogue, facilitate direct personal interactions, and leverage soft power, they pave the way for lasting positive relationships on the international stage²⁸⁶.

9. Media and Public Perception:

Public perception of India in Nepal

Public perception of India in Nepal is a complex and multifaceted phenomenon that varies among different segments of the population. Historical ties between the two nations have fostered a deep appreciation for India among many Nepalese citizens. The significance of the Peace and Friendship Treaty of 1950, which symbolizes the close relationship, is often viewed positively, serving as a foundation for bilateral ties²⁸⁷. However, this perception is not uniform. Economic ties with India evoke mixed sentiments. While some Nepalese consider India a source of economic opportunities and development assistance, others express concerns about perceived economic dependency and unequal trade relations. These differing perspectives reflect the complex economic interdependence between the two countries²⁸⁸.

India's cultural influence is prevalent in Nepal, particularly evident through the popularity of Bollywood, Indian music, and television. While these cultural elements are enjoyed by many Nepalese and contribute to people-to-people connections, concerns about the preservation of Nepal's own cultural identity are also present. The coexistence of admiration for Indian culture

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²⁸⁶ Pamment, J. (2019). *From Soft Power to Sharp Power: Rising Authoritarian Influence in the Democratic Sphere*. Media International Australia, 172(1), pp.(132-142)

²⁸⁷ Melissen, j. (2005). *The new public diplomacy: soft power in international relations*. Palgrave macmillan, p.7

²⁸⁸ Dixit, k. (2007). *The nepal-india peace and friendship treaty: emerging contours and implications*. South asian survey, 14(1), pp. (7-31).

and the desire to safeguard Nepal's heritage underscores the multifaceted nature of this perception²⁸⁹.

Geopolitical concerns also shape public perception. Some segments of the population in Nepal exhibit wariness about India's geopolitical influence and interests in the country. Apprehensions about potential interference in internal affairs and sovereignty contribute to the perception of India as overbearing, highlighting the delicate balance between cooperation and sovereignty ²⁹⁰

Figure – 18



Source- *South Asia: The big brother syndrome - India Today*

The open border between India and Nepal has facilitated cross-border interactions, trade, and cultural exchanges, fostering people-to-people connections. This openness is widely appreciated and seen as a positive aspect of the relationship. However, it also brings about concerns related to security, illegal activities, and unauthorized immigration. The advantages of this openness are tempered by the need for effective border management to address potential challenges.

The public perception of India in Nepal is influenced by historical, economic, cultural, geopolitical, and security considerations. These diverse perceptions reflect the intricate dynamics

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²⁸⁹ Thapa, d. B. (2018). *Nepal-india economic ties: a comparative study of public perception and political discourse*. Journal of contemporary china, 27(114), pp.(434-450)

²⁹⁰ Liechty, m. (2003). *Suitably modern: making middle-class culture in a new consumer society*. Princeton university press.

of the bilateral relationship and underscore the importance of fostering a nuanced understanding between the two nations.

Public perception of Nepal in India

Public perception of Nepal in India is shaped by a diverse array of factors that reflect the complexity of the bilateral relationship between the two nations.²⁹¹ Cultural and Historical Ties play a significant role in fostering positive perceptions.

The shared cultural and historical connections, including the spiritual significance of places like Lumbini, the birthplace of Buddha, create a sense of affinity and common heritage. These ties contribute to a favorable perception of Nepal among many Indians²⁹². Tourism and Adventure also influence how Indians perceive Nepal. The natural beauty of Nepal's landscapes, trekking destinations, and opportunities for adventure sports are appealing to Indian tourists. This positive perception contributes to an increase in people-to-people contacts and cultural exchanges.²⁹³ Economic Opportunities are a key aspect of how India views Nepal. India sees Nepal as a potential economic partner, offering opportunities for trade, investment, and collaboration in areas like hydropower and infrastructure development. The potential for economic cooperation contributes to a constructive perception of Nepal's role in the region²⁹⁴.

Political Stability in Nepal is of interest to India as it aligns with regional security and cooperation goals. A politically stable and friendly neighbor enhances the prospects for mutual understanding and collaboration on various fronts, including security and regional development²⁹⁵. Border and Security concerns can influence perceptions in India. Given the open border between the two countries, there can be apprehensions about border security, cross-border

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²⁹¹ Melissen, J. (2005). *The new public diplomacy: soft power in international relations*. Palgrave macmillan, p.7

²⁹² Chaudhary, M. (2017). *India-Nepal Relations: A Cultural Study*. Journal of Political Studies, 24(1), pp.(125-136).

²⁹³ Nye, J. S. (2004). *Soft Power: The Means to Success in World Politics*. Public Affairs.

²⁹⁴ Sahni, S. (2015). *Enhancing India-Nepal Economic Relations: A Strategic Overview*. Institute for Defence Studies and Analyses, p.23

²⁹⁵ Raj, K. (2012). *Political and Economic Relations between India and Nepal*. Journal of Political Studies, 19(2), p.49

criminal activities, and the potential misuse of the open border for illegal purposes. These concerns underscore the importance of effective border management.

Geopolitical Influence is another factor that shapes perceptions. India observes Nepal's diplomatic interactions and strategic alignment, particularly in relation to its historical ties with India and its engagement with other countries, including China. Nepal's balancing act can impact how India views its regional interests and the dynamics of the bilateral relationship.

Public perceptions of Nepal in India are influenced by a combination of cultural ties, tourism, economic opportunities, political stability, border concerns, and geopolitical factors.

These perceptions are dynamic and multifaceted, reflecting the evolving nature of the India-Nepal relationship.²⁹⁶

Conclusion

The critical analysis of geo-political relations between India and Nepal from 1947 to 2020 reveals a multifaceted journey marked by historical ties, evolving dynamics, challenges, and collaborative aspirations. This period witnessed the transformation of a centuries-old relationship into a modern diplomatic engagement shaped by shared historical, cultural, and geographical factors. The post-colonial era set the stage for interactions defined by mutual respect and the 1950 Treaty of Peace and Friendship, which emphasized open borders, economic cooperation, and cultural exchange. However, the relationship was not without its complexities, as territorial disputes, power dynamics, and internal political changes introduced strains that periodically tested the bond.

The end of monarchy in Nepal ushered in democratic aspirations, allowing for greater diplomatic engagement and a renewed focus on socio-economic development. India's emergence as a regional power, while offering opportunities for collaboration, also introduced sensitivities related to sovereignty and autonomy. The evolving landscape of regional and global geopolitics added further dimensions to their interactions, necessitating a careful balance between national interests and external influences.

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²⁹⁶ Sijapati, B., & Sharma, K. (2011). Raj, K. (2012). *Political and Economic Relations between India and Nepal*. Journal of Political Studies, 33(2), pp.(275-291)

Throughout these decades, geographical proximity played a pivotal role in fostering people-to-people connections, economic cooperation, and cultural exchanges. However, it also posed challenges in managing security, border issues, and migratory flows. The culmination of these interactions was evident in joint projects, trade agreements, and attempts to address water resource management.

In this journey, the historical, cultural, and social affinities that bind India and Nepal endured, even as the two nations grappled with modern complexities. The critical analysis underscores the need for continuous dialogue, flexibility, and innovative problem-solving to navigate the intricate web of historical legacies, contemporary challenges, and shared aspirations.

As the relationship between India and Nepal evolves, marked by both cooperation and tensions, the critical analysis of their geo-political relations serves as a reminder that diplomacy is a dynamic process, constantly influenced by internal and external factors. The path forward requires acknowledging the successes and shortcomings of the past, fostering a climate of mutual understanding, and fostering a relationship that is adaptive, resilient, and reflective of the aspirations of the people of both nations.

It is crucial for Nepal to become aware of the complex power dynamics and contest the relationship between China and India. As a member of the Quad, India aims to counter Chinese influence projected by the Belt and Road Initiative, signaling that Nepal could become a fragile state if the relationship is mishandled. India believes that Chinese engagement in Nepal is intended to counterbalance influence of India. However, Nepal maintains that its closeness with China is completely economic and does not challenge India's strategic interests. The increasing cooperation between China and Nepal indicates that the Himalayas are no longer a speed broker, and India needs a strategy to monitor Chinese activities rather than just reacting to them. Chinese ambassador's engagement with politicians of Nepal has built more trust. A sovereign Nepal is beneficial to India's security. Nepal has 1,400 km border with the Tibet, a section of the Himalayas without security threats, which reduces India's need to deploy army and military hardware along this border, unlike the 4,000 km India and China border, where infrastructure development by China continues, as seen in Doklam.

Emphasizing Nepal's sovereignty and supporting its independent policy decisions aligns with India's interests. Prime Minister Modi has adopted cooperative diplomacy rather than traditional

aggressive tactics, evident in the strong rapport between Modi and Nepalese Prime Minister Sher Bahadur Deuba, and Nepal's support for Modi's initiatives. Nepal is also interested in road connectivity with Myanmar and Thailand through BIMSTEC, similar to its engagement with the BRI. Institutionalizing this cooperative approach is beneficial for both India and Nepal.

The evolving context has reshaped the bilateral and trilateral relationships among India, China, and Nepal. Both India and China are competing to extend their influence using soft power tools such as financial aid, loans, infrastructure assistance, military training opportunities, scholarships, and cultural programs. India appears keen to keep Nepal under its security umbrella, involving agencies like the Research and Analysis Wing (RAW).

Despite this, the long-standing people-to-people ties, geographical proximity, and historical bilateral relationship between India and Nepal remain strong. Nepal also faces border issues with China. In districts like Dolakha, Gorkha, Darchula, Humla, Sindhupalchowk, Sankhuwasabha, and Rasual, there have been reports of Chinese encroachment. On September 23, 2020, Nepalese youth protested in front of the Chinese embassy against the encroachment in LapchaBagar, Humla district.

Border issues between Nepal and China are not as prominent as those between India and Nepal. The longstanding relationship, the Belt and Road Initiative agreement in 2017, and the transit treaty are expected to provide Nepal with opportunities to expand trade and commerce with Chinese cities and ports. Technological advancements and economic growth in India and China present significant opportunities for Nepal's economic development.²⁹⁷ Rationally managing relationships with both India and China, supported by a robust political system and stable foreign policy, will be beneficial for Nepal.

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Chapter-5

AN ANALYSIS OF CROSS-BORDER COMMERCIAL ACTIVITIES & TRADE FROM 1947-2020

Nestled amidst the towering Himalayas, India and Nepal share more than just geographical proximity they share a rich interlinking of historical ties, cultural exchanges, and economic collaborations that have endured the test of time. From the bustling streets of Kathmandu to the bustling markets of Delhi, the intertwined destinies of these two nations have woven a narrative of shared experiences, aspirations, and challenges. This chapter embarks on a journey to explore the intricacies of cross-border commercial activities and trade that have shaped the contours of India-Nepal relations from 1947 to 2020.

Over the course of their intertwined histories, India and Nepal have shared a distinctive bond, a bond that goes beyond political demarcations and finds its foundation in a common heritage. This shared heritage, cultivated over centuries, has woven a fabric of connection that goes beyond mere diplomatic interactions. It is a bond that finds resonance in the languages spoken, the traditions upheld, and the spiritual practices shared between the peoples of these two nations.²⁹⁸ This historical relationship has transcended the passage of time, and its echoes can be heard in the rhythm of everyday life and in the celebrations of festivals.

This intermingling of cultures has yielded far-reaching consequences, particularly in the realms of trade and economy. The understanding that has grown from this cultural exchange has become a driving force for collaboration, enabling both India and Nepal to recognize the potential for mutual growth. As borders blurred in the light of shared practices, avenues for cooperation

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²⁹⁸ Ho, E. L. E., & McConnell, F. (2019). *Conceptualizing 'diaspora diplomacy': Territory and populations between the domestic and foreign*. Progress in Human Geography, 43(2), pp.(235-255).

opened up. The cultural harmony laid a solid foundation for a relationship not solely based on economic calculations, but rather on a holistic understanding of each other's needs and aspirations.

Over the years, this historical camaraderie has matured into a dynamic partnership that faces contemporary challenges with the wisdom of the past. Their historical bonds act as a reservoir of strength, guiding these nations as they navigate the complexities of modern trade and economic landscapes. This partnership doesn't remain confined to dusty archives; instead, it forms an integral part of the present, guiding their economic strategies and influencing their trade decisions. It is the bridge that connects their historical journey with the demands of the present, allowing them to chart a course that maximizes their shared potential.

As we delve into the analysis of cross-border trade and commercial activities between India and Nepal, it's important to acknowledge the roots from which their economic relationship springs. The legacy of common traditions, mutual understanding, and cooperative aspirations has laid the groundwork for an economic partnership. In many ways, the historical camaraderie serves as a rudder, steering the ship of their economic relationship through the waters of challenges and opportunities, with the common goal of achieving mutual growth.²⁹⁹

The central objective of this chapter is to embark on an analytical journey that spans seven decades, dissecting the trajectory of cross-border trade and commercial activities between India and Nepal. As the chapters of history unfolded, so did the economic interactions between these nations, influencing policies, shaping trends, and molding the contours of their economic relationship.

Amidst the breathtaking landscapes and diverse cultures, the economic dimensions of India-Nepal relations stand as a testament to the potential for collaboration and growth. This study holds paramount importance in deciphering the intricate interplay of economics and diplomacy that have laid the foundation for their bilateral interactions. Unraveling the nuances of cross-border trade not only sheds light on the economic intricacies but also offers a deeper understanding of the shared aspirations and challenges that have shaped the journey of these two nations.

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²⁹⁹ Ibid., P.244.

In a world marked by shifting paradigms and global interconnections, the exploration of cross-border trade and commercial activities emerges as a window into the past, present, and future of India-Nepal relations. As we traverse the pages of history, this chapter aims to illuminate the pathways traversed, challenges overcome, and aspirations embraced by these nations in their pursuit of a harmonious and mutually beneficial economic partnership.

1. Pre-Independence Era

During the era of British colonial dominance in India, the dynamics of trade between India and Nepal were shaped by a complex interweaving of economic, political, and strategic factors. At the heart of this intricate interplay were the colonial powers, with the British standing out as a major player, exerting significant control over trade routes, policies, and pivotal ports. As a result, the nature of trade between these two closely situated nations bore the indelible imprint of this colonial influence.

British colonial policies stood as the architects of the trade pathways connecting India and Nepal. The formidable British East India Company, a significant colonial entity with dominance over substantial Indian territories, constructed trade routes that frequently traversed regions that now form parts of Nepal. These routes weren't mere logistical connections; they were carefully crafted to align with British colonial objectives. These routes seamlessly linked critical trade hubs and resource-rich areas to the British-controlled regions.

Approximately 95 percent of foreign trade of Nepal was conducted with India. However, before 1923, there was no formal trade agreement between India and Nepal. Instead, trade relations were governed by conventions. India used to provide many trade and transit facilities to Nepal.³⁰⁰ During this period, due to strict government restrictions on imports from overseas countries, and the majority of imports coming from India comprising essential commodities like salt ,raw cotton, textiles, medicine and kerosene, significant trade issues were minimal.³⁰¹

In December 1925, a convention was made between Great Britain and Nepal in response to the post-war increase in import requirements and the relaxing of import restrictions. The 1925

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³⁰⁰ Kharel, K., & Chalise, D. (2020). *Extracting trading locus: Where we are in Indo-Nepal trade*. Nepalese Journal of Development and Rural Studies, 17, pp.(41–53).

³⁰¹ Pant, Y. P. (1962, February 24). *Nepal-India trade relations*. The Economic Weekly,p.2

convention between Great Britain and Nepal was shaped by the efforts of key leaders from both sides, who worked to ensure a balanced and mutually beneficial agreement. Representing British interests, Sir John Kerr, the British Resident in Kathmandu, played a central role in negotiating with Nepal's leadership. At the same time, Sir Rufus Isaacs, the 1st Marquess of Lord Reading (Viceroy of India), oversaw the broader diplomatic strategy, ensuring alignment with British priorities in South Asia. On the Nepalese side, Prime Minister Chandra Shumsher Jang Bahadur Rana, a prominent figure in the Rana dynasty, led the negotiations.³⁰² Known for his diplomatic skill, he worked to protect Nepal's sovereignty while fostering a cooperative relationship with the British. He was supported by senior officials of the Nepalese administration, who helped align the country's interests with its role as a strategic partner in the region. Together, these leaders navigated complex geopolitical concerns to create an agreement that respected Nepal's independence while serving British strategic goals. As long as the commodities belonged to the Nepali government and were meant for public uses, this treaty permitted Nepal to import items duty-free without creating a state dominance or state trade. As long as they weren't exported back to India, the treaty allowed for the entry of weapons and ammunition into Nepal from or via British India. With the agreement on this new treaty, and after the removal of Rana rule, Nepal's trade policy underwent fundamental changes. The focus shifted from a revenue approach to a development strategy. While the Treaty of 1950 tied Nepal's tariff policy to that of India's, Nepal's evolving economic and political conditions highlighted the need for a revised treaty. The revised treaty would align with the country's changing economic needs and circumstances, considering factors like its size, location, and stage of economic growth.

Nepal, retaining its sovereignty throughout the colonial epoch, maintained a degree of autonomy in its trade interactions with British India. Nevertheless, the British colonial administration didn't hesitate to exert influence over Nepal's trade through an array of diplomatic and economic mechanisms. The deeply embedded power imbalances inherent in colonialism often translated into trade agreements that skewed in favor of British interests.

Trade between India and Nepal involved the exchange of a diverse range of commodities, including:

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³⁰² Whelpton, J. (2005). *A history of Nepal*. Cambridge University Press. pp.(61-79)

Resource Contribution by India: Grains, Textiles, Spices, Tea, Salt other essential goods. The trade was not unidirectional; Nepal also contributed valuable resources to the trade relationship. Nepal provided resources like Timber, Herbs, Mineral Products,³⁰³

Nepal's mountainous terrain posed a significant challenge to resource availability within its borders. Certain goods and resources were scarce or unavailable due to the challenging topography. This geographical limitation meant that Nepal had to rely heavily on importing essential goods. India played a crucial role in being a primary source for the goods that Nepal needed due to its unique geographic situation. The proximity of India made it a convenient trading partner for Nepal. India's plains and fertile regions were able to produce the goods that Nepal required for sustenance and trade.

The trade dynamics between India and Nepal in this period were characterized by the exchange of diverse goods such as textiles, spices, and the cherished commodity of tea, among others. The challenging terrain of Nepal's mountains necessitated its reliance on imports from the plains of India for many essential goods. In return, Nepal contributed valuable resources like timber, herbs, and mineral products. This intricate web of trade wasn't solely molded by economic considerations; geopolitical factors and diplomatic intricacies played a pivotal role.

