

**THE NEIGHBOURHOOD POLICY OF INDIA: A CRITICAL  
ASSESSMENT OF INDIA'S BILATERAL RELATIONS WITH  
NEPAL SINCE 1990**

*Thesis submitted to the University of Calicut for the award of the degree of  
Doctor of Philosophy in Political Science*

Submitted by  
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## **DECLARATION**

I, Naseer Ponnarath Kunnummal, hereby declare that the thesis entitled “**The Neighbourhood Policy of India: A Critical Assessment of India’s Bilateral Relations with Nepal Since 1990**” is a bonafide record of research work done by me for the award of the degree of Doctor of Philosophy of the University of Calicut. I further declare that this work or any part thereof has not been submitted by me for the award of any other degree, diploma, title or recognition before.

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## **CERTIFICATE**

This is to certify that the thesis entitled “**The Neighbourhood Policy of India: A Critical Assessment of India’s Bilateral Relations with Nepal Since 1990**” submitted to University of Calicut for the award of the degree of Doctor of Philosophy in Political Science, is a bonafide record of research work carried out by **Naseer Ponnarath Kunnummal** under my supervision. No part of this thesis has been previously submitted for the award of any Degree, Associateship, Fellowship or any other title or recognition. It is also certify that the plagiarism checking has been done by using the Urkund software and the contents are under the allowed limits of plagiarism.

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**Prof. K. S. Pavithran**

17 April 2019

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# TABLE OF CONTENTS

## List of Abbreviations

<b>1. Introduction.....</b>	<b>1</b>
1.1 Statement of the Problem.....	2
1.2 Significance of the Study.....	4
1.3 Research Objectives.....	5
1.4 Research Hypotheses.....	6
1.5 Review of Literature.....	6
1.6 Research Methodology.....	13
1.7 Plan of Work.....	13
<b>2. India's Foreign Policy towards the South Asian Neighbours: A Critical Perspective.....</b>	<b>15</b>
2.1 India's South Asian Neighbourhood.....	18
2.2 Tribulations in India's Neighbourhood Management.....	36
2.3 India's Options and Opportunities.....	50
2.4 Conclusion.....	53
<b>3. Nepal: State Building and Political Transformation.....</b>	<b>59</b>
3.1 Ancient and Medieval Nepal.....	60
3.2 Modern Nepal.....	63
3.3 Rana Oligarchy.....	66
3.4 Emergence of Political Parties.....	68
3.5 Return of Shah Monarchy.....	71
3.6 Democracy Movements.....	81
3.7 New Nepal.....	89
3.8 Conclusion.....	93

<b>4. India and Nepal: Foreign Policies and Bilateral Engagements (1947-1990)</b> .....	<b>101</b>
4.1 Foreign Policy of India.....	103
4.2 Foreign Policy of Nepal.....	115
4.3 India-Nepal Bilateral Engagements.....	125
4.4 India-Nepal Political Relations (1947-1990).....	138
4.5 Conclusion.....	146
<b>5. India and Nepal: Bilateral Relationship since 1990</b> .....	<b>154</b>
5.1 India-Nepal Relationship: 1990-2007.....	156
5.2 India-Nepal Relationship: 2008-2018.....	169
5.3 India-Nepal-China: Triangular Altercations.....	184
5.4 India-Nepal: Outstanding Issues.....	188
5.5 India-Nepal: Need for Re-defining the Relationship.....	197
5.6 Conclusion.....	199
<b>6. Conclusion</b> .....	<b>206</b>
<b>7. Bibliography</b> .....	<b>218</b>
<b>8. Appendix A</b> .....	<b>240</b>
<b>9. Appendix B</b> .....	<b>241</b>
<b>10. Appendix C</b> .....	<b>244</b>

## **LIST OF ABBREVIATIONS**

AD	: Anno Domini
ADB	: Asian Development Bank
APA	: American Psychological Association
BC	: Before Christ
BIMSTEC	: Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation
BIPPA	: Bilateral Investment Promotion and Protection Agreement
BJP	: Bharatiya Janata Party
BRI	: Belt and Road Initiative
CA	: Constituent Assembly
CPI (M)	: Communist Party of India (Marxist)
CPN	: Communist Party of Nepal
CPN (M)	: Communist Party of Nepal (Maoist)
CPN (MC)	: Communist Party of Nepal (Maoist Centre)
CPN (UC)	: Communist Party of Nepal (Unity Center)
CPN (UML)	: Communist Party of Nepal (United Marxist-Leninist)
CTG	: China Telecom Global
DPSP	: Directive Principles of State Policy
FDI	: Foreign Direct Investment
GDP	: Gross Domestic Product
IPKF	: Indian Peace Keeping Force
ISI	: Inter-Services Intelligence
IT	: Information Technology
LAC	: Line of Actual Control
LoC	: Line of Control
LTTE	: Liberation Tigers of Tamil Eelem
MEA	: Ministry of External Affairs
MFN	: Most Favoured Nation

