



# Indo Nepal Relations During Covid Pandemic – Way Ahead To Resolve Contentious Issues

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## **Abstract**

India and Nepal historically have been natural partners, respecting each others freedom, integrity, dignity, security and progress since centuries. The porous borders permits unhindered movement of people for work, education, medical facilities etc. Such is the close relations between both the countries that Chief of Army Staffs of both the countries are conferred the honorary rank of General in each others Armed Forces by the respective Presidents (Heads of the State). Indo Nepal ties worsened when India inaugurated a road it built through Kalapani in May 2020. The relations between the two nations further deteriorated as COVID-19 spread rapidly across the world. While the world was grappling with COVID virus and uncontrollable deaths, the two countries (India and Nepal) which share close bonds through “Roti-Beti Ka Rishta” (Relation of food and marriage) fought with each other on contentious issues. COVID pandemic resulted in loss of jobs by the migrant workers and their return home, increase in Nepal’s widening trade deficit with India, escalation in territorial/ border disputes, minor incidents of violence came to fore which further accentuated the complexities. Bilateral issues during COVID pandemic could have been amicably dealt by both the nations and a strategy worked out to address them at the earliest. This paper aims to examine the factors which led to the start of border dispute, contentious issues between the two states – porous border and widening trade deficit. An effort has also been made to provide recommendations to build trust between the two nations in order to strengthen their bilateral relations.

Keywords: COVID Pandemic, India, Nepal, Border, Trade

## **Introduction**<sup>1-2</sup>

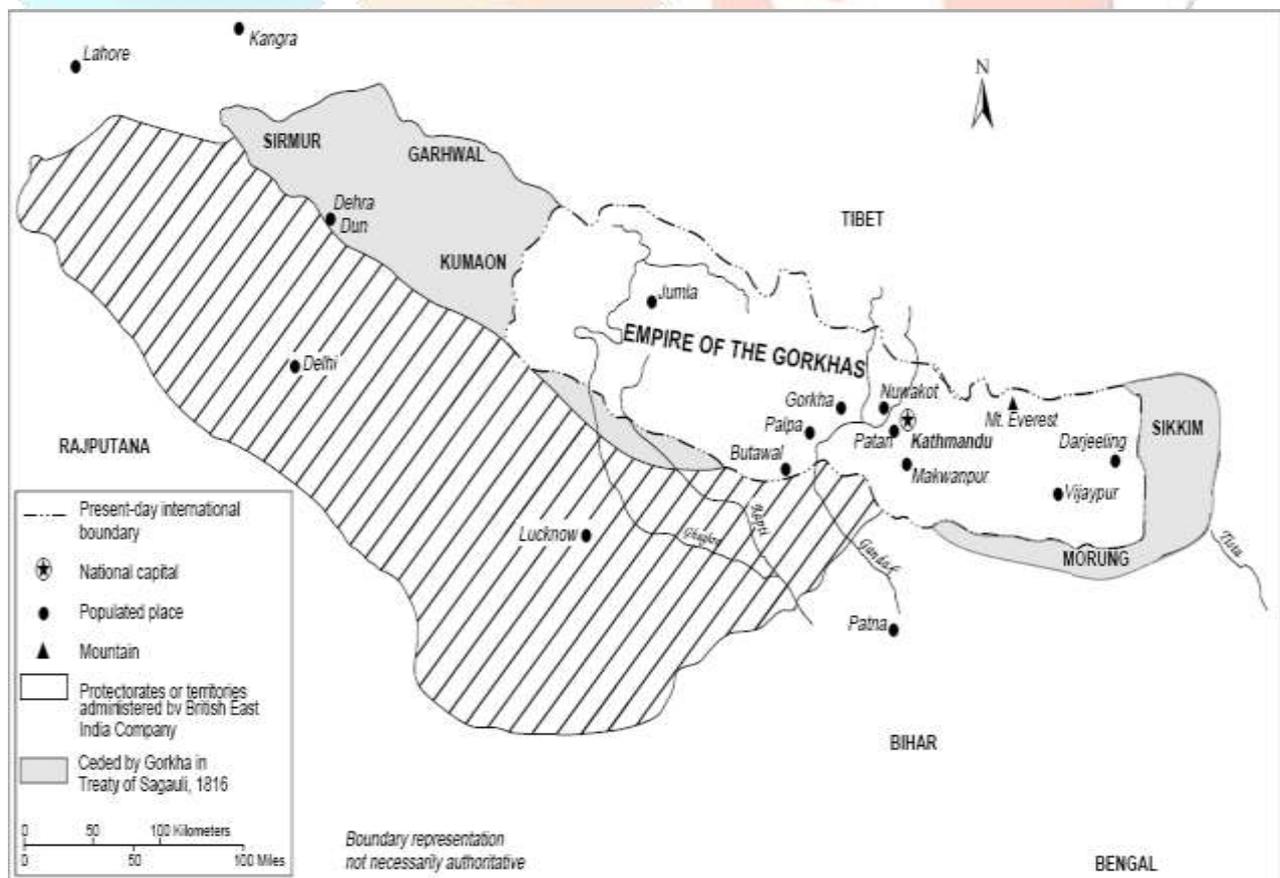
Nepal derives its name from an ancient Hindu sage called *Ne*, referred to variously as *Ne Muni* or *Nemi*. According to *Pashupati Purāna*, a place protected by *Ne*, the country in the heart of the Himalayas came to be known as *Nepāl*. The state of Nepal shares its boundary with five Indian states namely Uttarakhand, Uttar Pradesh, West Bengal, Sikkim and Bihar. Thus, Nepal acts as northern borderland flanks and acts as buffer State against any possible aggression from China. The rivers originating from the lap of the Himalayas which flow into India are the major sources for irrigation and drinking water. Bonded with religion and marriages, Nepal is a chosen destination for pilgrimage, common festivals and familial ties with India as also an important point of culture and economic exchange.

