

# SOURING TIES

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On December 2nd, 1815, the Treaty of Sagauli was signed in Bihar between the East India Company, represented by Lieutenant Colonel Paris Bradshaw, and Nepal, represented by Raj Guru Gajraj Mishra with the assistance of Chandra Shekhar Upadhaya. The treaty was later ratified on March 4, 1816, establishing the boundary line between the Himalayan Kingdom and colonial India.

The treaty followed the Anglo-Nepalese war, which Nepal lost, resulting in the surrender of Sikkim in the east, Kumaon, Garhwal in the west, and the basins of Gandaki and Karnali to the colonial rulers. Although the Kali River was accepted as the boundary between the two countries, Nepal continued to claim ownership of Lipulekh, Limpiyadhur, and Kalapani, despite lacking any basis in reality.

The boundary issues have become increasingly complex due to numerous maps published between 1816 and 2024, and the boundary commissions set up by both governments have failed to produce the desired results. Tensions escalated when Nepal's communist government unilaterally printed a controversial new map on its currency note, depicting Indian territories such as Lipulekh, Limpiyadhura, and Kalapani as part of Nepal.

This move, seen as undiplomatic, has the potential to strain the long-standing ties between the two nations and may lead to open confrontation in the future. It is indeed ironic that Indian Prime Minister, Narendra Modi, made significant efforts to strengthen relations with Nepal by visiting more than half a dozen times, including Lumbini in May 2022, where he addressed a gathering of monks, Buddhist scholars, and dignitaries.

Modi emphasized that Buddha's relevance transcends geographical boundaries and is universal. He likened the Indo-Nepal ties to the towering mountains and expressed a desire to expand cooperation in technology, science, and infrastructure development. However, the communist government appears determined to undermine these ties, which goes against the national interest of the people of the Himalayan Kingdom.

A coalition government led by pro-India Nepali Congress Prime Minister Sher Bahadur Deuba took office for the fifth time on July 13, 2021, and during its 15-month tenure, saw an improvement in relations with India. Unfortunately, the Nepali Congress leader made a grave mistake by withdrawing support from the government led by Pushpa Kamal Dahal, Prachanda, who was out maneuvered by his rival, former PM K.P. Oli.

Together, they formed the current administration in Nepal, which seems to be favoring China at the expense of India. The blockade imposed by India in 2015 to support the citizenship rights of the Terai people, who live near Bihar and Uttar Pradesh, strained relations. Consequently, the Modi government has been working tirelessly to mend these ties. It will now be a crucial test for the new administration in Delhi to recalibrate its approach toward the pro-China government in Nepal, in the best interest of both nations.

Experts in diplomacy unanimously agree on China's role in encouraging the communist-led government in Nepal to provoke India, potentially straining relations and bolstering China's influence. The coalition government led by Prachanda, with former Prime Minister K.P. Oli as a prominent partner who is pro-China and anti-India, recently made an offensive decision to print a new map on the NPR100 currency note.

This map includes disputed territories such as Lipulekh, Limpiyadhura, and Kalapani, claiming them as part of Nepal. India's External Affairs Minister, S. Jaishankar, firmly expressed his opinion, stating that Nepal's actions will not alter the situation on the ground. He emphasized that India maintains a clear position and is engaging in discussions with Nepal through established channels to address boundary matters. India has already denounced Nepal's attempt as an artificial enlargement and untenable.

In contrast, Nepal argues that these territories were unlawfully occupied by India after the 1962 Indo-China war, which contradicts the reality and the spirit of the Treaty of Sagauli. Nepal's decision to print the new map on currency notes on April 25 and May 2 caught many in New Delhi by surprise. It is worth noting that former Prime Minister Oli had previously strained Nepal-India relations by redrawing a map that claimed Indian territories like Lipulekh, Kalapani, and Limpiyadhura as part of Nepal, which India vehemently rejected. Oli objected to the inauguration of a strategic 80-km road by Rajnath Singh on May 8, 2020.