MoU	: Memorandum of Understanding
NA	: National Army
NAM	: Non-Aligned Movement
NCP	: Nepali Congress Party
NDA	: National Democratic Alliance
NNC	: Nepali National Congress
NPP	: Nepal Praja Parishad
NRC	: Nepali Rashtriya Congress
NRGP	: Nepal Rashtrabadi Gorkha Parishad
NT	: Nepal Telecom
POK	: Pakistan Occupied Kashmir
RAW	: Research and Analysis Wing
SAARC	: South Asian Association for Regional Cooperation
SAFTA	: South Asian Free Trade Area
SPA	: Seven Party Alliance
SPP	: Samyukta Prajatantra Party
TNT	: Tamil New Tigers
ULF	: United Left Front
UN	: United Nations
UNO	: United Nations Organization
UNPKO	: United Nations Peace Keeping Operations
UNSC	: United Nations Security Council
UPA	: United Progressive Alliance
UPFN	: United People's Front Nepal
USA	: United States of America
USSR	: Union of Soviet Socialist Republics



## **CHAPTER I**

### **INTRODUCTION**

India has been emerging as a global strategic player through an ever-increasing focus on her economic stability and security management. There is an outspread acknowledgment of India as a potential economic super power in the near future. The policy analysts forecast that India will emerge as an Asian super power within no time in the future. Bill Emmott, the British journalist and former editor of 'The Economist', indubitably observed in his article 'Asia's Pivotal Power' that 'India's tradition of democracy and the rule of law, its sheer size in economic and demographic terms, and its geographical location all combine to give it a natural potential role as one of Asia's leaders.' Simultaneously, there is a growing concern among the political intelligentsia that India's emergence at any level of global power politics definitely having its implication towards maintaining domestic stability and carefully crafting its policies towards her South Asian neighbourhood. Any kind of aspiration that India has at global level can best be contented only through the constant support of her contiguous neighbours. Hence the accomplishment of India's emergence as a regional as well as global strategic power player lies in convincing its South Asian neighbours that India is an opportunity to get out of their distress and not a threat to their sovereign political identity.

What makes South Asia a central factor in deciding the success of India's foreign policy is the natural responsibility that India has towards these nations. South Asia remains one of the poorest regions in the world because of the colonial past and the inability to have state building thereafter. Among these group of failed nations, India assumes a natural leadership role by the virtue of its size, location, military strength and economic potency and remains as an imperative physical link. Further, India has close historical, religious, economic, ethnic, and linguistic relationships with all of these states. Shibashis Chatterjee rightly pointed out that 'given the new foreign policy priorities of India based on development, economic integration, multi-alignment, greater regional cooperation and connectivity with neighbours- and promotion of peace and stability within the framework of a plural, secular and liberal democracy- how India responds to the challenges of internal contradiction and vicissitudes of South Asia would decide India's economic performance and rise as a credible power championing the cause of an open, just, peaceful and humane world order'. So it is quite natural to have a confrontation, if India failed to

rise to their expectation of working to ensure economic progress, social security and political stability in South Asia.

The experts in the field of Indian foreign policy analysis are concerned about India's posture in the neighbourhood and argue that regardless of India's emphasis on economics in its foreign relations, its neighbours feel exceptionally defenseless to Indian political, military, and economic pressures and none of them would wish India to assume the position of the regional super power. In this respect S. D. Muni, identifies five problem areas in India's approach towards the neighbourhood: (a) the lack of balanced political perspective; (b) the power differentials; (c) India's economic clout; (d) extra-regional powers; and (e) mindsets, diplomatic styles and personalities. India always failed to develop a balanced political perspective in the sense that her policy towards the neighbourhood has been guided by the political situations present at the domestic and regional level which subject to frequent changes from time to time in terms of issues and priorities. A long term strategy to maintain an enduring relationship based on mutual trust and cooperation thus lack in the case of India's foreign policy towards the neighbours.