Prithvi Narayan Shah, a Gorkha king by 18th century, the achieved the unification of Nepal and established the Kingdom of Nepal. The Shah Dynasty later on formed an alliance with the British Empire, under its Rana dynasty of premiers. The country was never colonized but served as a buffer state between Imperial China and British India. The control of Kingdom of Nepal under the Gorkha king reached its height when the Indian territories of Kumaon, Garhwal and Sikkim came under its control. The boundary of Nepal then extended from Sutlej River to Teesta River. A dispute with Tibet over the control of mountain passes and inner Tingri valleys of Tibet forced the Qing Emperor of China to start the Sino-Nepali War. Rivalry between the Kingdom of Nepal and the East India Company eventually led to the Anglo-Nepali War (1815–16). The war ended in the Sugauli Treaty, under which Nepal ceded parts of its territory to the British.

### Sugauli Treaty<sup>3-4</sup>

Unification of Nepal under Prithvi Narayan Shah, with capture of Sikkim, Garhwal and Kumaon regions, basins of Gandaki and Karnali resulted in Anglo-Nepalese War (1814-16). The Gorkha king was defeated after a fierce and bloody war which lasted two years. Kingdom of Nepal was evicted from Garhwal and Kumaon across the Mahakali River. It was asked to surrender the entire Tarai, surrender all captured territories west and east of its present-day borders. British General Ochterlony offered peace proposal however, the Nepalese king initially refused but later baulked when the British occupied the Makwanpur Valley thirty miles from Kathmandu. Treaty was signed at Sagauli in Bihar (Champawat) in December 1815 but ratified in March 1816. In 1923, the United Kingdom and Nepal formally signed an agreement of friendship that superseded the Sugauli Treaty of 1816.

This treaty of Sagauli was to decide which areas would be controlled by the British and the kingdom of Nepal. How much area would be assigned to the countries at that time?. Area ceded to the British and the rivers namely Mahakali River on the West, Mechi River on the East and Triveni River in the South were used to define the boundaries of Nepal. These three rivers define the Indo- Nepal boundaries even today. So where does the problem lie?



Source: [https://en.wikipedia.org/wiki/Treaty\\_of\\_Sugauli](https://en.wikipedia.org/wiki/Treaty_of_Sugauli), accessed on Feb 01, 2021

## **Boundary Dispute** <sup>5-10</sup>

As we go upstream of the Mahakali River, the river splits into three parts. Thus, Mahakali river has three sources. The source towards the west originates from Limpiyadhura (Pithoragarh District), Kalapani in the Centre and the source to the east originates from Lipulek. The kingdom of Nepal considered Limpiyadhura as the origin of Mahakali River whereas British India considered Lipulek as the origin of Mahakali River. However, the British while drawing the maps in 1827 demarcated the boundaries between British India and Nepal along the river on the west towards Limpiyadhura. Therefore, the area east of Limpiyadhura towards Lipulek was considered by Nepal as part of its own territory. This error by British cartography was realized nearly 40 years later in 1860 and the boundaries between British India and Nepal was redrawn. The revised boundary now shifted along the source of Mahakali to the east ie. towards Lipulek. The extra territory ceded to Nepal was an cartographic error which was rectified later. The piece of territory between Limpiyadhura and Lipulek was of strategic importance for the British primarily because of trade with China. Therefore, all maps published by the British 1865 onwards showed the boundary between British India and Nepal along the eastern source at Lipulek. Since it was a small piece of land, not of much commercial or agricultural use, with almost no one living there, Kingdom of Nepal had no objections then with the area being under British control. From 1860 onwards till 1947 the territory was under the control of the British and the same border continued after independence of India till date.