The road connects Lipulekh Pass, located at an elevation of 17,060 feet

along the Tibet border in Uttarakhand, with Dharchula in Pithoragarh district. The Ministry of Defence clarified that the road was built for religious reasons, as it serves as a gateway to the Kailash-Mansarovar pilgrimage site. Nepal disagreed with India's newly inaugurated Link Road, which connects Kailash Mansarovar through Lipulekh Pass.

Nepal objected to the road's construction in Uttarakhand, as it connects Lipulekh Pass along the China border. The road is intended to serve as a shortcut for reaching Kailash Mansarovar in Tibet, making it more accessible for devotees. On January 16, 2022, the Indian embassy in Kathmandu reaffirmed India's position on its boundary with Nepal, stating that it should not be questioned.

Nepal also opposed India's revision of the political map, leading to tensions between the two countries. Experts warn that this issue has the potential to escalate, requiring increased vigilance. China's ambitious Belt and Road Initiative poses a security threat due to the open border with Nepal. China's investment in Nepal has pressured the country to expedite the project, potentially gaining momentum under the new government.

The Agneepath scheme, launched by India, remains stalled in Nepal, with reports of unemployed youths eager to enlist. The Indian army's plan to recruit Agnieers faces uncertainty, with the threat of withdrawing vacancies unaddressed. Despite general elections in Nepal, the Agnipath scheme is in limbo, with retired generals opposing it. Nepal argues that the scheme violates a 1947 treaty with India.

China could potentially entice Nepal to opt for Gurkha recruitments in the PLA, leveraging a treaty signed in 1792. A trilateral power agreement has finally come to fruition after years of deadlock. This agreement will facilitate the import of 10,000 MW of power from Nepal to India over a decade, resulting in significant revenue generation. Moreover, it will enhance the availability of electricity for consumers in India.

Additionally, Nepal will be able to export up to 60 MW of power to Bangladesh through India. This development has been hailed as groundbreaking by both Nepal and India, as it opens up opportunities for long-term power agreements spanning 25 years. Nepal is optimistic about its economic prospects through energy exports to India and other nations. Experts believe that the new communist government is unlikely to disrupt this beneficial power agreement.

On a different note, the approval of the citizenship bill by the previous Prachanda-Deuba administration was viewed as an effort to showcase their alignment with India, causing displeasure in China. Furthermore, Prachanda's decision to prioritize India over China during his inaugural visit in 2022 yielded positive outcomes, evident in the signing of seven power and trade agreements that benefit both countries.

While the boundary dispute remains unresolved, there is a possibility of shifting allegiance towards China due to the shared communist ideology between Prachanda, Oli, and Xi Jinping. Consequently, Prachanda may find himself influenced by Oli to make decisions that are detrimental to the interests of his people.

It is a well-known fact that Nepal heavily relies on India for essential goods, such as salt and petroleum products. In January 2024, India exported various products to Nepal, including Products (\$185M), Iron And Steel (\$75M), Rice (Other Than Basmati) (\$33.9M), Industrial Machinery For Dairy Etc (\$14.4M), and Drug Formulations, Biologicals (\$14M). On the other hand, India imported items like Spices (\$11.1M), Vegetable Oils (\$9.08M), Iron and Steel (\$8.05M), Manmade Yarn, Fabrics, Madeups (\$6.7M), and Misc Processed Items (\$4.87M) from Nepal during the same period.

The decrease in India's exports to Nepal was notable in Petroleum Products (-\$32.8M or -15.1%), Iron And Steel (-\$26.1M or -25.8%), and Two And Three Wheelers (-\$19.1M or -89.8%). The total trade between India and Nepal showed a positive balance of \$477M, with India exporting \$539M and importing \$62.1M. The data also indicated a decrease in India's exports by -\$58.3M (-9.77%) and imports by -\$4.84M (-7.23%) between January 2023 and January 2024.

In light of recent events where China has been strengthening ties with Maldives, a country in conflict with India, Nepal seems to be following a similar path. This presents a significant diplomatic challenge for India, as it must navigate relations with two countries in conflict while also countering China's expansionist policies in the region. India should approach this situation with caution, flexibility, and a commitment to dialogue to maintain strong ties and counter China's influence effectively.