The trade and economic cooperation between India and Nepal after 1947 has been marked by both positive developments and challenges. The two nations share a long and open border, historical ties, cultural similarities, and a significant level of people-to-people interaction.³⁰⁴

Post-1947, the commercial relationship between both countries, has been governed by several bilateral agreements and treaties. The most notable of these is the Treaty of Peace and Friendship 1950, which forms the bedrock of their relationship. This treaty, while facilitating close ties, has also generated discussions and debates within Nepal about the extent of economic dependency on India.

Trade between the two countries has been an essential aspect of their economic cooperation. India is Nepal's largest trade partner, and the transfer of goods and services between the two countries is substantial. However, trade issues have also surfaced over time, including concerns

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³⁰³ *Op.cit*, Kharel, K., & Chalise, D,p.42

³⁰⁴ Kharel, K., & Chalise, D. (2020). *Extracting trading locus: Where we are in Indo-Nepal trade*. Nepalese Journal of Development and Rural Studies, 17, pp.(41–53).

about trade imbalances, transit routes, and tariff barriers. India is largest contributor of FDI in Nepal. Indian investments have been prominent in sectors like banking, tourism, and hydropower. Nevertheless, these investments have sometimes raised issues related to economic influence and sovereignty, leading to debates in Nepal's political and public spheres.

The economic cooperation has also extended to infrastructure projects and connectivity initiatives. The development of cross-border roads, bridges, and integrated border check-posts has aimed to facilitate smoother trade and movement of people between the two nations. Challenges have arisen from time to time, including political differences and border disputes that have occasionally strained the relationship. These challenges underscore the need for both countries to maintain open lines of communication and diplomatic efforts to address concerns and maintain harmonious economic cooperation. In last few years, efforts have been made to diversify Nepal's trade and reduce its economic dependence on India by engaging with other countries and international organizations. This move aligns with Nepal's aspiration to maintain a balanced and independent foreign policy.

The trade and economic cooperation between India and Nepal after 1947 have been very complex and multidimensional. While there have been benefits in terms of trade, investment, and infrastructure development, there have also been challenges related to economic dependency and political disagreements. The ongoing dynamics between the two countries continue to shape their economic relationship in the region.³⁰⁵

The impact of colonial policies reached beyond the realm of tangible trade commodities. The British colonial powers aimed to retain a degree of influence over Nepal's foreign affairs, strategically leveraging this sway to ensure a favorable trade partnership. Although Nepal wasn't directly under British rule, the colonial administration adroitly exercised a form of "indirect rule" through strategic diplomacy, treaties, and alliances. These mechanisms facilitated the preservation of British interests even while allowing Nepal's nominal sovereignty to endure.

The trade relationship between India and Nepal during the British colonial era was a multifaceted interaction influenced by economic imperatives, colonial agendas, and diplomatic maneuvers. The trade routes, patterns, and terms were significantly molded by the colonial

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³⁰⁵ Taneja, N., Prakash, S., Bimal, S., Garg, S., & Roy, R. (2020). Indo-Nepal trade and investment. *India Quarterly*, Sage Publications, pp (8-15), 76(2), pp.(243–275)

powers, particularly the British, and the legacy of this period played a pivotal role in shaping the trajectory of their trade ties beyond the colonial epoch.³⁰⁶

Role of colonial policies in shaping trade patterns.

The role of colonial policies in shaping trade patterns between India and Nepal during the colonial era was instrumental, leaving a profound impact on the nature and dynamics of their economic interactions. The colonial powers, particularly the British, exercised strategic control over trade routes, tariffs, and ports, effectively molding the trade landscape to serve their own interests.

British colonial policies were deeply intertwined with their economic and geopolitical agendas. The British East India Company, a key player in the colonial administration, had a vested interest in establishing trade routes that facilitated the movement of goods to and from British-controlled territories. In this context, regions that are now part of Nepal held strategic importance as transit routes for trade between India and Tibet, another area of British interest. These policies had a direct impact on the commodities traded between India and Nepal. The British administration manipulated trade routes and levied tariffs to favor goods that were advantageous to their colonial ventures. This strategic control over trade was often a means of securing resources, particularly those needed for industrialization and the sustenance of British economic power.

Nepal's geographical location played a significant role in these trade patterns. Its mountainous terrain required it to rely on imports of essentials from the plains of India. The colonial administration leveraged this dependence to further its economic goals. Importantly, the British sought to control the movement of goods through Nepal in ways that benefitted their broader trade network and dominance in the region.

The unequal power dynamics of colonialism also played a role in shaping trade patterns. The British held significant political and military superiority, giving them the upper hand in negotiating trade agreements. This often led to trade terms that favored British interests, further consolidating their control over the trade relationship. The legacy of these colonial policies is

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³⁰⁶ *Op.cit*,Kharel,K., & Chalise,D,p.42

evident in the enduring patterns of trade between India and Nepal. The trade relationships established during this era have had a lasting impact on the economies of both countries, influencing the commodities they produce, the sectors they specialize in, and their overall economic interdependence.³⁰⁷

The colonial policies of the British administration significantly shaped the trade patterns between India and Nepal during the colonial period. These policies were driven by economic interests, strategic considerations, and the broader colonial agenda. The impact of these policies reverberates even today, underscoring the historical roots of their trade relationship.

2. Emergence of new economic policies post-independence and their impact on bilateral trade.

Following the attainment of independence by both India and Nepal, a transformative phase was ushered in, marked by the emergence of new economic policies that aimed to redefine their economic trajectories and relationships. These post-independence policies carried the potential to reshape the dynamics of bilateral trade between the two nations, bringing with them both opportunities and challenges.

As these two nations embraced sovereignty, their economic policies shifted from being influenced by external powers to being driven by their own aspirations for development and self-reliance. India and Nepal sought to establish economic frameworks that aligned with their respective national priorities, fostering growth, job creation, and improved living standards for their citizens.

The impact of these new economic policies on bilateral trade was multifaceted. On one hand, these policies aimed to encourage regional cooperation and collaboration. Initiatives such as trade agreements, preferential trade arrangements, and joint economic ventures aimed to promote mutual prosperity through enhanced trade relationships. These policies facilitated the exchange of goods, services, and investments, enabling the nations to tap into each other's resources and expertise.

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³⁰⁷ Pant, Y. P. (1962, February 24). *Nepal-India trade relations*. The Economic Weekly, p.2

The emphasis on economic self-sufficiency led to the diversification of trade sectors. Industries were nurtured, infrastructure was developed, and trade barriers were reduced to foster smoother cross-border trade. This diversification had the potential to balance trade relations, reducing over-dependence on certain commodities and fostering a more comprehensive economic engagement.

Disparities in economic development and industrial capacities between India and Nepal posed hurdles to achieving a balanced trade relationship. The post-independence policies, while aiming to promote mutual growth, also needed to address these disparities to ensure equitable benefits from the trade relationship.

Navigating the complexities of global trade dynamics presented challenges. Both India and Nepal needed to harmonize their policies with international trade norms and regulations. This required the alignment of their economic frameworks to international standards while safeguarding their domestic interests.

The emergence of new economic policies post-independence marked a pivotal juncture in the India-Nepal trade relationship. These policies aimed to foster collaboration, diversification, and growth, providing a platform for both nations to bolster their trade ties. While these policies presented opportunities, they also necessitated addressing disparities and navigating global trade complexities. The impact of these policies continues to resonate in the trade dynamics between India and Nepal, underlining the significance of economic policy in shaping bilateral relations.

Early Years of Independence

The country's economy was predominantly agriculture-based, with approximately 94 percent of the population relying on agriculture. However, due to topographical challenges and other underdevelopment factors, only one-fourth of the total land was cultivated or suitable for cultivation. Consequently, after meeting domestic needs, there was very little surplus available for exports. Approximately 95 percent of trade was conducted with India. Severe transport difficulties often led to local food shortages. Even in years with good crop yields, significant

price disparities existed between different regions of the country.³⁰⁸ The inefficient transport system created isolated regional compartments of surplus and deficit areas, making it worthwhile to transport only high-value goods.³⁰⁹ The subsistence economy of rural areas and the underdeveloped industrial economy were reflected in the trade patterns, with most inter-regional trade occurring through barter.

These factors necessitated substantial imports of capital equipment, manufactured goods, including many goods of daily requirement. Due to its landlocked location, hilly terrain and other issues of underdevelopment, Nepal exhibited different and unusual characteristics in foreign trade, uncommon in most other countries. Due to a lack of necessary information, tracing all aspects of Indo-Nepalese trade accurately was challenging. The primary sources of information were statistics published periodically in the Indian Trade Journal and data provided by the Indian Customs Authorities. The study was based on these sources and focused on basic problems and generalized probable trends.³¹⁰

Geography played a pivotal role in shaping Nepal's trade dynamics. The country's landscape, featuring ridges stretching from the Himalayan highlands to the lowlands of the tarai, posed challenges for both internal and external trade. Trade routes were primarily oriented north to south, with connections through high passes to Tibet and across the Indian frontier, which extended about 500 miles. For overseas trade, routes extended southward to different parts of India via air, roads, bridle paths, and even rope ways. As Nepal lacked direct access to seaports, transactions with foreign countries were conducted through Indian ports, primarily Calcutta. Trade centers were concentrated in the tarai region, with connections to Indian railroads along the eastern, western, and southern borders. The movement of goods naturally followed valleys and rivers. Significant trade occurred through Kathmandu, Birganj, Nepalganj and Biratnagar. These towns were pivotal in trade between Nepal and neighboring regions in India, such as

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³⁰⁸ *Op.cit*, Kharel, K., & Chalise, D, p.42

³⁰⁹ Kharel, K., & Chalise, D. (2020). *Extracting trading locus: Where we are in Indo-Nepal trade*. Nepalese Journal of Development and Rural Studies, 17, pp.(41–53).

³¹⁰ Pant, Y. P. (1962, February 24). *Nepal-India trade relations*. The Economic Weekly, p.2

Bihar, Uttar Pradesh and West Bengal. At the tarai trade centers along the Indian border, goods were transferred between Indian railroads and Nepalese highways.³¹¹

Nepal's transportation infrastructure was underdeveloped. The country operated two short (less than 50 miles) narrow-gauge railroads in southern region. Indian rail lines extended to Nepal's southern, eastern, and western borders, with important rail terminals like Jogbani, Raxaul, Nautanwa, and Tanakpur.³¹²

Air transport services between Nepal and India in the late 1950s. The Indian Airlines Corporation launched services in 1952, and the Royal Nepal Airlines started operating in 1958 for both domestic and international flights. Although air transport gained popularity, high charges and limited year-round operation restricted the volume of goods carried by airways.

Nepal's underdeveloped transport system posed challenges for inter-regional trade. Limited routes were primarily cantered around major towns and a few key centers. Rivers were generally not navigable, and shifting river channels in the tarai hindered navigation except during specific seasons. Consequently, movement of goods within the country was limited, often occurring in small quantities on an individual basis due to the absence of extensive distribution or export agencies across Nepal.

1960 Trade Treaty

In Sept 1960 a new agreement of Trade and Commerce was concluded, bringing about a number of important improvements. Free commerce, the upkeep of distinct foreign exchange accounts, and increased transit options for Nepal were all included in this deal. Notably, Nepal can now apply protective levies on products made by new firms.

In addition to increasing Nepal's international trade, these measures gave the nation the ability to control its internal fiscal policies in accordance with domestic needs. This pact marked a transition from the former practice, where necessary foreign exchange for imports was supplied

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³¹¹ *Op.cit*, Kharel, K., & Chalise, D, p.45

³¹² Pant, Y. P. (1962, February 24). *Nepal-India trade relations*. The Economic Weekly, p.3

against import license given by Indian government, to payments for transactions with third nations done in line with individual foreign exchange legislation.

The new agreements gave Nepal more transit options and streamlined administrative processes. For example, customs and other transit duties did not apply to traffic that was in transit. In the port area of Calcutta, the government of Nepal was given a separate shed. The procedures for moving products from one place of entry to their destination in Nepal were also made simple.³¹³ Prior to 1951, Nepal consistently maintained a favorable overall trade balance, including a positive balance with India. However, after 1951, import needs increased significantly without a corresponding growth in exports.

The majority of Nepal's exports were made up of agricultural products. The majority of exports were made up of goods such vegetable oils, tobacco, jute textiles, and paddy. Table 2 shows that the value of exports increased little in 1959–60 as compared to 1958–59. Due to good harvests in the tarai region, there was a notable increase in food item exports during 1957–1958 and 1959–1960. This increase was mostly caused by paddy exports.

Paddy, the most substantial item, accounted for about a quarter of total food products exported. Other key agricultural exports included wheat, grains, sugarcane spices, milk products, fruits, and fish. These commodities were predominantly produced in the tarai region of Nepal and were mainly destined for Indian districts neighboring the Nepalese border. The geographical proximity of these markets provided a competitive advantage to Nepalese exporters.

Nepal's exports also encompassed crude materials like textile fibers, jute hides and skins, herbs, metal scraps and metal ores. Among these, jute and jute products held significant importance. Additionally, mineral fuels, lubricants, and related materials constituted an export category. Manufactured goods, including wooden furniture, bamboo products, and cotton textiles, made up a minor portion of exports.³¹⁴

Despite some fluctuations, the overall trend in Nepal's exports to India remained relatively stagnant over the past few years, with increased exports in certain items being counterbalanced by declines in others.

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³¹³ Kalirajan K. (2007). *Regional cooperation and bilateral trade flows: An empirical measurement of resistance*. The International Trade Journal, 21(2), pp (85–107).

³¹⁴ Ibid.,p. 87

Table 1: Exports and Imports (in million Rs)³¹⁵

	1944-45	1948-49	1949-50
Main Imports (Cloths,Yarn,Cigarettes, Sugar, Kerosene, Petroleum Etc)	45	78	80
Main Exports (Rice,Ghee,Oilseeds,Herbs,Timber,Hides,And Skins)	50	88	124
Export Surplus	5	10	44

Table 2 : Important Exports to India (in OOO Rs)³¹⁶

Items	1957-58	1958-59	1959-60
Food	452.49	868.19	967.66
Beverages and tobacco	18.21	8.86	9.16
Crude material, inedible except fuels	182.25	257.77	273.17
Minerals, lubricants and related materials	3	9
Animal and vegetable oils and fats	6.48	6.04	3.58
Chemicals	50	98	5.33
Manufactured goods	10.27	1.609	23.09
Machinery and transport equipment	47	--	19
Miscellaneous manufactured articles	12.27	3.50	8.91
Miscellaneous transactions and commodities	21.92	5.41	4.61
Total	704.89	1166.93	1295.70

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³¹⁵ Taneja, N., Prakash, S., Bimal, S., Garg, S., & Roy, R. (2020). Indo-Nepal trade and investment. India Quarterly, Sage Publications,pp (8-15),pp (8-15)

³¹⁶ Ibid.,p.17

Development on Imports

The quantity and type of Nepal's imports from India were intricately tied to the country's pace of economic development, shaping both its causes and consequences. While Table 3 indicated little alteration in the value of imports for various commodities, the total import value for 1959-60 slightly increased. This rise was primarily driven by heightened imports of specific building materials and developmental goods, associated with foreign aid from donor countries. India and the USA, being the main contributors of aid, fueled the growth of imports for Nepal's developmental requirements.³¹⁷

Considering Nepal's economy predominantly centered on agriculture, with a surplus produced in the tarai region and potential for exporting forest products, imports primarily comprised industrial goods absent within the nation's production capacity. Of all the imported manufactured goods in 1959-60, approximately 60 percent constituted cotton piece-goods. Textiles were followed by high-consumption items like cigarettes. Essential imports encompassed metal articles such as household utensils and hardware, machinery for printing presses, kerosene, petrol, cement, as well as consumption items like salt, sugar, tea, and medicine. Most consumer goods were originated from India, as trade with other countries was minimal and specialized.

Nepal's trade statistics, as they stood, lacked precision regarding trade direction and distribution. The specifics of import origins and export destinations were not adequately provided, rendering the existing trade data less informative.

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³¹⁷ Kalirajan K. (2007). *Regional cooperation and bilateral trade flows: An empirical measurement of resistance*. The International Trade Journal, 21(2), PP(85–107).

Table - 3: Important Imports from India (in OOO Rs)³¹⁸

Items	1957-58	1958-59	1959-60
Food	383.26	416.91	635.89
Beverages and tobacco	168.19	215.23	206.45
Crude material, inedible except fuels	92.38	77.81	131.69
Minerals, lubricants and related materials	118.04	148.70	188.43
Animal and vegetable oils and fats	102.04	105.02	475.6
Chemicals	84.32	93.58	119.41
Manufactured goods	468.49	914.22	1065.68
Machinery and transport equipment	48.54	61.32	83.02
Miscellaneous manufactured articles	97.03	121.26	186.06
Miscellaneous transactions and commodities	15.07	28.57	35.07
Total	1577.46	2182.62	2699.26

The direction of foreign trade of Nepal underwent gradual changes in recent years. The proportion of trade with India decreased, as depicted in Table 4. Trade with Tibet and other countries exhibited an upward trend. This shift in trade direction was due to policy of diversifying economic activity with new nations. Additionally, the inflow of foreign aid from various countries led to increased imports of different commodities. Import trends saw notable alterations. Imports from overseas countries surged due to the import of United States Operations Mission; value of the goods was at 11.4 million rupees in 1959-60.³¹⁹

The dynamics were rapidly evolving, prompted by the growth of economic development and foreign aid inflow. China and Russia were actively participating in Nepal's industrialization, while aid from USA and India primarily supported agricultural and transport development. Nepal's adverse trade balance could be traced back to the Ranas era. Nepal was isolated and trade was heavily restricted for the interests of the ruling class, not to protect domestic industries.

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³¹⁸ Taneja, N., Prakash, S., Bimal, S., Garg, S., & Roy, R. (2020). Indo-Nepal trade and investment. India Quarterly, Sage Publications, pp (8-15)

³¹⁹ Adhikari, R. (2013, May 2–3). *India–Nepal bilateral trade*. International Conference on Regional Trade and Economic Cooperation in South Asia, Research and Information System for Developing Countries., p.15

This adverse trade balance was seeded in the days of the Ranas before 1950 when Nepal actually maintained a favorable balance. Following the lift of import bans after the establishment of a democratic setup in 1951, the government faced various challenges, and an adverse balance position was an inevitable outcome under those circumstances. Regulatory measures to address consumption were not adequately implemented during that period.