It is not the false consciousness of the neighbours about the dominating features but the policy attitude of India to dominate the neighbourhood creates troubles in the bilateral relations. India's policy approach towards the neighbours has created a negative perception about the country in the minds of the people around India. The Indian magazine 'Seminar' in its 2008 April issue made a realistic observation that 'the overwhelming presence of India creates an asymmetry that pushes other smaller countries into suspecting hegemony in every proposal for greater cooperation, in turn feeding into an incipient irritation within India that its neighbours are united only in their anti-India sentiment'. The countries in South Asia are already in a state of frustration caused by their own internal political troubles and economic crisis. Instead of an unconditional helping hand to prevail over their sufferings for a better nation and nation building, India's engagements with these nations are conditional and caused to create suspicion about India and her role in the neighbourhood politics.

### **1.1 Statement of the Problem**

The new world order truly necessitates mutual trust and co-existence with the world nations in general and the neighbours in particular for securing the unparalleled foreign policy

objectives of security and development, which are widely recognized as the base of a nation's regional and global power ambition. Hence India's emergence as an influential regional and global actor depends well on to its cooperative and harmonious engagement with her immediate neighbours in South Asia. But over the years since independence, India never succeeded to have an articulated neighbourhood policy and always failed to take into confidence her South Asian neighbours. The result is an apprehension created against India as a regional hegemonic power trying to dominate over the sovereignty and independence of the neighbours. India's efforts towards building a structure of cooperative and mutually beneficial relations through greater regional integration to tackle the troubled neighbourhood still remained as an unaccomplished target of her foreign policy. So there is an increasing level of concern that India should take much more credible steps to overcome her negative perception in the South Asian region which actually embed a critical challenge to her territorial security, economic growth and political stature.

India has been experiencing a wide range of traditional and non-traditional security issues which have its impact more than ever over her domestic stability and economic growth. A close analysis of India's neighbourhood policy make it possible to find the reality that those security issues are posed from the neighbourhood and should not be resolved without the genuine support and cooperation from the neighbourhood. It is because of the fact that South Asia remains more as India centric both in terms of the issues and opportunities. So it is ultimately India's policy approach which is going to decide whether there wants to have the politics of confrontation or collaboration in South Asia. And whatever may be the nature of relation, the highest share of its advantage and disadvantage is credited in favour of India.

Among India's South Asian neighbours, Nepal is one of the finest cases in point to question the viability of India's assertive neighbourhood policy in the contemporary regional and global political context. The strategic importance of Nepal lies in its geographical position between the Himalayan powers of India and China. With the establishment of Chinese control over Tibet, Nepal becomes a buffer state between them. The geo-strategic position of Nepal has been making India competing with China to get strategic control over the domestic politics and security of Nepal. India devised the 1950 Friendship Treaty to ensure the economic and defence dependence of landlocked Nepal to India for confining the country as India-locked. Being a landlocked country Nepal has the obvious dependence to India for trade and transit. It is the

natural responsibility of India to provide such trade and transit facilities since Nepal has no other viable option than India for her economic transactions. Though India was maintaining a satisfactory relation to a certain extent with Nepal since independence, it was guided by the intention of playing the politics of security interference to make Nepal politically closer to India and far to China. This has been challenged in the new phase of political transformation in Nepal.

The anti India sentiments were present in Nepal since the reinstatement of monarchy in 1951. This sentiment has further reached new heights with the decline of monarchy in 2006 and the emergence of the Communist Party of Nepal (Maoist) as the largest party in the Constituent Assembly in 2008. Today the Maoists blame and accuse India for interfering in the internal affairs of Nepal and encouraging encroachment of Nepalese territory along the borders. The Maoists doubted the concerns and questions rose by India over the Constitution of 2015, and tried to convince the Nepalese that India does not want true democracy and political stability in Nepal. This has created a general perception against India among the Nepalese media, civil society and academicians. In this context the present study is located on the recent political developments in Nepal and the changing perspectives of India's foreign policy.

The study focuses on the point of India's negative perception in the neighbourhood in common and in Nepal in specific and its imperative impact to the security aspirations of India. The study is endeavoring to analyse how the contradiction and dispute over the security orientation of India and the economic orientation of Nepal spoil the natural friendship and co-existence between the geographically interconnected and historically intertwined India and Nepal.

## **1.2 Significance of the Study**

The topic of the study is having the two fold relevance in the context of contemporary South Asian politics. Firstly, this is the phase in which India is projected as a potential super power in the nearest future. India's economic potential, security credentials and demographic growth have contributed for transforming the world view on India and for acknowledging her growing power status. One paradox in the acknowledgement is that India's South Asian neighbourhood is dismissive and suspicious of her emergence as a global political player. For any nation aspiring for super power status needed strong and enduring economic partnership and political alliance with the neighbours. So it is high time to make India's neighbourhood policy

articulated towards building confidence among the neighbours through shared economic progress and regional security. Secondly, the political transformation in Nepal has been completed with the promulgation of the new Constitution in 2015 which established new Nepal. Since the establishment of democracy in 2006 Nepal has attained considerable progress in establishing internal political stability and peace. But India's relationship with Nepal in the new domestic political environment is not much progressive and is under constant suspicion. In the past India was following unilateral and interventionist policy in Nepal intended to secure her political and security aspirations. But today the democratic transition and the entry of the Maoists to the political mainstream have changed the domestic political profile of Nepal. The Communist Party of Nepal (United Marxist-Leninist) and the Communist Party of Nepal (Maoist Centre), the hardcore detractors of Indian hegemony, have merged together to form the Nepal Communist Party and is in power with two-third majority in the Nepalese Parliament.