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## THROWING BLAME HERE AND THERE

MADHUR MURALIDHRAN

Nepal's former Foreign Minister Rishikesh Shah once famously described Kathmandu as the global hub of rumors and a source of speculation. Nepal often directs its grievances and anger towards India. China has only recently started to receive negative attention. Criticism towards India peaked after the economic blockade in 2015 and the reignition of border disputes when Kalapani, Lipulekh, and Limpiyadhura were included in Nepal's map following India's inclusion of Kalapani in a new map.

Chinese Ambassador Hou Yanxi, known for her aggressive dealings with Nepalese politicians, became a target for the Indian media. Yanxi became a focal point in a clash between Indian and Nepalese media.

The lack of knowledge among the political class, celebrities, and media about Nepal was evident.

This detailed background is essential to understanding the recent rumors and speculations surrounding a potential regime change in Nepal.

Reports of a split within JSP (N) emerged while its leader, Deputy Prime Minister and Minister for Health and Population Upendra Yadav, was visiting the US.

Allegedly, NC leader Sher Bahadur Deuba tried to overthrow the Left coalition led by Prachanda by luring Yadav and Madhav Nepal of Unified Socialists.

The NC-led Democratic Alliance's attempt to make a comeback was thwarted by UML's KP Oli, who split JSP(N) by convincing former colleague and lawmaker Ashok Rai to leave Yadav's side along with seven out of 12 lawmakers.

However, the inside story reveals that Yadav had plans to outnumber the Hill Nepalese with Madhesis in the upcoming party national convention, which angered both the Hill and Madhesis members who were unhapp

py with Yadav.

Rai took matters into his own hands and registered a new party called JSP sans N for Nepal with the Election Commission.

Yadav has decided to take the Rai faction to court. Rai has pledged his support for Prachanda. However, this deal fell through as the Unified Socialists were already divided between two former PMs, Nepal and Jhalanath Khanal. India also played a role in the regime change by supporting Deuba.

The CPN Maoists, with 31 lawmakers, hold the key to this political game, as both NC and UML would need their support to remain in power.

The Prachanda-led coalition faces threats from parties with double-digit strength lurking in the corners of Parliament. Despite being the largest party, NC is unwilling to declare a truce and bring about political stability.

It has been blocking parliamentary proceedings for over a month due to the cooperative fund fraud involving Home Minister Rabi Lamichhane of RSP. NC has demanded a parliamentary investigation into the alleged wrongdoing of Lamichhane, and Prachanda has agreed to include others involved in the scam in the inquiry. Although Parliament has resumed after a short recess, NC continues to obstruct its functioning.

This has further complicated the already tense India-China relationship, with both countries accusing each other of violating the status quo. The border dispute has also affected trade and economic ties between India and Nepal, as the Indian government imposed restrictions on the import of certain goods from Nepal. Amidst these challenges, India has been actively engaging with its other neighboring countries to strengthen regional cooperation.

Jaishankar highlighted the importance of India's

Neighbourhood First Policy, which aims to prioritize relations with neighboring countries and promote mutual development and security.

He emphasized the need for open dialogue and cooperation to address common challenges such as terrorism, climate change, and economic development. India's role in promoting democracy in Nepal has been significant, with the country providing support and assistance during Nepal's transition from a monarchy to a republic.

However, recent events have strained the relationship between the two countries, raising concerns about the future of democracy in Nepal. Despite these setbacks, Jaishankar remains optimistic about India's role in the region.

He believes that India's consistent approach of being a friendly and reliable neighbor will ultimately prevail over temporary political fluctuations.

He also acknowledged that setbacks are a part of diplomacy and business, and India will continue to work towards resolving issues through dialogue and peaceful means.

In conclusion, the budget approval and leadership change in India, along with the ongoing election process, are significant events that will shape the country's future.

The BJP's political strategies, such as Operation Lotus, have been effective in overthrowing opposition governments. India's commitment to promoting democracy and supporting its neighbors, as well as its efforts to address challenges in regional diplomacy, are crucial for maintaining stability and cooperation in the region. Despite recent setbacks in India-Nepal relations and the border dispute with China, India remains committed to resolving issues through dialogue and peaceful means.

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