Around 95 percent of Nepal's trade was conducted with India. This trade pattern revealed strains in the trade balance due to growing economic activities. The situation underscored the necessity for improving export earnings through export promotion, especially considering that exports, dominated by a few agricultural commodities, remained relatively stagnant. The challenges posed by geographical obstacles, such as hilly terrains, further contributed to the complex trade dynamics.

Table – 4: Direction of foreign Trade³²⁰

	Imports		Exports		Total trade	
	1958-59	1959-60	1958-59	1959-60	1958-59	1959-60
India	9769	9388	9895	9902	9812	9549
Tibet	.60	.98	1.05	.98	76	98
Overseas	1.71	5.14	--	--	1.12	3.53
Total	100.00	100.00	100.00	100.00	100.00	100.00

3. Bilateral Trade Agreements and Economic Policy Shifts

1. Transit Treaty (1971)

The Transit Treaty of 1971 and the Revised Transit Treaty of 2003 are pivotal agreements that define the transit rights and trade relations between Nepal and India. These treaties contributed to

³²⁰ Taneja, N., Prakash, S., Bimal, S., Garg, S., & Roy, R. (2020). Indo-Nepal trade and investment. India Quarterly, Sage Publications, pp (8-15)

the economic development and cooperation between the two nations. The aim of Transit Treaty was to regulate transit facilities for Nepal through Indian Territory. This treaty enabled Nepal, being a landlocked country, to access sea routes through India for its international trade. The key provisions of the treaty included:³²¹

Transit Facilities: The treaty granted Nepal the right to use Indian Territory for transit purposes. It allowed goods from Nepal to be transported to and from the seaports of India for international trade.

Customs Duties: The treaty ensured that goods destined for or originating from Nepal would not be subjected to customs duties higher than what was levied on similar goods imported or exported by India.³²²

Equal Treatment: Nepal was to receive treatment similar to that given to India's other neighbors in terms of transit facilities and customs duties.

Duration: The treaty had a validity period of seven years, after which it would be subject to review and renewal.

Revised Transit Treaty of 2003: As the Transit Treaty of 1971 was nearing its expiry, both countries recognized the need to update and modernize the terms of transit and trade relations. The Revised Transit Treaty of 2003 was signed to address contemporary trade and transit requirements. The key elements of the revised treaty included:

Transit Facilities Enhancement: The treaty expanded the scope of transit facilities provided to Nepal through Indian Territory. It incorporated provisions for the use of additional transit routes and entry/exit points.³²³

Transit Fees and Charges: The revised treaty established a framework for the collection of reasonable transit fees and charges for the use of infrastructure and services related to transit operations.

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³²¹ Taneja N., & Chowdhury S. (2010). *Role of treaties in facilitating Nepal's trade with India*. Economic & Political Weekly, 45(7) pp.(27–29).

³²² Ibid.,p.27

³²³ Nepal Transit and Warehousing Company Limited. (2010). *Treaty of trade, treaty of transit and trade related agreements between Government of Nepal and neighbouring countries*. Nepal Transit and Warehousing Company Limited.pp(3-8)

Customs Procedures: The treaty streamlined customs procedures and documentation requirements, aiming to facilitate smoother trade and transit operations.

Mutual Benefits: The treaty aimed to ensure that both India and Nepal benefited from their transit and trade relations. It emphasized the need for mutually advantageous outcomes.

Duration and Review: The revised treaty had an initial duration of seven years, with provisions for automatic renewal unless either party indicated otherwise.

Both the Transit Treaty of 1971 and the Revised Transit Treaty of 2003 reflect the commitment of India and Nepal to fostering economic cooperation, trade facilitation, and regional connectivity. These treaties have been instrumental in providing Nepal with essential transit routes through Indian Territory and ensuring equitable trade relations between the two nations.

Primary Products: The trade agreements between Nepal and India provide reciprocal duty-free access for a range of primary products. In 1991, two countries agreed duty-free imports of dozen of primary products from each other. This list was expanded to 16 products under the 2009 treaty. However, it's important to note that Nepal imposes an Agriculture Reform Fee on specific agricultural goods.³²⁴

Manufactured Goods: Regarding manufactured products, Nepal provides India with an ad valorem rate refund on applicable customs charges. India is given this rebate based on status of Most Favored Nation (MFN). However, products covered by special duties are not eligible for this reimbursement.

Criticism of Transit Treaty (1971):

Transit Treaty of 1971 and the Revised Transit Treaty of 2003 have faced both praise and criticism. Critics often highlight various aspects of these treaties that they find problematic or unsatisfactory. Here are some common points of criticism:

Dependency Concerns: Critics argue that the Transit Treaty of 1971 created a level of economic dependency for Nepal on India. As a landlocked country, Nepal relies heavily on Indian transit

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³²⁴ Nepal Transit and Warehousing Company Limited. (2010). *Treaty of trade, treaty of transit and trade related agreements between Government of Nepal and neighbouring countries*. Nepal Transit and Warehousing Company Limited.pp.(3-8)

routes for its international trade, and this dependence has been viewed by some as a potential vulnerability.

Unequal Bargaining Power: Critics have raised concerns about the negotiation process of the treaty, suggesting that India's larger size and stronger economic position might have given it a stronger bargaining position. This could have resulted in terms that may not have been entirely favorable to Nepal.

Duration and Review: The seven-year validity period of the treaty and its requirement for periodic review have been criticized for potentially subjecting Nepal to uncertain conditions.

India-Nepal revised treaty of trade ministry of commerce & industry government of India, Oct 2009 ³²⁵

Agreed routes for mutual trade³²⁶

1. Guleria/Murtia
2. Nepalgunj/Nepalgunj Road
3. Koilabas/Jarwa
4. Darchula/Dharchula
5. Bhadrapur/Galgolia
6. Maheshpur/Thutibari (Nawalparasi)
7. Pashupatinagar/Sukhia Pokhari
8. Taulihawa/Khunwa
9. Mahendranagar/Banbasa
10. Siraha, Janakpur/Jayanagar
11. Rajbiraj/Kunauli
12. Malangawa/Sonabarsa
13. Bhairahawa/Nautanwa
14. Setobandha/Bhimnagar
15. Krishnanagar/Barhni
16. Birgunj/Raxaul
17. Prithvipur/Sati (Kailali)/Tikonia

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³²⁵ ³²⁵ “See Appendix-IV”

³²⁶ Embassy of India. (2019). *About trade and commerce*. <https://www.indembkathmandu.gov.in/page/about-trade-and-commerce/>

18. Sikta-Bhiswabazar
19. Kakarbhitta/Naxalbari
20. Jaleswar/Bhitamora (Sursand)
21. International Airports connected by Direct Flights between Nepal and India
(Kathmandu/Delhi, Mumbai, Kolkata and Chennai)
22. Rajapur/Katerniyaghat
23. Biratnagar/Jogbani
24. Mahakali/Jhulaghat (Pithoragarh)
25. Dhangadhi/Gauriphanta
26. Gaur/Bairgania
27. Laukha-Thadi

Cross-border trade between Nepal and India has long been a vital lifeline for several regions on both sides, driving economic growth and strengthening ties between the two countries. In Nepal, the **Terai region**, which lies along the southern border, is the most commercially active area due to its fertile land and close proximity to Indian markets. This region is a key player in the trade of agricultural products like rice, wheat, and sugarcane, which flow easily across the border, benefiting local farmers and traders. The **Kathmandu Valley**, Nepal's bustling capital and economic heart, also thrives on imports from India, including goods like textiles, electronics, and machinery. Similarly, in **Eastern Nepal**, particularly around Biratnagar, cross-border trade supports the local economy, with products like textiles and food items moving between the two countries.

On the Indian side, the states of **Bihar** and **Uttar Pradesh**, which share a border with Nepal's Terai region, gain from this trade, with agricultural goods such as rice, lentils, and vegetables flowing into Indian markets. **Uttarakhand** and **West Bengal**, which also share borders with Nepal, benefit from the exchange of products like timber, medicinal plants, and food. Even the smaller state of **Sikkim**, in the northeast, sees its fair share of trade, particularly in fruits, vegetables, and minerals.

2. South Asian Preferential Trade Agreement

The SAARC launched a major project called the South Asian Preferential Trading Agreement to improve trade between the South Asian countries by offering special treatment. This agreement's

first round of discussions was successfully concluded, and it went into force in December 1995. SAPTA was negotiated in four rounds, with a "request and offer" strategy used in each.³²⁷

The "request and offer" approach involved exporting countries submitting lists of specific items that were currently being traded or had potential for trade. These countries requested preferential treatment for these items. On the other side, importing countries presented offers regarding the items listed in the request, detailing the extent of concessions they were willing to provide. The concessions were determined using the Margin of Preference (MoP), which indicated the difference between the regular tariff rate and the preferential tariff rate. With each subsequent round of negotiations, the aim was to expand the range of covered products and deepen tariff concessions.

Through this approach, SAPTA's negotiation rounds progressively increased the number of products eligible for preferential treatment, ultimately covering approximately 5,000 commodities by the end of the fourth negotiation round.

In the context of Nepal, the full implementation of tariff liberalization under SAFTA has not been undertaken, which has led to the continuation of the concessions provided under SAPTA. This has resulted in an ambiguous status for SAPTA, as its concessions remain active due to the incomplete implementation of SAFTA's trade liberalization measures in Nepal.

3. South Asian Free Trade Agreement (SAFTA)

A regional trade deal between the members of the SAARC is known as the South Asian Free Trade deal. The deal was finalized in Islamabad, Pakistan, in January 2004 during the 12th SAARC Summit.

SAFTA came into effect on January 1, 2006. Aim of SAFTA was to create a free trade area by decreasing tariffs and other trade barriers among member nations. The South Asian Free Trade Agreement is a significant trade agreement that involves India and Nepal, among other South Asian countries. SAFTA aims to facilitate trade by providing preferential treatment to member countries within the South Asian region. Under this agreement, India and Nepal have negotiated concessions and obligations to promote smoother trade relations. Within the framework of

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³²⁷ TANEJA, N., & CHOWDHURY, S. (2010). *Role of Treaties in Facilitating Nepal's Trade with India*. Economic and Political Weekly, 45(7), pp.(27–29).

SAFTA, Nepal has to offer duty free access to a majority of products, with the exception of 1,062 items listed as part of the sensitive list.³²⁸ However, Nepal's implementation of tariff liberalization is not yet complete, resulting in zero-duty access being limited to a smaller number of items. As a result, India is still awaiting zero-duty access for all items except those listed on the sensitive list when trading with Nepal under SAFTA.

Both Nepal and India are members of the WTO, which includes the principle of MFN treatment to fellow member countries. This MFN treatment ensures that trade preferences offered to one country are also extended to all WTO member countries, promoting non-discriminatory trade practices.³²⁹

India has taken additional steps in 2008 to foster trade. India introduced a unilateral non-reciprocal tariff preference scheme named the Duty Free Tariff Preference Scheme for Least Developed Countries. This scheme was designed to benefit the least developed countries, including Nepal, by providing them with preferential tariff treatment. Under this scheme, Nepal can avail tariff concessions and duty-free access for specific products when trading with India.

These agreements and concessions within the SAFTA framework, as well as the broader context of WTO membership and India's preferential tariff schemes, contribute to the trade relationship between India and Nepal. It reflects efforts to promote economic cooperation, facilitate trade, and support the development goals of both countries.³³⁰

Member Countries: Afghanistan, Pakistan, Nepal, India, Bhutan, Bangladesh, Maldives, and Sri Lanka.

Objectives were to encourage and sustain trade and economic cooperation within the region.

To offer special preferences to the least developed countries (LDCs) south Asian region. To eliminate trade barriers and create a conducive environment for trade expansion.

To increase economic growth, generate employment, and alleviate poverty in the region.

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³²⁸ Ibid., p.28

³²⁹ Taneja, n., & chowdhury, s. (2010). *Role of treaties in facilitating nepal's trade with india*. Economic and political weekly, 45(7), pp.(27–29).

³³⁰Ministry of Commerce and Industry. (2020). *Agreement on South Asian Free Trade Area (SAFTA)*. Retrieved from <https://commerce.gov.in/wp-content/uploads/2020/05/safta.pdf>, p.1

Provision under SAFTA

Trade Liberalization: Under SAFTA, member countries are hard to progressively decrees or eliminate tariffs on traded product. The agreement aims to establish a free trade area in South Asia by reducing tariffs to zero over a specified timeframe.³³¹

Margin of Preference (MoP): The Margin of Preference refers to the difference between the most-favored-nation (MFN) tariff rates and the preferential tariff rates under SAFTA. Countries provide a higher margin of preference to the least developed countries within the region.

Sensitive List: Each member country can identify a list of products considered sensitive and exempt them from immediate tariff reductions. The sensitive list contains products for which tariffs are reduced at a slower pace or remain unchanged. **Trade Concessions:** SAFTA includes provisions for tariff concessions, including reduction of import duties, elimination of quantitative restrictions, and other measures to facilitate trade. **Trade Facilitation:** SAFTA aims to enhance trade facilitation measures, including simplifying customs procedures, harmonizing standards, and improving transport and communication infrastructure. **Trade Dispute Resolution:** SAFTA has provisions for the resolution of trade disputes among member countries. Disputes can be resolved through consultations, negotiations, or other agreed-upon mechanisms. **Transition Periods:** SAFTA provides flexibility to the least developed countries (LDCs) in terms of tariff reduction timelines, allowing them longer transition periods. **Review and Amendments:** SAFTA member countries can review and amend the agreement to accommodate changing economic and trade dynamics.³³²

Impact of economic liberalization in both countries on trade relations

The impact of economic liberalization in both India and Nepal on their trade relations has been significant and multifaceted. Economic liberalization refers to the process of reducing government intervention in the economy, promoting free markets, encouraging foreign

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³³¹ Ibid., pp (88-113)

³³² Ibid., pp (88-113)

investment, and opening up trade.³³³ Both countries have implemented various liberalization measures over the years, and these changes have had implications for their trade dynamics:

India's Economic Liberalization: After the economic liberalization initiatives undertaken in both India and Nepal, there were notable changes in their trade dynamics. In India, the period of economic liberalization that began in the early 1990s led to significant alterations in trade patterns. According to Reserve Bank of India, India's trade (exports and imports) with Nepal grew significantly. This growth was driven by the relaxation of trade barriers, reduction in tariffs, and the encouragement of foreign investment. This growth was supported by efforts to improve trade infrastructure and connectivity between the two countries.³³⁴

It's important to note that while liberalization facilitated trade growth, there were challenges too. Nepal's relatively slower pace of economic liberalization and limited industrial base resulted in trade imbalances. While both countries benefited from trade expansion, India's larger market size and industrial capacity sometimes led to a trade surplus in India's favor.

Nepal's Economic Liberalization: Nepal's journey towards economic liberalization has been characterized by a slower pace compared to India's more rapid reforms. This gradual process, coupled with limited industrial growth, has had implications for Nepal's ability to compete with India's more developed industries. As a result, trade imbalances have emerged in certain sectors between the two countries.³³⁵

Nepal's economic liberalization began in the early 1990s with policy shifts towards open markets, private sector involvement, and foreign investment attraction. However, the implementation of these reforms faced challenges due to Nepal's geographical constraints, political instability, and administrative hurdles. This slower liberalization trajectory meant that

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³³³Subedi, D. P. (2007). *Economic liberalization in Nepal and its implications for economic development*. International Journal of Economic Development, 9(2), pp. (89-104).

³³⁴ Ministry of Commerce and Industry, Government of India. (2021). India-Nepal Trade Relations. Retrieved from <https://commerce.gov.in>

³³⁵ Mishra, R. (2015). *Economic liberalization in Nepal: Its impact on the Nepalese economy*. Journal of International Studies, 8(1), pp.(105-115).

Nepal's industries had less time and support to evolve and compete at the same pace as India's more advanced sectors.³³⁶

India, on the other hand, embarked on a comprehensive economic liberalization program in 1991. The opening up of various sectors, reduction of trade barriers, and improvements in infrastructure accelerated India's industrial growth and competitiveness. As a result, Indian industries became more efficient, technologically advanced, and globally integrated, allowing them to offer a wide range of products at competitive prices.

Nepal's struggle to match India's industrial growth and competitiveness is evident in trade imbalances between the two countries. Nepal's industries faced challenges such as inadequate infrastructure, lack of access to modern technologies, and limited economies of scale. This made it difficult for Nepalese products to compete with Indian counterparts, particularly in sectors where India had a comparative advantage.

Nepal's manufacturing sector, though growing, was still relatively underdeveloped compared to India's diverse and advanced manufacturing industries. This led to a situation where Nepal became a net importer of manufactured goods from India, contributing to trade imbalances in this sector. Additionally, Nepal's agricultural products faced stiff competition from India's more productive and efficient agricultural sector.

This disparity in industrial development and competitiveness has led to trade imbalances, where Nepal's imports from India outweigh its exports. While India's economic liberalization allowed its industries to flourish and expand, Nepal's slower pace of reforms and limited industrial growth hindered its ability to compete effectively in certain sectors.³³⁷

Trade Imbalances: Economic liberalization in India and Nepal aimed to enhance trade opportunities and foster economic growth. However, due to the differing levels of industrial development and market size between the two countries, trade imbalances emerged, sometimes favoring Nepal. This phenomenon is particularly notable in sectors like textiles. India's economic liberalization, initiated in 1991, led to a significant boost in its industrial growth and productivity. The country's larger and more diversified industrial base allowed it to produce a

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³³⁶ Chand, S. (2006). *Economic liberalization in Nepal*. Journal of Asian Economics, 17(2), pp.303-318.

³³⁷Subedi, D. P. (2007). *Economic liberalization in Nepal and its implications for economic development*. International Journal of Economic Development, 9(2), pp.(89-104).

wide range of goods for both domestic consumption and exports. As a result, India became a major player in international trade, exporting goods to various countries, including Nepal. The increased competitiveness of Indian industries contributed to a trade surplus in certain sectors, as its products flooded smaller markets like Nepal's. Nepal, while undergoing its own process of economic liberalization, had a less developed industrial base and a smaller market compared to India. This situation made Nepal more reliant on imports, especially for manufactured goods that it could not produce domestically. As a result, Nepal often faced trade deficits, where its imports from India exceeded its exports to the Indian market.³³⁸

Interestingly, in sectors like textiles, the trade imbalance sometimes favored Nepal due to its specialization in certain products. Nepalese textile manufacturers, particularly those in the ready-made garment industry, capitalized on their cost competitiveness and agility in production. This allowed them to cater to the demand for textiles in India, including garments, which were then re-exported to international markets.³³⁹

However, trade imbalances were not solely due to India's industrial strength. Factors like infrastructure limitations, technological constraints, and differences in economies of scale also played a important role in trade patterns between both countries.