Democracy came to Nepal in 1990s, the old British maps of 1827 were accessed and this area was termed as disputed area by Nepal. Joint survey was attempted in 2000 post negotiations with Premiers of both nations. However, it was not possible for the Indian Army to vacate the existing posts due to sensitivity and proximity of the area to China. Signing of trade agreement in 2015 with China and agreement to establish a border trade route through Lipulekh Pass was unacceptable to Nepal as Nepal now considered Lipulekh as part of Nepalese territory. The traditional pilgrimage route to Mansarover originates from Nathula Pass. Its an arduous and difficult journey. Therefore, the Government of India decided to construct a road through Border Roads organization connecting Kalapani (Dharchula) to Lipulek Pass, a stretch of about 80 km. This strategic road would not only facilitate easy move of pilgrims to Mansarover but also facilitate quick induction Indian Armed Forces in case of threat from China. The inauguration of the road in May 2020 was objected by the National Communist Party (NCP) in power with Mr KP Sharma Oli as the Prime Minister of Nepal. Nepal soon published maps as per Sugauli Treaty and showed territory from Limpiyadhura to Lipulekh as part of its territory. Thus, the border issue which was dormant for past 100 years became politically charged.



Source: [https://www.Orfonline.org/Kalapani Border Dispute maps](https://www.Orfonline.org/Kalapani%20Border%20Dispute%20maps) accessed on Feb 01, 2021

## COVID Pandemic<sup>11-12</sup>

While the border issue was raging politically, the COVID pandemic hit the world. Supposedly Corona virus originated from Wuhan in China, it spread rapidly across the continents. The pandemic has resulted in 2.31 million deaths as on date and the second wave is expected. On May, 2020 Nepal Prime Minister KP Sharma Oli blamed India for the rising number of COVID-19 cases in the hill country, saying that people coming into the country from across the border without proper checks were the reason behind further spread of the virus. He also mentioned 85 per cent of the people tested positive for coronavirus in the country are those who returned from India and spoke of the Corona Virus from India being more lethal than the rest of the world. Such statements by the Nepalese Premier was neither expected nor anticipated as India had been the forerunner in providing 25 tonnes of medical aid to Nepal including Paracetamol and Hydroxychloroquine medicines, test kits and other medical supplies free of cost.

On May 15, 2020 General Naravane Chief of The Army Staff suggested that Nepal might be raising the issue of road construction via Lipulekh to Mansarovar at '*behest of someone else*'. This statement was viewed as an insult by the Nepalese government. In December 2020, while addressing the Nepalese think tank General Bipin Rawat, Chief of Defence Staff advised Nepal against signing off on loans from other countries in the region and nudged Kathmandu to learn from Sri Lanka's experience which had signed agreements with "other countries in the region", a pointed reference to Chinese financial institutions that have quietly extended billions of dollars in loans to developing countries that has been used to gain strategic leverage. He said "Nepal is free to act independently in international affairs but must be vigilant and learn from Sri Lanka and other nations which have also signed agreements with other countries in the region".

The main issues that came to fore during the COVID pandemic which further strained Indo-Nepal bilateral relations were the Boundary issue, adverse effects of porous borders (which impacts domestic industry, livelihood opportunities, law and order and national security), Nepal's widening trade deficit with India, heightened the pressure on the Nepali government to create jobs, including for migrant workers who have returned or are expected to return home from overseas/ India following job loss.

To prevent the spread of the Corona virus, Nepal closed the border for the movement of people except for those returning home. Pandemic induced border control resulted in reduction of border smuggling only. However, this brought back memories of India's 2015-16 blockade of the Indo-Nepal- border, imposed right after a devastating earthquake in Nepal. A parallel between the two episodes was published by leading Nepali-language newspaper.

### **Porous Border and Loss of Jobs**<sup>13-18</sup>

The implementation of 1950 Treaty of Peace and Friendship has lead to unhindered cross-border movement of people from both the sides. It is estimated nearly under 1 million Nepalis are working in India and media reports have claimed nearly 1 million Indians are working in Nepal. Work-related migration and remittance are a two-way street between Nepal and India. World Bank bilateral migration and remittances matrix database estimates that Indians remitted home from Nepal thrice the amount Nepalis did from India. The porous border also has security implications. Maoist Insurgency in Nepal has close linkages with the Left Wing Extremists in India. The Maoist of Nepal and Naxals of India have exploited the porous and unregulated border by carrying out illicit activities in India. Thus, Indo- Nepal border is vulnerable for smuggling in weapons, unauthorised ammunition and explosives which in turn are used for creating unrest / blasts/ destruction of civil property in India.