Foreign Investment: Nepal's efforts to attract foreign investment were significantly influenced by India's economic liberalization. As India opened up its economy in the early 1990s, Indian businesses began exploring investment opportunities beyond their borders, and Nepal emerged as a favorable destination due to its geographic proximity and historical ties with India.³⁴⁰ The liberalization measures in India inspired Nepal to undertake similar reforms to create an investor-friendly environment. Nepal's Foreign Investment and Technology Transfer Act of 1992 was a pivotal step in this direction. The act allowed foreign investors to hold up to 100% ownership in most sectors and provided various incentives, such as tax holidays and repatriation of profits.

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³³⁸Mishra, R. (2015). *Economic liberalization in Nepal: Its impact on the Nepalese economy*. Journal of International Studies, 8(1), pp.(105-115).

³³⁹P. K. Shrestha. (2012). *India-Nepal trade and economic relations: prospects and challenges*. Journal of Economic Policy and Research, 7(1),pp.(55-67).

³⁴⁰Government of Nepal. (1992). *Foreign Investment and Technology Transfer Act, 1992*. Retrieved from <http://www.investmentboard.gov.np>

These measures aimed to attract Indian and other foreign investors to contribute to Nepal's economic growth.

Indian companies showed keen interest in Nepal's potential, especially in sectors such as manufacturing, services, and infrastructure. Given Nepal's landlocked status and its dependence on India for trade and transit, collaboration with Indian businesses made logistical sense. Many Indian companies ventured into areas like cement production, hydropower, banking, and telecommunications, among others. The liberalization of both economies led to increased economic integration and cross-border investments. Indian companies brought not only capital but also technological expertise, management practices, and market access to Nepal. This synergy had the potential to stimulate growth, generate employment, and enhance the development of critical sectors in Nepal.³⁴¹ However, despite the promising start, there were challenges and complexities. Political instability, bureaucratic hurdles, and inadequate infrastructure in Nepal sometimes hampered the smooth execution of investment projects. Additionally, concerns were raised about the potential dominance of Indian companies and their influence on Nepal's economy and society.

Nepal's endeavors to attract foreign investment, particularly from India, were significantly influenced by India's liberalization efforts. The push for economic liberalization in both countries created an environment conducive to cross-border investments and collaborations. While this partnership held substantial potential for Nepal's economic growth, it also posed challenges that required careful management and policy considerations.

Trade Imbalances: The differences in the level of industrialization between India and Nepal led to trade imbalances, where relatively stronger industrial base of India affected certain sectors of Nepal's economy.³⁴²

4. 21st Century Dynamics (2000-2020)

Trade Patterns and Potential

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³⁴¹Ministry of Industry, Commerce and Supplies, Government of Nepal. (2021). *Foreign Investment and Technology Transfer in Nepal*. Retrieved from <https://www.industry.gov.np>

³⁴²Mishra, R. (2015). *Economic liberalization in Nepal: Its impact on the Nepalese economy*. Journal of International Studies, 8(1), pp.(105-115).

Since the fiscal year 2002-2003, India has consistently maintained a trade surplus with Nepal, and this surplus has shown a tendency to increase over time. The average ratio of trade balance, indicating the difference between exports and imports, has exhibited this growth trend. Specifically, this ratio rose from 40 percent during the period spanning from 2002-2003 to 2009-2010 to a notably higher 76 percent between (2010-2011) and (2018-2019). These figures highlight India's expanding trade surplus with Nepal, as indicated in Table 5.

Examining the trade specifics for the fiscal year 2018-19, India's leading exports to Nepal encompassed various products. Notably, these included products in table-6. This trade dynamic illustrates the prominent categories in which India has maintained a robust export presence to Nepal during that period.³⁴³

Table 5. India Nepal Trade balance relation.

Year	Export to Nepal (US\$ Million)	Import from Nepal (US\$ Million)	Total Trade (US\$ Million)	Trade Balance (US\$ Million)	Trade Balance Ratio (%)
2010–2011	2,168	513	2,682	1,655	62
2011–2012	2,722	550	3,272	2,172	66
2012–2013	3,089	543	3,632	2,546	70
2013–2014	3,592	530	4,122	3,062	74
2014–2015	4,559	640	5,199	3,919	75
2015–2016	3,930	471	4,401	3,460	79
2016–2017	5,454	445	5,899	5,009	85
2017–2018	5,518	414	5,932	5,104	86
2018–2019	7,766	508	8,274	7,258	88

Source: Directorate General of Foreign Trade, Ministry of Commerce, Government of India.

³⁴³ Embassy of India. (2019). *About trade and commerce*. <https://www.indembkathmandu.gov.in/page/about-trade-and-commerce/>

Table 6. India's Exports to Nepal in 2018–19³⁴⁴

Commodity	Values in US\$ Million
Other petroleum oils and oils obtained from bituminous minerals, etc.	1,166
Other products containing by wt < 0.25% of carbon	532
Light oils and preparations	286
Other in gaseous state	253
Semi/wholly milled rice w/n polished/glazed	221
Motor cycle, etc. with reciprocating internal combustion piston engine of cylinder capacity > 50 cc to 250 cc	182
Flat rolled products in coils of a thickness of < 3 mm	142
Bars and rods, hot rolled of iron/non-alloy steel	141
Cement clinkers	134
Other medicine put up for retail sale	132

Source: Directorate General of Foreign Trade, Ministry of Commerce, Government of India.

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³⁴⁴ Directorate General of Foreign Trade, Ministry of Commerce and Industry, Government of India.

Table 7. India's Imports from Nepal in 2018–19 ³⁴⁵

Commodity	Values in US\$ Million
Refined Palm oil and its fractions	45
Other sweetened flavoured waters	43
Cardamoms: Neither crushed nor ground	32
Other articles of plastics	31
Other black tea and other partly fermented tea	29
Unbleached woven fabrics of jute/other textile bast fibres	25
Sacks and bags for packing, made of jute or of heading no. 5303	22
Wire of iron/non-alloy steel, plated/coated with zinc	21
Corrugated products, otherwise plated or coated with zinc	19
Resin and resin acids	15

Source: Directorate General of Foreign Trade, Ministry of Commerce, Government of India.

According to Table 7, India's main imports from Nepal in 2018–2019 included cardamoms, tea, textiles, articles of plastic, refined palm oil, and flavored water.

Understanding this trade potential between the two nations holds paramount significance, as it encourage them to negotiate and implement reforms to alleviate the impact of trade barriers on trade expansion.³⁴⁶ The outcomes of this exercise underscore an approximate untapped trade potential of roughly US\$4 billion if both countries chose to import from each other instead of from other global sources (Table 8). After a closer examination of India's possible exports to

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³⁴⁵ Directorate General of Foreign Trade, Ministry of Commerce and Industry, Government of India.

³⁴⁶ Armstrong, S. (2007). *Measuring trade and trade potential: A survey* (Asia Pacific Economic Paper No. 368). Australia–Japan Research Centre, Crawford School of Public Policy, The Australian National University, pp.(2-7)

Nepal, the research found that goods worth US\$1,147 million that are on Nepal's sensitive list account for 31% of the overall increased export potential. The remaining 69%, or US\$2,568 million, is related to goods that are not on the sensitive list (Table 5).

Competition from Chinese Exports

The prevailing notion suggests that India is grappling with Chinese growing influence Nepalese markets. Despite Nepal's imports from china is rising still India's share also increased over the same period? This firmly establishes India is Nepal’s primary exporter of goods (Table 8). Notably, both India and China engaged in a competitive race to capture Nepalese market shares of south Asian countries are (Table 8).

Table 8. Top Import Partners of Nepal ³⁴⁷

Partner Name	2010 Value (US\$ mn)	2010 % of Total Imports	2017 Value (US\$ mn)	2017 % of Total Imports
India	3,253	64	6,520	65
China	561	11	1,267	13
UAE	194	4	175	2
Indonesia	107	2	121	1
Thailand	102	2	108	1

Source: UNCTAD–WITS database.

Indian exporters have frequently expressed concerns about encountering non-tariff barriers while trying to access the Nepalese market. This section aims to identify and examine these non-tariff

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³⁴⁷ World Bank. (2024). *World Integrated Trade Solution (WITS): Trade and tariff data*. Retrieved from <https://wits.worldbank.org/Default.aspx?lang=en>

barriers that Indian exporters face when trading with Nepal. Drawing on existing literature, the analysis focuses on two specific products: pharmaceutical products and cement.

In the context of pharmaceutical product exports, a study conducted highlights the challenges faced by Indian exporters in meeting technical requirements. This is due to the intricate regulations concerning authorization and production processes. The authorization and product registration procedures are time-intensive, leading to significant delays. Many pharmaceutical exporters from India feel that these procedures are excessively stringent and that they take a long time to receive DDA permission. Manufacturers who export pharmaceutical items to Nepal are required to adhere to the WHO Good Manufacturing Practices Indian exporters are taxed US\$1,500 per visit by DDA inspectors who visit industrial plants in India to verify compliance.

5. Challenges and Opportunities:

Problems Facing Indian Imports from Nepal

Import Potential from Nepal

Using a comprehensive six-digit classification system, the potential value of additional imports for India from Nepal is estimated to be about US\$170 million, which is a pretty minor amount. This sum indicates the additional items Nepal could be able to export to India. This amount, however, is noticeably less than half of Nepal's current imports, which are currently valued at US\$385 million. Based on the fact that these products are not being brought into India from other countries, this research implies that some of the goods that Nepal exports to other nations might not have much of a market in India.³⁴⁸

Underutilization of the Tariff Rate Quota

The Bilateral Trade Treaty was revised in 2002 and included a duty rate quota on four goods: zinc oxide, acrylic yarn, copper products, and vegetable ghee. Due to this modification, the duty-

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³⁴⁸ Taneja, N., Prakash, S., Bimal, S., Garg, S., & Roy, R. (2020). *Indo-Nepal trade and investment*. India Quarterly, Sage Publications, 76(2), pp.(243–275)

free entry of these commodities into India from Nepal was restricted to a predetermined quota, beyond which the Most Favored Nation (MFN) rate would take effect. It's important to note, nevertheless, that these quotas have remained notably underutilized, as shown by.

The combined share of these "Tariff Rate Quota (TRQ) products" in Nepal's export to India has significantly decreased from 29.7 percent in 2001–2002 to 9 percent in 2017–2018. Given the persistently low utilization rates, there's a potential case for India to consider eliminating the quota requirement.

India controls its imports from Nepal under the auspices of two favorable agreements: The Duty-Free Tariff Preference Scheme for Least Developed Countries (LDCs) and the Treaty of Trade between the Governments of India and Nepal. The four-digit HS Level classification of Nepalese exports to India is subject to modification under the terms of the Treaty of Trade. Moreover, it mandates that the entire cost of produce, parts, or materials utilized in the articles created from non-Contracting Parties or of unknown origin cannot surpass 70% of the FOB price. However, imports from Nepal are required by the DFTP Scheme to have their tariff headings changed between imported raw materials and completed goods at the six-digit HS level. Furthermore, the exporting nation has to see a minimum of 30% value addition as a result of the process. The Treaty of Trade's four-digit HS classification and the DFTP scheme's six-digit level are the stricter requirements for changing headings, even though both agreements have the same criterion for local content.

There are significant differences when comparing China's and India's handling of Nepal preferentially. Unlike India, China exposes Nepal to an ad valorem percentage of at least 40 percent or a change in tariff classification at the four-digit HS level under its Duty-free Treatment programmed, but not both requirements at the same time. Products excluded from this requirement are those specified in the "Product Specific Rules" (PSR). When products satisfy the particular regulations set forth by China's General Customs Administration but have not been entirely obtained or produced in the beneficiary nation, these PSR are applicable.³⁴⁹

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³⁴⁹ Taneja, N., Prakash, S., Bimal, S., Garg, S., & Roy, R. (2020). *Indo-Nepal trade and investment*. India Quarterly, Sage Publications, 76(2), pp.(243–275)

Physical Barriers to Cross-Border Movement of Goods

There are 27 trading locations that India maintains along its border with Nepal; however, the absence of adequate infrastructure at these Land Customs Stations (LCS) hinders trade between the two nations. The problems caused by logistical bottlenecks have affected both India and Nepal by causing delays and inefficiencies in the flow of commodities between them.

Although infrastructure plays a critical role in promoting bilateral trade, few studies have been carried out to evaluate the gaps that currently exist. Of the 27 trading sites mentioned in the 2009 India-Nepal pact, only two customs points Raxaul-Birgunj and Panetanki-Kakarbhitta have been thoroughly examined. On the other hand, considerable research has been done on Nepal's passage via India, especially in relation to rail freight that is containerized. Both governments have been able to solve a number of concerns pertaining to transit commerce thanks to the research.

In 2018 a new Integrated Check Post at the Raxaul-Birgunj border was opened, specifically built to handle road cargo. Truck lines outside of Raxaul town have decreased as a result of this ICP, but cargo clearance is still delayed because shipping invoices take several days to arrive. There is some doubt about the old LCS because trucks must pass via Raxaul town in order to clear some commodities, such as cement and oil. Moreover, it's still uncertain if all infrastructure problems have been adequately handled by the new ICP.

India's FDI in Nepal

In 1970s and 1980s Nepal saw minimal or even negative foreign direct investment (FDI) flows. FDI from India gained notable momentum during 1990s, although the overall volume remained modest, averaging about US\$8.3 million annually from 1990 to 2000. However, Indian FDI experienced a decline in the 2000-2009 periods, only to rebound significantly by nearly threefold after 2010. This surge in Indian investment coincided with an overall increase in FDI inflows into Nepal according to UNCTAD reports. With about 30% of all foreign direct investment received by Nepal, India has emerged as the country that contributes the most FDI.³⁵⁰ As per data from the Reserve Bank of India, between 2007–2008 and 2018–2019, India gave Nepal a total of

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³⁵⁰ UNCTAD (2010). *Non-tariff measures: Evidence from selected developing countries and future research agenda*. https://unctad.org/en/Docs/ditctab20093_en.pdf

US\$116.2 million in foreign direct investment (FDI)(seeTable9). Based on data from the Nepal Rastra Bank, Nepal has received foreign direct investment (FDI) from 39 different nations as of 2016.³⁵¹ Table 10 shows that, except for the West Indies, which acts as a tax haven for routed investments, India accounts for the majority of the overall FDI stock. China and Singapore follow closely behind. But there has been a discernible rise in

Table 9.India’s Cumulative FDI in Nepal (values in US\$ million)

Years	FDI Value (US\$ Billion)
July 2007–2008	4.07
2008–2009	4.70
2009–2010	6.39
2010–2011	9.08
2011–2012	14.38
2012–2013	17.46
2013–2014	9.76
2014–2015	2.37
2015–2016	5.38
2016–2017	3.08
2017–2018	20.92
2018–2019	18.60

Source - Overseas Investment Data, Reserve Bank of India

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³⁵¹ Nepal Rastra Bank, Research Department. (2018). *A survey report on foreign direct investment in Nepal*, pp.(9-35)

Table 10.Stock of FDI by Countries and Sectors in Mid-July 2016 (values in millions) ³⁵²

Sr. No.	Countries	Agriculture	Industry	Service	Total
1	West Indies	–	–	62,780	62,780
2	India	104	16,905	10,245	27,254
3	China	–	9,201	1,643	10,844
4	Singapore	113	6,286	736	7,135
5	Ireland	–	–	5,805	5,805
6	Australia	–	–	3,832	3,832
7	South Korea	16	2,770	119	2,905
8	Bangladesh	–	–	2,510	2,510
9	UK	–	223	2,108	2,331
10	USA	127	785	1,416	2,328
11	Others	35	4,449	5,473	9,956
	Total	395	40,618	96,666	137,678

Source-Nepal Rastra Bank (2018).

China has shown a consistent commitment to FDI in Nepal, particularly evident in its FDI contributions. China accounted for approximately 87 percent of FDI commitments received by Nepal.³⁵³ Following China, India's FDI commitments held the second position, trailed by commitments from the USA, Japan, and South Korea.³⁵⁴

Taking a closer look at India's investment distribution across various sectors in Nepal, the services sector captured 55 percent of the total investment, while the manufacturing sector

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³⁵² Nepal Rastra Bank, Research Department. (2018). *A survey report on foreign direct investment in Nepal*, pp.(9-35)

³⁵³ UNCTAD (2016). Handbook on the special and preferential tariff scheme of China for least developed countries

³⁵⁴ Taneja, N., Prakash, S., Bimal, S., Garg, S., & Roy, R. (2020). Indo-Nepal trade and investment. *India Quarterly*, Sage Publications, pp (8-15), 76(2), pp.(243–275)

absorbed 44 percent. However, Indian investment in the agriculture sector has remained minimal. Analyzing the sector-wise FDI flow data from 2008 to 2019, it's noticeable that there has been a shift over time. Dividing this period into two segments 2008–2009 to 2012–2013 (period 1) and 2013–2014 to 2018–2019 (period 2) provides insights into this trend. Notably, from 1% in period 1 to 26% in period.

China's Belt and Road Initiative and Its Economic Impact on India–Nepal Relations

China launched the Belt and Road Initiative (BRI) in 2013 to improve connectivity and economic cooperation across Asia and beyond. Nepal officially joined the BRI in 2017, aiming to diversify its development partnerships beyond India, with whom it has shared deep historical and economic ties. This decision brought new dynamics into Nepal's economic relationship with India. While India continues to be Nepal's largest trade and development partner, China's growing investment in Nepal has created both new opportunities and fresh tensions in the region.

China has become one of the top foreign investors in Nepal, particularly in sectors like hydropower, manufacturing, and tourism. According to 2022 data, Nepal's total foreign direct investment (FDI) was NPR 264.3 billion. India led with NPR 88.6 billion, and China followed with NPR 33.4 billion. During the 2020–21 fiscal year, China pledged about NPR 32 billion (roughly USD 268 million), accounting for almost 71% of Nepal's total FDI commitments at the time. Despite these large numbers, progress on actual development has been slow. Out of 35 proposed BRI projects, only nine were under discussion by 2024, and none had entered the construction phase. This gap between announced investments and real work raises concerns about China's actual intentions and the effectiveness of these partnerships.³⁵⁵

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³⁵⁵ AIDIA. (2023). *Trends in Chinese investment in Nepal*. <https://aidiaasia.org/trends-in-chinese-investment-in-nepal>

China is also increasing its role in Nepal's trade, though India remains dominant. In the year 2022–23, Nepal imported over USD 8 billion worth of goods from India and exported goods worth around USD 840 million. This means India accounted for more than 64% of Nepal's total foreign trade. Meanwhile, China contributed only about 14%. However, certain trends indicate changes. For instance, Nepal's tea exports to China grew from 7.3 tons in 2019–20 to 15.7 tons in 2022–23. Moreover, Chinese buyers paid much higher prices up to NPR 1,600 per kilogram, compared to NPR 200 per kilogram offered by Indian traders. These shifts may eventually influence how Nepal plans its trade and pricing strategies. Even though there is much talk about BRI-related infrastructure, progress has been minimal. A major proposed project, the railway from Kerung in China to Kathmandu, remains stuck at the feasibility study stage.³⁵⁶ The project is estimated to cost between USD 2.7 billion and USD 5.5 billion too expensive for Nepal to afford alone. Since China typically offers loans rather than grants, Nepal has been cautious, especially after seeing other countries fall into debt due to similar BRI loans. Other projects, like the Koshi Highway planned to connect Nepal with both India and China are still incomplete. Though these projects have strong geopolitical potential, they are unlikely to move forward unless there is stronger financial commitment and diplomatic coordination.

India's Strategic Economic Response

India has responded by strengthening its own economic and infrastructure cooperation with Nepal. It has extended concessional lines of credit worth USD 1.65 billion for 22 major projects. These include the Arun III hydropower plant and several cross-border railways like the Jayanagar–Kurtha–Bijalpura–Bardibas line. India has also completed important infrastructure like the Motihari–Amlekhgunj petroleum pipeline and modern Integrated Check Posts at Birgunj and

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³⁵⁶ The Diplomat. (2025). *Why are BRI projects in Nepal stalled?* <https://thediplomat.com/2025/06/why-are-bri-projects-in-nepal-stalled>

Biratnagar. In addition, railway projects like the Jogbani–Biratnagar and New Jalpaiguri–Kakrabhatta routes show India’s intent to build long-lasting and practical connections. A key issue with Chinese funding is its focus on loans instead of grants. Countries such as Sri Lanka have faced serious debt problems, such as when it had to lease the Hambantota Port to China for 99 years. Nepal’s own debt-to-GDP ratio rose above 42% in 2022, causing concern among policymakers and the public. Because of these risks, Nepal has so far avoided taking large loans from China and prefers softer options or outright grants. However, China is reluctant to give grants. On the other hand, India offers lower-interest loans and presents itself as a more reliable and transparent development partner.

A Shifting Triangle of Influence

Nepal now finds itself between two powerful neighbors, each with different economic approaches. During Prime Minister Pushpa Kamal Dahal (Prachanda)’s 2024 visit to Beijing, he encouraged more Chinese investment, showing that Nepal is keeping its strategic options open. However, with BRI projects lagging and concerns about debt growing, Nepal’s economic links with India still seem stronger for now. India’s ongoing investments and infrastructure projects continue to play a bigger role in Nepal’s daily economy.³⁵⁷

China’s BRI has changed South Asia’s regional landscape. For Nepal, it provides an option to reduce dependency on India and explore new development paths. But the slow implementation of projects, high debt risks, and regional tensions make the road ahead difficult. India still maintains an upper hand in economic influence due to its practical investments and deeper integration with Nepal’s economy. For New Delhi, the challenge is to stay engaged by understanding Nepal’s needs and offering sustainable and trustworthy support. In the coming years, India Nepal relations in the shadow of China’s BRI will depend not just on how much money is spent, but on long-term trust, meaningful cooperation, and shared goals for regional growth.

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³⁵⁷ Asia Society. (2024). *Nepal’s geopolitical crossroads: Balancing China, India, and the United States*.
<https://asiasociety.org/policy-institute/nepals-geopolitical-crossroads-balancing-china-india-and-united-states>

Barriers and Opportunities for Investment in Nepal

Indian FDI into Nepal has been significantly impacted by the bilateral agreement on trade that encouraged numerous Indian businesses to set up shop in Nepal and take advantage of the relationship between trade and investment. Foreign investment has been further helped by Nepal's close proximity to India, historical and cultural similarities, and steadily liberalizing trade and economic regulations. India's businesses are drawn to Nepal because of things like reduced labor costs and a trading climate that is gradually becoming more liberalized with a low tariff structure. Nonetheless, a slow-growing economy and the existence of political unpredictability have served as deterrents to investment.

FDI flows from India to Nepal have encountered a number of challenges connected to policy. Among the difficulties include the many FDI governing bodies' lack of cooperation, land acquisition-related problems, labor union disturbances; tax-related issues such the lack of tax rebates on reinvested earnings, pervasive corruption, and intellectual property infringements. To lower political risks and encourage bilateral investments, India and Nepal signed the Bilateral Investment Promotion and Protection Agreement (BIPA) in 2011.³⁵⁸

Moreover, Nepal's adoption of the concept of Special Economic Zones (SEZs) in April 2018 demonstrates the country's commitment to fostering foreign investment. The SEZ Authority Act of 2016 establishes the SEZ Authority to oversee infrastructure development within SEZs, regulate industries operating within them, and provide comprehensive services..

6. Implications and policy recommendations:

The issues, challenges, and potential areas of cooperation in India-Nepal economic relations have significant implications and future prospects for the bilateral relationship and regional economic dynamics

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³⁵⁸ Jha H. B. (2018). *Indian investment in Nepal: Challenges and opportunities*. The Himalayan Times, 25 February 2010. [https://thehimalayantimes.com/opinion/indian-investment-in-nepal-challenges-and-opportunities,pp\(1-7\)](https://thehimalayantimes.com/opinion/indian-investment-in-nepal-challenges-and-opportunities,pp(1-7))

Implications:

Trade Potential: The examination of trade potential between India and Nepal reveals a promising opportunity for further growth in their economic relationship. However, it's noteworthy that the projected increase in imports from Nepal to India, as indicated by the analysis, might suggest certain limitations in terms of the types of goods that can be effectively traded between the two countries. This observation emphasizes the significance of gaining a deeper understanding of market preferences, consumer demands, and industry dynamics to maximize the trade potential. While there exists untapped potential for expanding trade, the relatively modest estimate of increased imports underscores the importance of aligning trade offerings with the demands of the respective markets. It's crucial to recognize that effective trade doesn't solely depend on the existing supply capacity of goods in one country, but also on the willingness of consumers in the importing country to embrace those products. Hence, identifying goods that have a competitive advantage in terms of quality, cost, or uniqueness can play a pivotal role in driving trade growth.

This realization points to the necessity of conducting thorough market research and engaging in dialogue with businesses, industries, and consumers in both countries. By understanding the preferences and needs of consumers, industries can make informed decisions regarding product development, packaging, pricing, and marketing strategies. Such market-driven approaches can lead to the creation of goods that are tailor-made to suit the tastes and requirements of the target audience, enhancing their attractiveness in the market.

Collaboration between India and Nepal in this regard could involve joint efforts to gather market intelligence, conduct feasibility studies, and develop export-oriented industries that align with the demands of each other's markets. Trade promotion initiatives, workshops, and bilateral trade fairs can also facilitate interaction between businesses, fostering the exchange of insights and ideas that can guide the selection of products with high trade potential.

Trade Barriers: Trade barriers, encompassing both tariff and non-tariff barriers, have emerged as significant obstacles that impede the seamless flow of goods across the India-Nepal border. These barriers not only hinder trade efficiency but also affect the overall cost-effectiveness of cross-border transactions. One noteworthy issue is the underutilization of the tariff rate quota, a

mechanism introduced in the Bilateral Trade Treaty of 2002.³⁵⁹ This arrangement imposes quotas on specific items like vegetable ghee, copper products, acrylic yarn, and zinc oxide, beyond which the Most Favored Nation (MFN) tariff applies. However, the consistent underutilization of these quotas raises questions about their effectiveness and whether they truly facilitate increased trade.³⁶⁰

The presence of non-tariff barriers presents a multifaceted challenge. While the analysis of trade potential highlights the scope for expanding trade between India and Nepal, the relatively modest estimate of increased imports underscores the complexities involved. Non-tariff barriers, such as procedural intricacies, lack of information dissemination, and infrastructural bottlenecks, hinder the movement of goods. These issues disproportionately impact sectors such as agriculture, where lack of awareness about regulations like pest risk analysis creates difficulties. Additionally, reliance on government laboratories for testing and insufficient testing facilities leads to delays and higher transaction costs. The absence of Electronic Data Interchange (EDI) facilities and inadequate agency coordination further exacerbate these challenges.³⁶¹

Addressing these trade barriers is crucial for realizing the untapped potential in India-Nepal trade. It requires concerted efforts to streamline customs procedures, improve coordination among relevant agencies, and invest in necessary infrastructure. By doing so, both countries can enhance trade efficiency, reduce costs, and create an environment that fosters increased cross-border trade. Ultimately, a concerted focus on tackling trade barriers can significantly contribute to the growth and diversification of economic relations between India and Nepal.

FDI Trends: The patterns of Foreign Direct Investment (FDI) from India into Nepal over time exhibit a notable degree of fluctuation, indicating a certain level of uncertainty and sensitivity to various factors, including policy changes and broader economic conditions. This fluctuation in FDI trends has significant implications for both India and Nepal in terms of fostering stable and sustainable investment inflows and planning for long-term economic development.

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³⁵⁹ Jha H. B. (2018). *Indian investment in Nepal: Challenges and opportunities*. The Himalayan Times, 25 February 2010. [https://thehimalayantimes.com/opinion/indian-investment-in-nepal-challenges-and-opportunities,pp\(1-7\)](https://thehimalayantimes.com/opinion/indian-investment-in-nepal-challenges-and-opportunities,pp(1-7))

³⁶⁰ Taneja, N. (2018). *A granular approach to addressing nontariff barriers: India's trade with Bangladesh and Nepal*. A glass half full: The promise of regional trade in South Asia pp. (105–158).

³⁶¹ Jha,op.cit.,p.6

The unpredictability in FDI trends can stem from various sources. Changes in policies, both in the investing country (India) and the recipient country (Nepal), can influence investor sentiment. Shifts in regulations, taxation policies, or bilateral agreements can impact the attractiveness of investment opportunities, leading to fluctuations in FDI volumes. Additionally, economic conditions, both global and regional, can affect investment decisions. Economic downturns, market uncertainties, or geopolitical factors can create an environment of caution among investors, causing them to delay or reconsider their investment plans.³⁶²

The fluctuating FDI trends can have implications for economic stability and growth. For Nepal, the volatility in FDI flows from India can impact its ability to attract consistent and sustained investments, which are crucial for economic development, job creation, and infrastructure enhancement. Moreover, a lack of stable investment inflows can hinder long-term planning, as policymakers and businesses may struggle to anticipate future investment patterns and align their strategies accordingly.

For India, the fluctuating FDI trends can affect its strategic goals in promoting economic engagement and cooperation with Nepal. Inconsistent investment flows can undermine efforts to foster strong bilateral economic ties and deepen collaboration in sectors of mutual interest. Additionally, fluctuations in investment can affect India's reputation as a reliable and consistent investor, potentially impacting its standing in the global investment community.

To address the challenge of fluctuating FDI trends, both countries can consider measures to enhance policy stability, improve transparency, and provide a more predictable investment environment. Strengthening bilateral investment agreements, providing clear and consistent regulatory frameworks, and offering incentives that align with long-term investment goals can help mitigate the volatility in FDI flows. By promoting stability and predictability in investment conditions, both India and Nepal can create an environment conducive to attracting sustained FDI, fostering economic growth, and deepening their economic partnership.³⁶³

Policy Initiatives

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³⁶² Nepal Rastra Bank, Research Department. (2018). *A survey report on foreign direct investment in Nepal*, pp.(9-35)

³⁶³ Ibid.,pp.(9-35)

Both India and Nepal have taken significant policy initiatives aimed at attracting foreign investment and enhancing trade facilitation, reflecting their commitment to fostering economic cooperation and improving the overall business environment. These policy changes have the potential to influence several crucial aspects, including the ease of doing business, the investment climate, and the broader economic partnership between the two nations.

In Nepal, the adoption of policies such as the Foreign Investment and Technology Transfer Act (FITTA) of 1992 and the more recent Foreign Investment Policy of 2015 demonstrates the country's dedication to attracting foreign investors. These policies provide clear definitions of foreign investment terms and offer provisions that facilitate FDI, including access to foreign exchange, tax exemptions, credit access, employment of foreign workers, and mechanisms for dispute settlement. Additionally, Nepal's establishment of Special Economic Zones (SEZs) showcases its commitment to creating dedicated zones for foreign investors, offering benefits such as tax holidays and concessions. These initiatives aim to create a more investor-friendly environment, improve the ease of doing business, and enhance Nepal's appeal as an investment destination.³⁶⁴

Similarly, India has implemented policy measures to promote economic cooperation with Nepal. The bilateral trade agreements and preferential trade arrangements serve as frameworks for trade facilitation between the two countries. Moreover, India's initiatives to improve connectivity through infrastructural development, such as the Integrated Check Post at the Raxaul-Birgunj border, contribute to enhancing cross-border trade efficiency. These measures not only reduce transaction costs but also promote smoother movement of goods, supporting economic collaboration between India and Nepal.

Furthermore, both countries have explored the potential of enhancing investment cooperation. Initiatives such as the Bilateral Investment Promotion and Protection Agreement (BIPA) aimed to reduce political risks and promote bilateral investments. Although the BIPA was not ratified, the existence of such agreements highlights the willingness of both nations to provide a secure and predictable environment for investors.

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³⁶⁴ Taneja, N., Prakash, S., Bimal, S., Garg, S., & Roy, R. (2020). *Indo-Nepal trade and investment*. India Quarterly, Sage Publications, 76(2), pp.(243–275)

The impact of these policy changes extends beyond individual sectors to influence the broader economic partnership between India and Nepal. By fostering a more conducive environment for trade and investment, these policy initiatives can attract more businesses to explore opportunities in both countries. An improved investment climate encourages the inflow of capital, technology, and expertise, contributing to economic growth, job creation, and knowledge transfer. Moreover, a favorable business environment can enhance mutual trust and collaboration, leading to the development of joint ventures, shared projects, and increased cross-border economic engagement.

The policy measures undertaken by India and Nepal to attract foreign investment and enhance trade facilitation represent essential steps toward strengthening their economic cooperation. These changes have the potential to improve the ease of doing business, create favorable investment conditions, and deepen the economic partnership between the two nations. By fostering a more conducive environment for trade and investment, India and Nepal are working to enhance their economic ties and unlock the potential for mutual growth and development.

Policy Recommendations

India has long been Nepal's most important economic and trade partner, but in order for the two countries to maintain their good economic connections going forward, new challenges need to be overcome. You can see the review of the issues and trends influencing FDI and trade flows above. The following recommendations could be advantageous to both countries:

1. Recommendations for enhancing trade relations between India and Nepal include:

Explicating Ambiguity under SAPTA: concessions under South Asian Preferential Trade Agreement were meant to terminate with the enforcement of SAFTA. Nonetheless, Nepal's standing under SAPTA is unclear due to its unfinished SAFTA tariff liberalization procedure. It is imperative to resolve this uncertainty.

Harmonizing Tariff Concessions: India and Nepal should work towards resolving disparities in concessions of tariff among bilateral agreement and SAFTA. Negotiations can focus on

obtaining concessions for items with higher tariff duties under the bilateral treaty compared to SAFTA.³⁶⁵

Delay in Minimum Value Addition Requirement: Nepal's request for a minimum 25% value addition requirement in the Rules of Origin should be reviewed in light of ongoing discussions within the World Trade Organization (WTO) regarding preferential rules of origin for Least Developed Countries.

Adjusting Tariff Classification Requirement: India should modify tariff classification (CTC) under the bilateral treaty from 4 to a 6 digit level. This change would align with the less stringent 6-digit CTC requirement already offered under the Duty-Free Tariff Preference scheme.

2. Recommendations for upgrading infrastructure include:

Address Infrastructural Gaps at Land Customs Stations: The Panitanki Land Customs Station (LCS) has a number of infrastructure deficiencies, including the absence of vital amenities such as weight bridges, cold storage, and Electronic Data Interchange (EDI) capabilities. Even if an Integrated Check Post has been set up in Raxaul, it's crucial to evaluate whether it adequately addresses the infrastructural shortcomings that were at the previous LCS there.

Perform a Comprehensive Infrastructure Inspection: A detailed evaluation of the current infrastructure gaps is required in order to upgrade the infrastructure at the 27 Land Customs Stations along the border between India and Nepal. In order to minimize delays and streamline trade operations, this assessment should take into account both the technology improvements, such as EDI systems, as well as the physical facilities.³⁶⁶

3. Recommendations for enhancing FDI from India to Nepal include:

Bilateral Investment Treaty: government of India should consider entering into a new bilateral investment treaty with Nepal to promote and protect investments. As the previous treaty has been

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³⁶⁵ Ministry of Commerce and Industry. (2020). *Agreement on South Asian Free Trade Area (SAFTA)*. Retrieved from <https://commerce.gov.in/wp-content/uploads/2020/05/safta.pdf>, pp (88-113)

³⁶⁶ Taneja, N., Prakash, S., Bimal, S., Garg, S., & Roy, R. (2020). *Indo-Nepal trade and investment*. India Quarterly, Sage Publications, 76(2), pp.(243–275)

terminated, a fresh agreement would provide a clear framework for investment and minimize risks.³⁶⁷

Leverage Trade-Investment Nexus: Encouraging trade-creating investments from India into Nepal can yield mutual benefits. Increased FDI, particularly in the manufacturing sectors, can boost Nepal's export capacity not only to India but also to other global markets. This approach can help address Nepal's trade deficit with India.

Establish Special Economic Zones: SEZ law of Nepal presents an opportunity for Indian investors to establish SEZs in the country, close to the India-Nepal border to leverage proximity to Indian states. SEZs near existing Inland Container Depots (ICDs) can facilitate smoother transfer of goods between the two Nepal and India. Creating SEZs in Nepal offers Indian investors incentives and ease of export, with provisions for research, feasibility studies, and visa facilities for substantial investments.