The pandemic rendered more than 80,000 Nepalis jobless and their return back was expected. The challenge of providing jobs to those rendered unemployed by the pandemic, including Nepali migrants returning from India and other countries, has opened the possibility of substituting foreign labour with domestic labour. Unemployment has further put pressure on the domestic labour market which is already reeling under the pandemic's adverse effects. In Budget 2020-21, the Government of Nepal pledged to help citizens fill jobs vacated by foreign workers who left the country or could not return due to the pandemic. Substituting foreign workers with Nepali citizens is a crucial policy decision taken by the NCP government.

Closure of the India-Nepal border for over ten months except permitting the move back of people returning home was instituted in mid-March 20 by Nepal as part of the corona virus containment measures. Cargo movement continued, thereby highlighting bilateral and transit trade can happen even without movement of people across the borders. Indo-Nepal border has never been closed in this manner for such a long period in the last 70 years. Restricting cross-border movement of people to check the pandemic only showed case trust deficit between both the nations which otherwise is both an economic and security imperative.

### **Trade Deficit**<sup>19-25</sup>

Two-thirds of Nepal's merchandise imports and exports, transit facilities, is being realized exclusively from India. Balance one third is air freighted goods or through overland Chinese imports. Bilateral goods trade between India and Nepal is around US \$ 8.7 billion (2018-19) of which approx US \$7.6 billion was imports by Nepal. More than 90% were imports by Nepal which accounts for nearly two-thirds of Nepal's total deficit in goods trade. Thus, Nepal over imports from India and under exports to India. Therefore, this deficit has been rising steadily year after year both in absolute terms and as a percentage of total bilateral trade. Revision of the liberal 1996 trade treaty between the two countries was carried out in 2002 which resulted in surge in trade imbalance. The revision introduced restrictive provisions on the then key export items of Nepal to India. Just as India is concerned over its trade deficit with China, India too must accommodate the concerns of Nepal being a small landlocked country with whom we share close bonds through "*Roti-Beti Ka Rishta*" (Relation of food and marriage). While there is scope between the two nations to accommodate each others concern for trade imbalance, Nepal must for its part upgrade its national quality testing infrastructure, improve standardisation, testing, measurement, certification and accreditation procedures. This will not only help its exports but also equip it to stem imports of substandard products. Nepal

must mitigate information asymmetries to enable its private sector to meet India's cost requirements in a mutually beneficial manner. India's on its part can remove procedural obstacles, provide transparency in decision-making and ensure a predictable trading environment.

## **Way Forward**

Nepal being a smaller landlocked nation, naturally dependent on India, there is a need for India to review its outlook and accommodate the economic and security concerns of Nepal. The people-to-people relationship between India and Nepal is unmatched. The present government-to-government relationship has vitiated the good relations enjoyed in the past.

- Indo-Nepal Treaty of Friendship should be the guiding beacon for bilateral relationship. While India must not interfere in the internal affairs of Nepal at the same time must guide the nation towards a inclusive democracy.
- Indo-Bangladesh boundary disputes were resolved in an amicable manner. The same model should serve as the way forward for resolution of Indo- Nepal boundary dispute and both nations should diplomatically negotiate under the aegis of International law on Trans-boundary Water Disputes.
- India and Nepal are natural partners and enjoy friendly relations from the historical past. Thus, the need to explore and develop multifaceted relations addressing economic and security concerns of both the nations.
- Proximity of Nepal with China, Chinese investment in Nepal must not be viewed by India as a security threat but purely as economic activity for prosperity of its citizens.
- Indo-Nepal talks must being on priority to resolve the border issue and a new set of mutually agreeable rules/ frame work must be worked out. India had conducted a similar exercise with Bhutan to replace the 1949 treaty during 2006- 2007 by a new set of mutually satisfactory arrangements.
- Setting up of a special economic zone to enhance the trade potential between both nations.
- Recently, General MM Naravane was honoured by the President of Nepal as the Honorary General of the Nepal Army. Therefore, military to military ties, establishing joint posts along the boundaries, coordinated patrolling will assist resolve outstanding issues amicably.
- Pilgrimage to Mount Kailash will facilitate in fostering the religious connect between the two nations. Therefore, it is in the interest of both nations that infrastructure in the Kalapani region be developed to reach Mount Kailash by the shortest route possible.

Boundary disputes are common ground for countries that have an ancient history and shared borders, and the India-Nepal border issues one such dispute. Thus, the two neighbouring countries should not let the war of maps deteriorate their historical ties.

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