Establish Dispute Resolution Mechanism: To foster a robust business environment, a well-structured and innovative dispute resolution mechanism should be established between India and Nepal. This mechanism would provide a framework for addressing disputes and concerns that might arise in the course of business activities between Nepal and India.

4. Recommendation for a more comprehensive partnership includes:

Integration of Bilateral Treaties: Numerous bilateral cooperation accords have been established between India and Nepal as a result of their complex and multifaceted cross-border contacts. In order to guarantee a comprehensive strategy encompassing trade in products, services, hydropower, foreign direct investment, and trade facilitation, it is recommended to combine these disparate agreements into a single Comprehensive Partnership Agreement. This comprehensive framework would extend beyond existing agreements and encompass a wider scope of collaboration, fostering enhanced economic ties between the two nations.³⁶⁸

Consideration of potential future trajectories for India-Nepal economic relations.

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³⁶⁷ Ibid.,pp.(243–275)

³⁶⁸ Jha H. B. (2018). *Indian investment in Nepal: Challenges and opportunities*. The Himalayan Times, 25 February 2010. [https://thehimalayantimes.com/opinion/indian-investment-in-nepal-challenges-and-opportunities,pp\(1-7\)](https://thehimalayantimes.com/opinion/indian-investment-in-nepal-challenges-and-opportunities,pp(1-7))

Exploring potential future trajectories for India-Nepal economic relations involves examining various dimension, including trade, investment, infrastructure, and cooperation. Given the geographical, historical, and cultural ties between Nepal and India, there are several possible directions that their economic relations could take.³⁶⁹

Enhanced Trade Relations: Both countries can work towards further liberalizing trade barriers. This could involve updating existing trade agreements and resolving issues related to tariff concessions and non-tariff barriers. Focusing on product diversification, value addition, and quality improvement can boost bilateral trade. Additionally, exploring avenues for trade in services beyond just goods could create new opportunities for economic cooperation.

Trade Facilitation: Customs procedures can be expedited and trade expenses can be decreased by implementing contemporary trade facilitation techniques, such as risk management systems, electronic data interchange, and single-window systems at border. This could facilitate cross-border trade by streamlining the flow of products and services.³⁷⁰

Investment Promotion: Both countries can encourage foreign investment by creating a conducive business environment. India can support Nepal's efforts to attract more foreign direct investment (FDI) by sharing its own experiences in this regard. Establishing dedicated economic zones and offering incentives for investors could be part of this strategy.

Joint Infrastructure Development: Collaborating on infrastructure projects, such as cross-border connectivity, rail, road, and energy projects, can significantly enhance economic ties. The development of border trade points and integrated check posts can also improve trade logistics.

Hydropower Cooperation: Nepal's significant hydropower potential can be harnessed to address its energy needs and foster economic growth. India's expertise in the energy sector can contribute to joint ventures and investments in hydropower projects in Nepal.

Tourism Promotion: Both Nepal and India can use their rich cultural and natural heritage to promote tourism. Initiatives to simplify visa processes, improve connectivity, and jointly market tourism packages can boost the sector.

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³⁶⁹ Ibid.PP.(1-7)

³⁷⁰ Taneja, N., Prakash, S., Bimal, S., Garg, S., & Roy, R. (2020). *Indo-Nepal trade and investment*. India Quarterly, Sage Publications, 76(2), pp.(243–275)

Comprehensive Partnership Agreement: As mentioned in the previous response, consolidating various bilateral treaties into a Comprehensive Partnership Agreement can provide a structured framework for cooperation. This agreement could encompass trade in goods and services, FDI, energy collaboration, infrastructure development, and other key areas.

People-to-People Connectivity: Strengthening people-to-people connectivity through cultural exchanges, educational collaborations, and cross-border movement can deepen the socio-economic ties between India and Nepal.³⁷¹

Digital Integration: Embracing digital technologies can enhance cross-border trade and communication. E-commerce platforms and digital payment systems can facilitate easy trade and financial transactions.

Sustainable Development: Both countries can collaborate on sustainable development initiatives, including environmental conservation, renewable energy projects, and initiatives to address shared challenges like climate change.

It's important to note that the success of these potential trajectories depends on effective communication, political will, mutual trust, and coordinated efforts between India and Nepal. While opportunities exist, challenges such as political differences, regulatory complexities, and changing global dynamics must also be navigated to realize the full potential of their economic relations.

CONCLUSION

The examination of India-Nepal trade and cross-border commercial activity from 1947 to 2020 provides important context for understanding how the two countries' economies are changing. Political, social, geographic, and historical variables have all impacted the economic linkages over time. Their trade and cooperation history demonstrates the opportunities and difficulties that have defined the bilateral economic environment.

Starting from the early years post-independence, India's role as a major trading partner and investor in Nepal laid the foundation for economic cooperation. The bilateral trade agreements, such as the Treaty of Trade and the subsequent SAFTA framework, aimed to promote trade

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³⁷¹ Jha ,*Op.cit.*, pp.(1-7)

liberalization and foster economic growth. However, this journey has not been without obstacles. Throughout the decades, issues such as trade imbalances, non-tariff barriers, and policy inconsistencies have posed challenges to the seamless flow of goods and services.

The analysis underscores the importance of addressing non-tariff barriers, information gaps, and infrastructural deficiencies to enhance bilateral trade. Recommendations such as harmonizing standards, improving testing facilities, and investing in infrastructure have the potential to bolster economic ties and create a more conducive environment for trade.

Moreover, the assessment of foreign direct investment (FDI) flows reflects India's substantial contribution to Nepal's economy. While India has been a major source of FDI, recent developments have highlighted the emergence of other players, such as China, in Nepal's economic landscape. This shift emphasizes the need for India and Nepal to continually adapt their economic strategies to ensure mutual benefits and sustainable growth.

Looking ahead, the potential future trajectories for India-Nepal economic relations are promising. As both nations focus on trade facilitation, investment promotion, joint infrastructure projects, and comprehensive partnership agreements, the scope for deeper economic integration becomes more apparent. Leveraging each other's strengths in areas like hydropower, tourism, and digital connectivity can create a synergy that propels economic cooperation to new heights.

However, realizing these trajectories requires a collaborative approach that considers not only economic factors but also political, social, and environmental dynamics. Effective communication, transparency, and commitment from both sides will be critical in navigating challenges and harnessing opportunities.

The analysis of cross-border commercial activities and trade between India and Nepal over the years signifies a relationship that is dynamic and multifaceted. It reflects the potential for shared prosperity, deeper integration, and sustainable development. By addressing challenges, implementing recommendations, and embracing a comprehensive partnership approach, India and Nepal can forge a stronger economic alliance that benefits both nations and contributes to regional stability and growth.

Conclusion:

The relationship between India and Nepal is strong and long-lasting, rooted in shared history, culture, religion, and mutual interests. This deep connection serves as an example of how cultural and historical bonds can form the foundation for positive relationships between countries, ensuring benefits for both, promoting regional peace, and helping preserve each nation's unique identity.

Cultural and Religious Ties

The cultural and religious connections between India and Nepal are at the core of their special relationship, shaping the lives of their people and their interactions. The shared spiritual heritage of Hinduism and Buddhism creates a lasting link. Nepal's importance as the birthplace of Lord Buddha is significant for both nations, drawing thousands of Indian pilgrims to visit Lumbini every year. Similarly, India's holy places like Varanasi, Pashupatinath, and Janakpur are key pilgrimage sites for Nepalese, strengthening their shared devotion. Joint celebrations of festivals such as Dashain, Tihar (Diwali), and Holi reflect the cultural harmony between the two countries. These festivals are not only important religiously but also enrich social life by allowing people to experience and share each other's traditions. Cultural exchanges in areas like music, dance, and literature further build understanding and encourage collaboration, showcasing the beauty of both cultures. However, modern challenges affect this cultural relationship. Increasing nationalism in both countries sometimes leads to tensions, distorting these shared values. Political manipulation of religious identity and the growing impact of outside cultural influences could weaken these deep-rooted ties. To address this, both countries must actively work to preserve their common heritage. Steps such as organizing cultural festivals, promoting bilateral tourism, and documenting historical connections can help strengthen these bonds. Educational partnerships, especially in subjects like history, religion, and culture, can also play an important role in building awareness among younger generations. Exchange programs between Indian and Nepali universities focusing on these areas would create scholars who understand and value this shared legacy. Additionally, governments and organizations can

collaborate to preserve intangible cultural heritage, such as oral traditions, folklore, and crafts. Digital technologies also offer new ways to keep these cultural connections alive. Virtual tours of religious sites, online platforms sharing historical records, and digital art exhibitions can make these bonds more accessible and meaningful to future generations.

Lessons from History

The historical relationship between Nepal and British India was shaped by the leadership of the Shah dynasty, which helped build Nepal's modern identity. The Treaty of Sugauli was pivotal agreement signed between the British East India Company and the Kingdom of Nepal on December 2, 1815, and ratified on March 4, 1816. While the treaty led to the loss of land to British India, it also protected Nepal's independence during a time of aggressive colonial expansion. By staying independent while many other countries fell under imperial control, the Shah dynasty showed impressive diplomatic skills. During the Shah rule, Nepal not only maintained its sovereignty but also developed a strong sense of national identity through efforts to preserve its culture and make administrative improvements. This period showed the importance of smart diplomacy in protecting national independence and asserting Nepal's distinct position in the region. These lessons from the past still hold value today, reminding us of the need to balance national pride with practical international cooperation.

The Rana regime (1846–1951) also demonstrated Nepal's strategic wisdom. By positioning Nepal as a buffer state between British India and China, the Ranas maintained some degree of independence while creating a mutually beneficial relationship with British India. The recruitment of Gurkha soldiers into the British Indian Army strengthened military ties and built a lasting legacy of bravery and loyalty, symbolizing Nepal's important role in the region. During the World Wars, Nepal remained neutral, showing its commitment to sovereignty while also supporting British India with supplies and soldiers. This approach of staying neutral while contributing to Britain's war effort highlights Nepal's ability to handle international pressures effectively. The strategies used by the Rana regime built upon the earlier diplomatic actions of the Shah dynasty, creating a consistent narrative of Nepal's strength and adaptability in the face of challenges.

Geopolitical Challenges: Balancing Regional Relationships

Nepal's position between India and China puts it at the center of important regional politics in South Asia. This location has strongly influenced its foreign policy, making it necessary for Nepal to manage its relationships with both powerful neighbors while protecting its independence. After colonial times, the 1950 Treaty of Peace and Friendship became the main agreement between India and Nepal, promoting cooperation in areas like economy and security. However, this treaty has often been debated, with Nepal requesting changes to better reflect current needs. In recent years, China's growing presence in Nepal has added complexity to this situation. Through projects like the Belt and Road Initiative (BRI) and large investments in infrastructure, China has worked to build stronger ties with Nepal. This puts India in a tough position, as it sees Nepal as a key part of its regional and cultural sphere. Nepal insists that its relationship with China is just about economic matters, but the increasing role of China in areas like infrastructure, energy, and trade is hard to overlook. India's response to this situation needs to be careful and balanced. On one hand, India must continue to support Nepal's development by investing in things like infrastructure, cross-border trade, and energy projects, especially in hydropower. On the other hand, India should also use soft power tools like cultural exchange programs, scholarships, and people-to-people connections to reinforce their shared history and strong emotional ties.

The situation is further complicated by political changes within Nepal, such as its shift from a monarchy to a democratic republic. These transitions have sometimes caused tensions in the India-Nepal relationship, as political groups in Nepal have looked to foreign partnerships to strengthen their position. Border disputes, like those in Kalapani, Lipulekh, and Susta, have added to these tensions, making ongoing discussions and conflict resolution crucial. In handling these complexities, India also needs to consider the larger regional picture, including how Nepal's foreign policy choices impact India's security and economy. Nepal's stability and independence are important for India's strategic position, especially when it comes to countering outside influences that might destabilize the region. India and Nepal can work together through collaborative projects that respect Nepal's sovereignty and promote mutual development, ensuring that political and geopolitical issues don't overshadow their shared history and cultural connections.

Economic Cooperation: Exploring Opportunities and Overcoming Challenges

Economic cooperation is a key part of the relationship between India and Nepal, with both countries benefiting from their proximity and historical trade links. India is Nepal's biggest trading partner, supplying goods like petroleum, food, and consumer products. Nepal's potential in hydropower energy, combined with India's increasing energy needs, offers a chance for significant joint projects.

Economic relationship faces challenges. Nepal's exports to India don't match the high levels of imports, creating a trade imbalance. Problems like non-tariff barriers, bureaucratic delays, and poor infrastructure along trade routes make it harder to trade. Addressing these problems requires clear policies to promote trade diversity and improve logistics. Improving infrastructure is particularly important. Expanding border checkpoints, modernizing customs processes, and improving road and rail connections can help make trade smoother. Projects like the Motihari-Amlekhgunj petroleum pipeline show how infrastructure investments can strengthen cooperation. Similar projects in renewable energy, such as solar and wind energy, could also improve economic ties. Nepal's huge hydropower potential offers another opportunity for collaboration. Joint investments in hydroelectric projects, like the Arun III and Upper Karnali projects, can help meet both countries' energy needs and create revenue for Nepal. Clear and fair agreements on these projects are essential for their success.

Tourism is another area with great potential. By promoting the Himalayan region as a shared tourist destination, highlighting its religious, cultural, and natural attractions, both countries can draw in international visitors. Simplifying visa procedures, building eco-friendly accommodations, and creating better transportation options will enhance the tourist experience and bring in more revenue for both nations. India also invests heavily in Nepal, especially in industries like banking, manufacturing, and telecommunications. These investments have helped Nepal's economy grow, but with the rise of competitors like China, India may need to adjust its strategies. Encouraging partnerships between private companies, offering better investment terms, and supporting Nepalese entrepreneurship will help India maintain its economic influence.

Digital connectivity is becoming an important factor in improving bilateral economic ties. Projects in e-commerce, financial technology, and digital education can help both countries reach remote areas and improve market access. Joint ventures in IT and software development can also tap into global markets, providing new opportunities for young people in both India and Nepal.

Building Strong Partnerships

The history and current relationship between India and Nepal offer important lessons for creating a strong and forward-looking partnership. One of the key lessons is the need to build trust and respect between the two countries. Both must recognize their shared history and work together to adapt to changes in the region and the world. Trust is not automatic; it needs consistent effort through open communication, transparency, and addressing each other's important concerns. For India, it's important to avoid interfering in Nepal's internal affairs. In the past, India's actions in political or economic matters have sometimes caused tension. A more balanced approach, where India helps Nepal with its development goals without overstepping, is essential. This can be done by focusing on joint projects and respecting Nepal's right to engage with other countries, including China. Nepal, on its part, should remember India's long-standing support as a partner in its development. While Nepal has the right to form new partnerships, relying too much on one country can create risks. Nepal needs to find a balance between working with China and keeping close ties with India. Nepal's cultural and geographic closeness to India is a special advantage that shouldn't be overlooked in favor of short-term benefits from other countries.

One way to make the partnership stronger is by creating permanent channels for communication. High-level committees and groups focused on issues like trade, border management, and infrastructure can help the two countries work together more effectively. These groups can also help solve problems early, preventing small disagreements from becoming big issues. Using regional organizations like SAARC and BIMSTEC can also help both nations cooperate more. Working together in these groups, India and Nepal can address common problems like climate change, disaster management, and managing water resources, all while supporting each other's interests in regional matters.

Building stronger connections between the people of both countries is another important lesson. Educational exchanges, cultural programs, and tourism can play a big role in maintaining the emotional bond between India and Nepal. Programs for scholarships, skill development, and even cross-border universities can help the younger generation see the relationship as more than just political it will be a personal and cultural one. Technology can also help strengthen these ties. Online platforms that share cultural heritage, joint projects like movies or documentaries, and digital platforms for business (like e-commerce and fin-tech) can all be used to connect people from both nations in modern ways.

The economic relationship must also evolve to meet today's needs. Improving trade zones, transportation, and using digital trade systems can greatly improve cooperation. Special attention should be given to the potential of hydropower, which offers huge benefits for both countries. Renewable energy and tourism are two other sectors where both nations can work together to ensure strong economic ties in the future.

Security is another area that needs constant attention. Joint management of borders is important to address issues like illegal migration, trafficking, and terrorism. Regular military and intelligence-sharing, inspired by the past cooperation through Gurkha recruitment and security efforts, can strengthen this area of partnership. As global challenges like cyber threats and environmental risks emerge, India and Nepal must adapt their security strategies to handle these new challenges. Working together in areas like disaster preparedness, cyber security, and sustainable development can ensure that their security cooperation remains strong and relevant. A Visionary Leadership Approach: Finally, leaders in both countries should take a forward-thinking approach, focusing not just on managing current issues but also on planning for long-term stability and growth. Clear plans for development, supported by public feedback and expert advice, can make joint projects more effective. Both countries should promote their shared values of peace, cooperation, and resilience on the world stage.

By handling these challenges with careful diplomacy and forward-thinking strategies, India and Nepal can make their partnership even stronger, ensuring mutual benefits and regional peace. Moving forward, they should celebrate their shared heritage; respect each other's uniqueness and work together to build a future that meets the needs and dreams of both nations. Together, India

and Nepal can continue to stand as examples of unity, strength, and peace in an ever-changing world.

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Appendix-I

Original translations of the Sughauli Treaty as well as the memorandum and other treaties that came after it. For Articles And Analysis About This Treaty³⁷²

Original Translations Of The Sughauli Treaty And Other Treaties And Memorandum That Followed This Treaty. For Analysis And Articles Regarding This Treaty,

The Sughauli Treaty

The text below is from the initially proposed treaty that was delivered on March 4th 1816 to Nepal Darbar:¹

The Treaty of Sugauli had a profound impact on the relationship between Nepal and British India during the British period. It marked a significant shift in power dynamics, with the British gaining control over strategic territories and Nepal accepting British guidance in its external affairs. This arrangement laid the foundation for a new phase in Indo-Nepalese relations, where the British exerted considerable influence over Nepal's foreign policy.

Furthermore, the treaty reshaped the border between Nepal and British India, leading to lasting territorial changes. It also affected trade and commerce between

.....
³⁷² Nepal Development PBworks. (n.d.). *Sughauli*, Pp.1-5 Retrieved November 12, 2024, from <http://nepaldevelopment.pbworks.com/w/page/34197552/Sughauli>

the two nations, as the treaty established provisions for the movement of goods and set tariffs and duties for trade.

The signing of the Treaty of Sugauli established a new era in Indo-Nepalese relations, characterized by British dominance and Nepal's acceptance of British suzerainty. It influenced the political and diplomatic landscape in the region and shaped the course of relations between the two nations during the British colonial period.

Treaty of sagauli signed between the Honorable East India Company and **Maha Rajah Bikram Sah**, Rajah of Nipal, settled between **Lieutenant-Colonel Bradshaw** on the part of the Honourable Company, in virtue of the full powers vested in him by His Excellence the Right Honourable Francis Earl of Moira Knight of the Most Noble Order of the Garter, one of His Majesty's Most Honourable Privy Council, appointed by the Court of Directors of the said Honourable Company to direct and control all affairs in the East Indies, and by Sree Gooroo Gujraj Misser and Chunder Seeker Opedeea on the part of Maha Rajah Girmaun Jode Bikran Sah Bahadur, Shumsheer Jung, in virtue of the powers to that effect vested in them by the said Rajah of Nipal, 2nd December 1815.

Whereas war has arisen between the Honourable East India Company and the Rajah of Nipal, and whereas the parties are mutually disposed to restore the relations of peace and amity which, previously to the occurrence of the late differences, had long subsisted between the two States, the following terms of peace have been agreed upon:

Article - I

There shall be perpetual peace and friendship between the Honourable East India Company and the King of Nepal.

Article - II

The Rajah of Nipal renounces all claim to the lands which were the subject of discussion between the two States before the war, and acknowledges the right of the Honourable Company to the sovereignty of those lands.

Article - III

The Rajah of Nipal hereby cedes to the Honourable the East India Company in perpetuity all the under-mentioned territories, viz-

First: – The whole of the lowlands between the Rivers Kali and Rapti.

Secondly: – The whole of the low lands (with the exception of Bootwul Khass) lying between the Rapti and the Gunduck.

Third:– The whole of the lowlands between the Gunduck and Coosah, in which the authority of the British Government has been introduced, or is in actual course of introduction.

Fourth:– All the low lands between the Rivers Mitchee and the Teestah.

Fifth:– All the territories within the hills eastward of the River Mitchee including the fort and lands of Nagree and the Pass of Nagarcote leading from Morung into the hills, together with the territory lying between that pass and nagerr. The aforesaid territory shall be evacuated by the Gurkha troops within forty days from this date.

Article - IV

With a view to indemnify the Chiefs and Barahdars of the State of Nipal, whose interests will suffer by the alienation of the lands ceded by the foregoing Article, the British Government agrees to settle pensions to the aggregate amount of two lakhs of rupees per annum on such Chiefs as may be selected by the Rajah of Nipal, and in the proportions which the Rajah may fix. As soon as the selection is made, Sunnuds shall be granted under the seal and signature of the Governor General for the pensions respectively.

Article-3 point three], such as appertained to the Rajah before the late disagreement; excepting the disputed lands in the Zillahs of Tirhoot and Sarun, and excepting such portions of territory as may occur on both sides for the purpose of settling a frontier, upon investigation by the respective commissioners; and excepting such lands as may have been given in possession to any one by the British Govt upon ascertainment of his rights subsequent to the cession of Terai to that Government. *In case the Rajah is desirous of retaining the lands of such ascertained proprietors, they may be exchanged for others*, and let it be clearly understood that notwithstanding the considerable extent of the lands in the Zillah of Tirhoot, which have for a long time been a subject of dispute, the settlement made in the year of 1812 of Christ, corresponding with the year 1869 of Bikramajeet, shall be taken, and everything else relinquished, that is to say, that the settlement and negotiations, such as occurred at that period shall in the present case hold good and be established.

3. The British Govt is willing likewise to restore the Terai lying between the Rivers Gunduk and Rapti, that is to say, *from the River Gunduk to the western limits of the Zillah of Goruckpore, together with Bootwul and Sheeraj* [*nullifies Article-3 point two*], such as appertained to Nipal previous to the disagreements, complete, with the exception of the disputed places in the Terai, and such quantity of ground as may be considered mutually to be requisite for the new boundary.

4. As it is impossible to established desirable limits between the two States without the survey, it will be expedient that *Commissioners be appointed on both sides for the purpose of arranging in concert a well defined boundary on the basis of the preceding terms, and of establishing a straight line of frontier*, with a view to the distinct separation of the respective territories of the British Government to the south and of Nipal to the north; and in case any indentations occur to destroy the even tenor of the line, the Commissioners should effect and exchange of lands so interfering on principles of clear reciprocity.

5. And should it occur that the proprietors of lands situated on the mutual frontier, as it may be rectified, whether holding of the British Govt or of the Rajah of Nipal, should be placed in the condition of subjects of both Govts, with a view to prevent continual dispute and discussion between the 2 govt, the respective Commissioners should effect in mutual concurrence and co-operation the exchange of such lands, so as to tender them subject to one dominion alone.

6. Whensoever the Terai should be restored, the *Rajah of Nipal will cease to require the sum of 2 lakhs of Rupees* per annum, which the British Govt agreed the advance for the maintenance of certain Barahars of his Government.

7. Moreover, the Rajah of Nipal agrees to *refrain from prosecuting any inhabitants of the Terai, after its reversion to his rule*, on account of having favored the cause of the British Govt during the war, and should any of those persons, excepting the cultivators of the soil, be desirous quitting their estates, and for retiring within the Company's territories, he shall not be liable to hindrance.

8. In the even of the Rajah's approving the foregoing terms, the proposed arrangement for the survey and establishment of boundary marks shall be carried into execution, and after the determination in concert of the boundary line, Sunnuds conformable to the foregoing stipulations, drawn out and sealed by the two States, shall be delivered and accepted on both sides.

(Sd.) Edward Gardner

Resident

(A true translation)

(Sd. G Wellesley

Assistant

Substance of a Letter under the Seal of the Raja of Nipal

*This letter was sent by the Raja and received by the British on Dec 11, 1816:*³

After compliment;

I have comprehended the document under date the 8th of December 1816... which you transmitted relative to the restoration, with a view to my friendship and satisfaction, of the Terai between the Rivers Coosa and Rapti to the southern boundary complete, such as appertained to my estate previous to the war. It mentioned that in the event of my accepting the terms contained in that document, the southern boundary of the Terai should be established as it was held by the Govt. *I have accordingly agreed to the terms laid down by you*, and herewith enclose an instrument of agreement, which may be satisfactory to you. Moreover, it was written in the document transmitted by you, that it should be restored, with the exception of the disputed lands and such portion of land as should, in the opinion of the Commissioners on both sides, occur for the purpose of settling a boundary: and excepting the lands which, after the cessions of the Terai to the Honourable Company, may have been transmitted by it to the ascertained proprietors. My

friend, all these matters rest with you, and since it was also written that a view was had to my friendship and satisfaction with respect to certain Articles of the Treaty of Segowlee, which bore hard upon me, and which could be remitted, I am well assured that you have at heart the removal of whatever may tend to my distress, and that you will act in a manner corresponding to the advantage of this State and the increase of the friendly relations subsisting between the two Govt.

Moreover I have to acknowledge the receipt of the orders under the red seal of this State, addressed to the officers of Terai between the Rivers Gunduk and Rapti, for the surrender of that Terai, and their retiring from thence, which was given to you at Thankote, according to your request, and which you have now returned for my satisfaction.

(A true translation)

(Sd.) G Wellesley

Assistant

**Substance of a Document under the Red Seal, received from the Durbar on
Dec 11, 1816**

The following was the attached document by the Raja:⁴

With regard to friendship and amity, the GoN agrees to the tenor of the document under the 8th December 1816... which was received by the Darbar from the Honourable Edward Gardner on the part of the Honourable Company, respecting the revertance of the Terai between the Rivers Coosa and Rapti to the former southern boundary, such as appertained to Nipal previous to the war with exception of the disputed lands.

Dated the 7th of Poos 1873 Sambat.

(A true translation)

(Sd.) G. Wellesley

Assistant

Treaty with Nipal, November 1, 1860

During the disturbances which followed the mutiny of the Native army of Bengal in 1857, the Maharaja of Nipal not only faithfully maintained the relations of peace and friendship established between the British Govt and the State of Nipal by the Treaty of Segowlee, but freely placed troops at the disposal of the British authorities for the preservation of order in the Frontier Districts, and subsequently sent a force to cooperate with the British Army in the re-capture of Lucknow and the final defeat of the rebels. On the conclusion of these operations, the Viceroy and Governor-General in recognition of the eminent services rendered to restore the Maharaja the whole of the lowlands lying between the River Kali and the District of Goruckpoer, which belonged to the State of Nipal in 1815 and were ceded to the British Government in that year by the aforesaid Treaty. These lands have now been identified by the Commissioners appointed for the purpose by the British Govt, in the presence of Commissioners deputed by the Nipal Darbar; masonry pillars have been erected to mark the future boundary of the two States, and the territory has been formally delivered over to the Nepalese authorities. In order the more more firmly to secure the State of Nipal in the perpetual possession of this territory, and to mark in a solemn way the occasion of its restoration, the following Treaty has been concluded between the two States.

Article 1: All Treaties and Engagements now in force between the British Government and the Maharaja of Nipal, except in so far they may be altered by the Treaty, are hereby confirmed.

Article 2: The British Govt hereby bestows on the Mhaharaj of Nipa in full sovereignty, the whole of the lowlands between teh Rivers Kali and Raptee, and the whole of the lowlands lying between the River Raptee and teh District of Goruckpore, which were in the possession of the Nipal State in the year 1815, and were ceded to the British Government by Article III of the Treaty concluded at Segowlee on teh 2nd of December in that year.

Article 3: The boundary line surveyed by the British Commissioners appointed for the purpose extensending eastward from teh River kali and Sardah to the foot of teh hills north of Bagowra Tal, and marked by pillars, shall henceforth be the boundary between the British Province of Oudh and the Territories of the Maharajah of Nipal.

This Treaty, signed by Lt-Colonel George Ramsey, on the part of his Excellency the Right Hnbl Charles John, Earl Canning, G.C.B., Viceroy and Governor-General of India, and by Maharajah Dheraj Soorinder Vikram Sah Bahadoor Shumshere Jung,

shall be ratified, and the ratifications shall be exchanged at Khatmandoo within thirty days of the date of signature.

Signed and sealed of Khatmandoo, the First day of Nov, 1860 AD corresponding to the 3rd day of Kartick Budee, Sumbut 1917.

(Sd.) G. Ramsey, Lt-colonel
Resident at Nipal

(Sd.) Canning
Viceroy and Governor-General

This Treaty was ratified by His Excellency the Governor-General, at Calcutta on the 15th of Nov 1860.

(Sd.) A.R. Young
Deputy Secretary to the Govt of India

Appendix-II

Letter of Exchanges of Peace and Friendship treaty³⁷³

45. Treaty of Peace and Friendship.
Kathmandu, July 31, 1950.

THE Government of India and the Government of Nepal, recognising the ancient ties which have happily existed between the two countries for centuries;

DESIRING still further to strengthen and develop these ties and to perpetuate peace between the two countries;

HAVE resolved therefore to enter into a Treaty of Peace and Friendship with each other and have, for this purpose, appointed as their plenipotentiaries the following persons, namely,

The Government of India :

His Excellency Shri Chandreshwar Prasad Narain Singh,
Ambassador of India in Nepal.

The Government of Nepal :

Maharaja Mohun Shamsheer Jang Bahadur Rana,
Prime Minister and Supreme Commander-in-Chief of Nepal,

WHO, having examined each other's credentials and found them good and in due form

HAVE agreed as follows :

Article I

There shall be everlasting peace and friendship between the Government of India and the Government of Nepal. The two Governments agree mutually to acknowledge and respect the complete sovereignty, territorial integrity and independence of each other.

Article II

The two Governments hereby undertake to inform each other of any serious friction or misunderstanding with any neighboring state likely to cause any breach in the friendly relations subsisting between the two Governments.

Article III

In order to establish and maintain the relations referred to in Article I the two Governments agree to continue diplomatic relations with each other by means of representatives with such staff as is necessary for the due performance of their functions.

The representatives and such of their staff as may be agreed upon shall enjoy such diplomatic privileges and immunities as are customarily granted by international law on a reciprocal basis :

Provided that in no case shall these be less than those granted to persons of a similar status of any other State having diplomatic relations with either Government.

.....
³⁷³ Bhasin, A. S. (2005). *Nepal-India, Nepal-China relations: Documents, 1947-June 2005* Geetika Publishers, pp. 94-98.

Article IV

The two Governments agree to appoint Consuls-General, Consuls, Vice-Consuls and other consular agents, who shall reside in towns, ports and other places in each other's territory as may be agreed to.

Consuls-General, Consuls, Vice-Consuls and consular agents shall be provided with exequaturs or other valid authorization of their appointment. Such exequatur or authorization is liable to be withdrawn by the country which issued it, if considered necessary. The reasons for the withdrawal shall be indicated wherever possible.

The persons mentioned above shall enjoy on a reciprocal basis all the rights, privileges, exemptions and immunities that are accorded to persons of corresponding status of any other State.

Article V

The Government of Nepal shall be free to import, from or through the territory of India, arms, ammunition or warlike material and equipment necessary for the security of Nepal. The procedure for giving effect to this arrangement shall be worked out by the two Governments acting in consultation.

Article VI

Each Government undertakes, in token of the neighbourly friendship between India and Nepal, to give to the nationals of the other, in its territory, national treatment with regard to participation in industrial and economic development of such territory and to the grant of concessions and contracts relating to such development.

Article VII

The Governments of India and Nepal agree to grant, on a reciprocal basis, to the nationals of one country in the territories of the other the same privileges in the matter of residence, ownership of property, participation in trade and commerce, movement and other privileges of a similar nature.

Article VIII

So far as matters dealt with herein are concerned, this Treaty cancels all previous treaties, agreements and arrangements entered into on behalf of India between the British Government and the Government of Nepal.

Article IX

This treaty shall come into force from the date of signature by both Governments.

Article X

This Treaty shall remain in force until it is terminated by either party by giving one year's notice.

DONE in duplicate at Kathmandu this 31st day of July, 1950.

Sd/-
CHANDRESHWAR PRASAD
NARAIN SINGH
For the Government of India

Sd/-
MOHUN SHAMSHER JANG
BAHADUR RANA
For the Government of Nepal

(At a Press Conference in New Delhi on 3rd December 1959 Prime Minister Jawaharlal Nehru for the first time disclosed that letters were exchanged along with the signing of the Treaty which were kept secret. Though these letters have not been officially made public, they have since appeared in a number of texts and are reproduced below. *Editor*)

Letter from the Ambassador of India to the Prime Minister of Nepal

KATHMANDU
Dated the 31st July, 1950

YOUR HIGHNESS,

In the course of our discussion of the Treaties of Peace and Friendship and of Trade and Commerce' which have been happily concluded between the Government of India and the Government of Nepal, we agreed that certain matters of details be regulated by an exchange of letters. In pursuance of this understanding, it is hereby agreed between the two Governments :

1. Neither Government shall tolerate any threat to the security of the other by a foreign aggressor. To deal with any such threat, the two Governments shall consult with each other and devise effective countermeasures.
2. Any arms, ammunition or warlike material and equipment necessary for the security of Nepal that the Government of Nepal may import through the territory of India shall be so imported with the assistance and agreement of the Government of India. The Government of India will take steps for the smooth and expeditious transport of such arms and ammunition through India.
3. In regard to Article 6 of the Treaty of Peace and Friendship which provides for national treatment, the Government of India recognize that it may be necessary for some time to come to afford the Nepalese nationals in Nepal protection from unrestricted competition. The nature and extent of this protection will be determined as and when required by mutual agreement between the two Governments.
4. If the Government of Nepal should decide to seek foreign assistance in regard to the development of the natural resources of, or of any industrial project in Nepal, the Government of Nepal shall give first preference to the Government or the nationals

of India, as the case may be, provided that the terms offered by the Government of India or Indian nationals, as the case may be, are not less favourable to Nepal than the terms offered by any other foreign Government or by other foreign nationals.

Nothing in the foregoing provision shall apply to assistance that the Government of Nepal may seek from the United Nations Organization or any of its specialized agencies.

5. Both Governments agree not to employ any foreigners whose activity may be prejudicial to the security of the other. Either Government may make representations to the other in this behalf, as and when occasion requires.

Please accept Your Highness, the assurances of my highest consideration.

Sd/-
CHANDRESHWAR PRASAD NARAIN SINGH
*Ambassador Extraordinary and Plenipotentiary
of India at the Court of Nepal.*

To

His Highness Mohun Shamsher Jang Bahadur Rana, Maharaja,

Prime Minister and Supreme Commander-in-Chief of Nepal.

**Letter from the Prime Minister of Nepal to the
Ambassador of India**

KATHMANDU
Dated the 31st July, 1950

EXCELLENCY,

In the course of our discussion of the Treaties of Peace and Friendship and of Trade and Commerce which have been happily concluded between the Government of India and the Government of Nepal we agreed that certain matters of details be regulated by an exchange of letters. In pursuance of this understanding, it is hereby agreed between the two Governments :

1. Neither Government shall tolerate any threat to the security of the other by a foreign aggressor. To deal with any such threat, the two Governments shall consult with each other and devise effective countermeasures.
2. Any arms, ammunition or warlike material and equipment necessary for the security of Nepal that the Government of Nepal may import through the territory of India shall be so imported with the assistance and agreement of the Government of India. The Government of India will take steps for the smooth and expeditious transport of such arms and ammunition through India

3. In regard to Article 6 of the Treaty of Peace and Friendship which provides for national treatment, the Government of India recognize that it may be necessary for some time to come to afford the Nepalese nationals in Nepal protection from unrestricted competition. The nature and extent of this protection will be determined as and when required by mutual agreement between the two Governments.
4. In the Government of Nepal should decide to seek foreign assistance in regard to the development of the natural resources of, or of any industrial project in Nepal, the Government of Nepal shall give first preference to the Government or the nationals of India, as the case may be, provided that the terms offered by the Government of India or Indian nationals, as the case may be, are not less favourable to Nepal than the terms offered by any other Foreign Government or by other foreign nationals.

Nothing in the foregoing provision shall apply to assistance that the Government of Nepal may seek from the United Nations Organization or any of its specialized agencies.

5. Both Governments agree not to employ any foreigners whose activity may be prejudicial to the security of the other. Either Government may make representations to the other in this behalf, as and when occasion requires.

Sd/-

MOHUN SHAMSHER JANG BAHADUR RANA,

Maharaja, Prime Minister and

Supreme Commander-in-Chief of Nepal

To

His Excellency Shri Chandreshwar Prasad Narain Singh,
Ambassador Extraordinary and Plenipotentiary of India at the
Court of Nepal,
Indian Embassy, Kathmandu.

Appendix-III

Treaty of Transit between Government of India and His Majesty's Government of Nepal

TREATY OF TRANSIT
BETWEEN
THE GOVERNMENT OF INDIA
AND
HIS MAJESTY'S GOVERNMENT OF NEPAL

The Government of India and His Majesty's Government of Nepal (hereinafter also referred to as the Contracting Parties),

Animated by the desire to maintain, develop and strengthen the existing friendly relations and co-operation between the two countries,

Recognising that Nepal as a land-locked country needs freedom of transit, including permanent access to and from the sea, to promote its international trade,

And recognising the need to facilitate the traffic-in-transit through their territories,

Have resolved to extend the validity of the existing Treaty of Transit, with modifications mutually agreed upon, and

Have for this purpose appointed as their plenipotentiaries the following persons, namely,

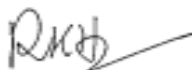
For the Government of India
Shri Ramakrishna Hegde
Minister of Commerce

For His Majesty's Government of Nepal
Shri Purna Bahadur Khadka
Minister of Commerce

Who, having exchanged their full powers, and found them good and in due form, have agreed as follows:

ARTICLE I

The Contracting Parties shall accord to "traffic-in-transit" freedom of transit across their respective territories through routes mutually agreed upon. No distinction shall be made which is based on flag of



vessels, the places of origin, departure, entry, exit, destination, ownership of goods or vessels.

ARTICLE II

- (a) Each Contracting Party shall have the right to take all indispensable measures to ensure that such freedom, accorded by it on its territory, does not in any way infringe its legitimate interests of any kind.
- (b) Nothing in this Treaty shall prevent either Contracting Party from taking any measures which may be necessary for the protection of its essential security interests.

ARTICLE III

The term "traffic-in-transit" means the passage of goods, including unaccompanied baggage, across the territory of a Contracting party when the passage is a portion of a complete journey which begins or terminates within the territory of the other Contracting Party. The transshipment, warehousing, breaking bulk and change in the mode of transport of such goods as well as the assembly, dis-assembly or re-assembly of machinery and bulky goods shall not render the passage of goods outside the definition of "traffic-in-transit" provided any such operation is undertaken solely for the convenience of transportation. Nothing in this Article shall be construed as imposing an obligation on either Contracting Party to establish or permit the establishment of permanent facilities on its territory for such assembly, dis-assembly, or re-assembly.

ARTICLE IV

Traffic-in-transit shall be exempt from customs duties and from all transit duties or other charges, except reasonable charges for transportation and such other charges, as are commensurate with the costs of services rendered in respect of such transit.

RKH

FS

ARTICLE V

For convenience of traffic-in-transit, the Contracting Parties agree to provide at point or points of entry or exit, on such terms as may be mutually agreed upon and subject to relevant laws and regulations prevailing in either country, warehouses or sheds, for the storage of traffic-in-transit awaiting customs clearance before onward transmission.

ARTICLE VI

Traffic-in-transit shall be subject to the procedure laid down in the Protocol hereto annexed and as modified by mutual agreement. Except in cases of failure to comply with the procedure prescribed, such traffic-in-transit shall not be subject to avoidable delays or restrictions.

ARTICLE VII

In order to enjoy the freedom of the high seas, merchant ships sailing under the flag of Nepal shall be accorded, subject to Indian laws and regulations, treatment no less favourable than that accorded to ships of any other foreign country in respect of matters relating to navigation, entry into and departure from the ports, use of ports and harbour facilities, as well as loading and unloading dues, taxes and other levies, except that the provisions of this Article shall not extend to coastal trade.

ARTICLE VIII

Notwithstanding the foregoing provisions, either Contracting Party may maintain or introduce such measures or restrictions as are necessary for the purpose of:

- (i) protecting public morals;
- (ii) protecting human, animal and plant life;
- (iii) safeguarding of national treasures;



- (iv) safeguarding the implementation of laws relating to the import and export of gold and silver bullion; and
- (v) safeguarding such other interests as may be mutually agreed upon.

ARTICLE IX

Nothing in this Treaty shall prevent either Contracting Party from taking any measures which may be necessary in pursuance of general international conventions, whether already in existence or concluded hereafter, to which it is a party, relating to transit, export or import of particular kinds of articles such as narcotics and psychotropic substances or in pursuance of general conventions intended to prevent infringement of industrial, literary or artistic property or relating to false marks, false indications of origin or other methods of unfair competition.

ARTICLE X

In order to facilitate effective and harmonious implementation of this Treaty the Contracting Parties shall consult each other regularly.

ARTICLE XI

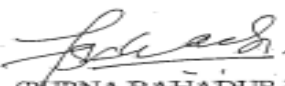
The revalidated and modified Treaty shall enter into force on the 6th January, 1999. It shall remain in force upto the 5th January, 2006 and shall, thereafter, be automatically extended for a further period of seven (7) years at a time, unless either of the parties gives to the other a written notice, six months in advance, of its intention to terminate the Treaty provided further that the modalities, routes, conditions of transit and customs arrangement, as contained in the Protocol and Memorandum to the Treaty shall be reviewed and modified by the Contracting Parties every seven years, or earlier if warranted, to meet the changing conditions before the automatic renewal and such modifications shall be deemed to be the integral part of the Treaty.



This Treaty may be amended or modified by mutual consent of the Contracting Parties.

Done at Kathmandu on 5th January, 1999.


(RAMAKRISHNA HEGDE)
Minister of Commerce
for the Government of India


(PURNA BAHADUR KHADKA)
Minister of Commerce
for His Majesty's Government of
Nepal

Appendix-IV

India-Nepal revised treaty of trade ministry of commerce & industry government of India, Oct 2009 ³⁷⁴

Revised indo-Nepal treaty of trade ministry of commerce & industry government of India New Delhi) Oct 2009

NEPAL The Government of India and the Government of Nepal (hereinafter referred to as the Contracting Parties), Being conscious of the need to fortify the traditional connection between the markets of the two countries, Being animated by the desire to strengthen economic cooperation between them, Impelled by the urge to develop their economies for their several and mutual benefit, and Convinced of the benefits of mutual sharing of scientific and technical knowledge and experience to promote mutual trade, Have resolved to conclude a Treaty of Trade in order to expand trade between their respective territories and encourage collaboration in economic development, and Have for this purpose appointed as their Plenipotentiaries the following persons, namely, For the Government of India (Anand Sharma) Commerce and Industry Minister For the Government of Nepal (Rajendra Mahto) Minister of Commerce and Supplies Who, having exchanged their full powers and found them good and in due form, have agreed as follows:

ARTICLE I

The Contracting Parties shall explore and undertake all measures, including technical cooperation, to promote, facilitate, expand and diversify trade between their two countries.

.....
³⁷⁴ Embassy of India. (2019). *About trade and commerce*. <https://www.indembkathmandu.gov.in/page/about-trade-and-commerce>

ARTICLE II

The Contracting Parties shall Endeavour to grant maximum facilities and to undertake all necessary measures for the free and unhampered flow of goods, needed by one country from the other, to and from their respective territories.

ARTICLE III

Both the Contracting Parties shall accord unconditionally to each other treatment no less favorable than that accorded to any third country with respect to (a) customs duties and charges of any kind imposed on or in connection with importation and exportation, and (b) import regulations including quantitative restrictions.

ARTICLE IV

The Contracting Parties agree, on a reciprocal basis, to exempt from basic customs duty as well as from quantitative restrictions the import of such primary products as may be mutually agreed upon, from each other.

ARTICLE V

Notwithstanding the provisions of Article III and subject to such exceptions as may be made after consultation with the Government of Nepal, the Government of India agree to promote the industrial development of Nepal through the grant on the basis of non-reciprocity of specially favorable treatment to imports into India of industrial products manufactured in Nepal in respect of customs duty and quantitative restrictions normally applicable to them.

ARTICLE VI

With a view to facilitating greater interchange of goods between the two countries, the Government of Nepal shall endeavour to exempt, wholly or partially, imports from India from customs duty and quantitative restrictions 4 to the maximum extent compatible with their development needs and protection of their industries.

ARTICLE VII

Payment for transactions between the two countries will continue to be made in accordance with their respective foreign exchange laws, rules and regulations. The Contracting Parties agree to consult each other in the event of either of them experiencing difficulties in their mutual transactions with a view to resolving such difficulties.

ARTICLE VIII

The Contracting Parties agree to co-operate effectively with each other to prevent infringement and circumvention of the laws, rules and regulations of either country in regard to matters relating to foreign exchange and foreign trade.

ARTICLE IX

Notwithstanding the foregoing provisions, either Contracting Party may maintain or introduce such restrictions as are necessary for the purpose of:

(a) Protecting public morals, (b) Protecting human, animal and plant life, (c) Safeguarding national treasures, (d) Safeguarding the implementation of laws relating to the import and export of gold and silver bullion, and (e) Safeguarding such other interests as may be mutually agreed upon.

ARTICLE X

Nothing in this treaty shall prevent either Contracting Party from taking any measures which may be necessary for the protection of its essential security interests or in pursuance of general international conventions, whether already in existence or concluded hereafter, to which it is a party relating to transit, export or import of particular kinds of articles such as narcotics and psychotropic substances or in pursuance of general conventions intended to prevent infringement of industrial, literary or artistic property or relating to 5 false marks, false indications of origin or other methods of unfair competition.

ARTICLE XI

In order to facilitate effective and harmonious implementation of this Treaty, the Contracting Parties shall consult each other regularly.

ARTICLE XII

(a) This Treaty shall come into force on the date of its signature. It shall ~~supercede~~ the Treaty of Trade concluded between the Government of India and the Government of Nepal on 6th December 1991, as amended or modified from time to time.

(b) This Treaty shall remain in force for a period of seven years and shall be automatically extended for further periods of seven years at a time, unless either of the parties gives to the other a written notice, three months in advance, of its intention to terminate the Treaty.


(c) This Treaty may be amended or modified by mutual consent of the Contracting Parties.

(d) The Protocol annexed to this Treaty shall constitute its integral part.

Appendix-V

Some photographs from the field research:





Short Title: *Citthi Patra*
Patra

NEPAL - GERMAN MANUSCRIPT PRESERVATION PROJECT

Place of Deposit: *Na. Arch* Private: *MS NO. 238*
 Subject: *Document* Running No: *235*
 TITLE (acc. to Colophon/Catalogue):
It is the letter sent by Jitmana Senha Basnyat, Badrivana Sahi and Jagadova Bhadrari from Salyana to General Blumens Thapa and Raji Rana Khajha Thapa regarding about war fought in western region between Nepal and the British.

AUTHOR:
 No. of leaves: *1* Incompt. Size in cm: *21 X 51* Reel No. *DNA 3*
 Date of filming: *8.3.2000* Script: *(Nagari) Newari - Tibetan - Maithili*
 Remarks: *paper - palm-leaf, damaged by (moth) - rats - breaking - others:*
 Paper: *(Nepali) - Indian - mill-made, loose - Tlyasaphu - bound*
 Date: *NS* VS *1872* Shake LS Colour: *light brown* Colour Slide No.
Tyestha Sudi 2, Friday

5

नेपाल सरकार
 संस्कृति, पर्यटन तथा नागरिक उड्डयन मन्त्रालय
 राष्ट्रिय अभिलेखालय
 रामशाहपथ, काठमाण्डौ ।

आवेदन पत्र (Application Form)

श्रीमान महानिदेशक ज्यू,
 राष्ट्रिय अभिलेखालय ।

महोदय,

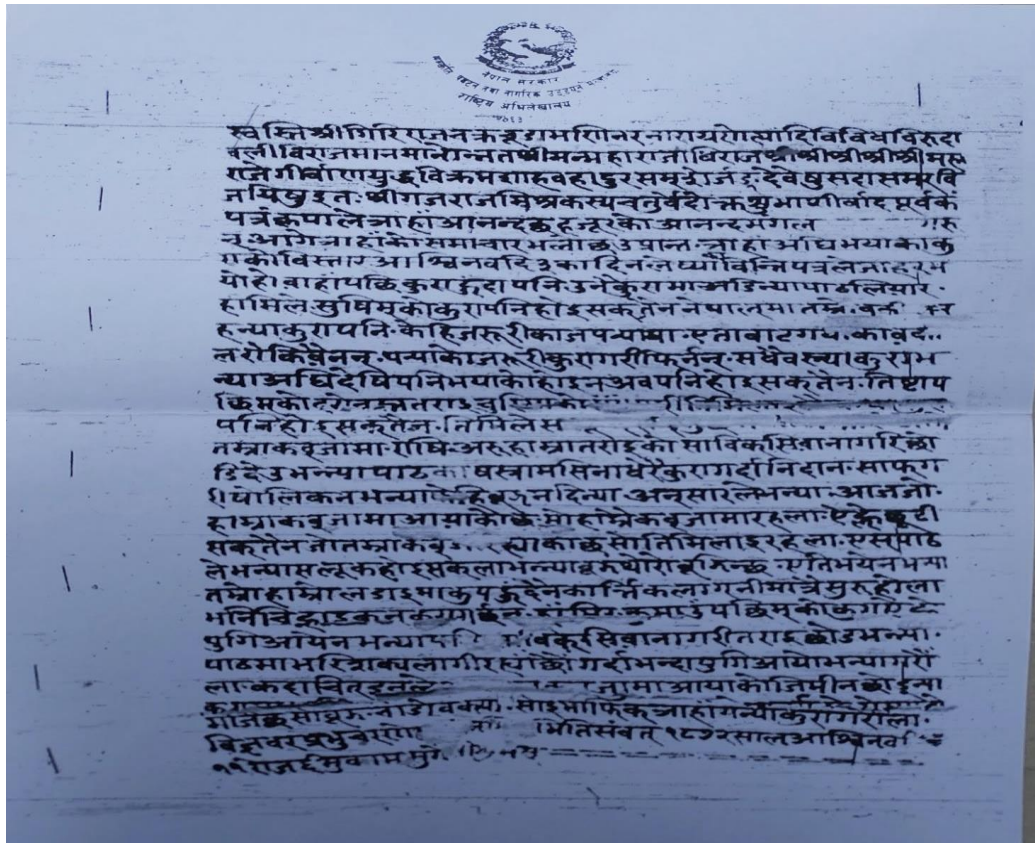
त्यस राष्ट्रिय अभिलेखालयमा रहेको निम्नलिखित अभिलेख तथा ग्रन्थहरु सार्न ☐ अध्ययन-
 अनुसन्धान गर्न ☒ , प्रतिलिपी लिन ☒ , माइक्रोफिल्म कपी (Microfilm Copy) लिन ☐ ,
 रिडरप्रिन्ट (Rider Print Copy) ☒ डिजिटल प्रतिलिपी (Digital Copy) ☒ लिन स्वीकृतीको
 निमित्त रु. १०००० को टिकट दाँसी अनुरोध गर्दछु । यस आवेदनको पछाडी लेखिएका नियमहरु
 पालना गर्ने र लाग्ने शुल्क तिर्ने समेत मेरो मन्जुरी छ ।

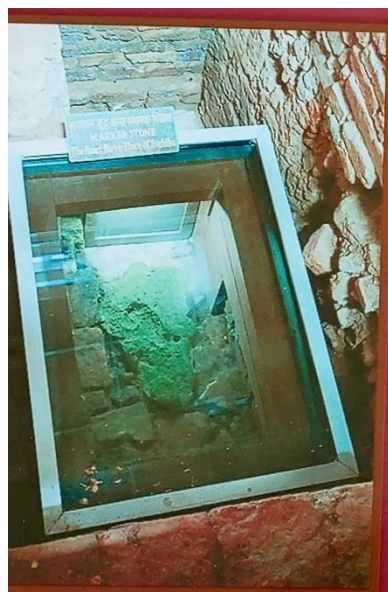
नाम (Name) :- **RAJEEV RANTAN**
 पेशा (Occupation) :- **RESEARCH SCHOLAR**
 ठेगाना (Address) :- **NOIDA, U.P., INDIA**
 स्थायी (Permanent) ☒
 अस्थायी (Local) :- ☐
 टेलिफोन नं. (Local Telephone No.) :- **9845014892**
 परिचय-पत्र/पासपोर्ट नं. (ID/Passport No.) :- **865343730028**

foreign ministry
 ↓
 अभिलेख तथा ग्रन्थहरुको विवरण (इकोफिल्म रिल नं. र पाना नं. समेत) :-
 (Dispersion of Required Documents (With Folios and Microfilm No.):-

File no	पृष्ठ	Reel no	File no	पृष्ठ	Reel no
1	2	No-1	120	2	No-7
88	398	No-5	120	18	No-7
103	76	No-6			
107	174	No-7			
108	175	No-7			
119	64	No-7			

Rajeev
 06-11-2022
 निवेदकको सही
 Applicant's Signature





THE MARKER STONE
 แผ่นศิลารอยพระบาท

जन्म दृश्य मूर्ती :

यो मूर्तिले भगवान बुद्धको जन्म दृश्य देखाएको छ । यस मूर्तिमा मायादेवीले अशोक वृक्षको हाँगा समातेर उभिएको, प्रजापतिले प्रसव अवस्थाको मायादेवीलाई समाएको, ब्रम्हा र इन्द्र देउताहरूले नवजात शिशुलाई स्वागत गरिरहेका र बालक बुद्ध कमलको फूल माथि उभिएको दृश्य देखिन्छ । यो जन्ममूर्ति मथुरा कला शैलीबाट चौथो शताब्दीमा निर्माण गरिएको हो ।

The most important and holiest of holy places in Lumbini is the spot where the Marker Stone is located pinpointing the precise spot of the Buddha's birth. It is a sandstone based conglomerate with the dimension of 70cmx40cmx10cm. The stone was discovered during the excavation works in between 1992 to 1996. It is found on the top of a platform consisting of seven layers of bricks from the 3rd century BC.

रอยพระบาทเจ้าชายสิทธัตถะราชกุมาร ตั้งอยู่บนฐานอิฐเจ็ดชั้น เป็นแผ่นศิลาประทับ คล้าย รอยพระบาทขนาด 70 x 40 x 10 ซม. ทำด้วยหินทราย ถูกค้นพบในช่วงปี ค.ศ. 1992 ถึง 1996 โดยหน่วยงานโบราณคดีของรัฐบาลเนปาลร่วมกับกองทุนพัฒนาอุ้มถ้ำและสมาพันธ์ชาวพุทธแห่ง ญี่ปุ่นเนปาล