Under this new political situation in Nepal it is not possible for India to continue the relation with Nepal on the basis of the traditional unilateral security perspective. India can enjoy the bond of special friendship with Nepal only through constructive contribution towards the socio-economic development of Nepal. In the 2017 Parliamentary election, as S. D. Muni observes, the Nepali voters have clearly expressed their new nationalism which has three key components- the search for political stability and peace, the demand for fast and comprehensive development and assertion against India. The Communist government in Nepal has no more hesitation to open the way for China to offset the pressure from India particularly in the field of trade and transit. Simultaneously China is also eagerly waiting for a chance for strategic contribution towards the rebuilding of Nepal to claim her ascendancy in the Himalaya against India. The new political orientation of Nepal and the need for reorienting India's neighbourhood policy to enable her to play more viable and effective role in the regional and global political contexts makes the study on India's bilateral relation with Nepal academically significant.

### **1.3 Research Objectives**

The study has been carried out keeping in view of the following objectives;

1. To examine the evolution of India's neighbourhood policy and compare and contrast its different phases to understand the fundamental drive.

2. To make an analysis of the emergence of the troubled statehood and the domestic politics of Nepal.
3. To analyse the history of Indo-Nepal relationship with their domestic determinants to position the bilateral relation in the contemporary context.
4. To examine the issues of discord between India and Nepal and its misplaced perception and impact to bilateral engagements.
5. To identify the traditional and non-traditional security issues between India and Nepal to make an understanding of the nature of policy interaction between the nations.
6. To examine the external factors which play a role in determining the temperament of Indo-Nepal bilateral relationship.
7. To generate a design of how India wants to build a structure of cooperative and mutually beneficial relations with Nepal in order to remain a trustworthy friend of new Nepal.

#### **1.4 Research Hypotheses**

1. India's policy towards the South Asian neighbours has been prejudiced by her internal and external security aspirations.
2. India has failed to articulate her neighbourhood policy to establish enduring friendship and co-operation with the South Asian neighbours.
3. India followed unilateral and coercive economic policy towards Nepal by undermining the basic political and economic aspirations of landlocked Nepal.
4. Nepal has transformed from a failed state to new Nepal with the establishment of true democracy and the emergence of the Maoist and Communist forces as the dominant political players.
5. The Communist government in Nepal has opened the way for China to offset the pressure from India in order to fulfill their commitment to ensure order, stability and development.
6. It is no longer possible for India to follow her unilateral foreign policy and coercive economic diplomacy towards new Nepal.

#### **1.5 Review of Literature**

The study 'The Neighbourhood Policy of India: A Critical Assessment of India's Bilateral Relations with Nepal Since 1990' is an academic endeavor to conduct an analytical study for generating a critical understanding on India's bilateral policy towards Nepal. For a

comprehensive understanding on the topic, the study is designed to explore India's foreign policy towards the neighbours, political transformation in Nepal and the bilateral policy and relation between India and Nepal. There are lots of literatures available, contributed by the writers from the academic and diplomatic fields in the form of published books and journal articles regarding India's neighbourhood policy, political transformation of Nepal and India's relation with Nepal. Though there are similar arguments in different writings it is possible to develop a perspective on our own by analyzing the facts and events from these literatures.

Different aspects and aspirations of India's foreign policy in a general frame work and the policy towards the South Asian neighbours in particular sense has been discussed by different writers from different fields with much dedication and enthusiasm. The book 'Does the Elephant Dance: Contemporary Indian Foreign Policy' (Malone, 2011) is one of those rare works that has an expert and practical analysis of foreign policy. The author, a scholar-diplomat known for his expertise on multilateral diplomacy, though does not seek to establish a new theoretical framework on Indian foreign policy, gives a sound and systematic understanding of India's foreign policy challenges and constraints. In the introduction, David M. Malone rightly notes that "much of Western literature on Indian foreign policy is self-referential: Westerners citing other Westerners, as if most work of value were written outside the region and countries involved". The chapter on India and its South Asian neighbours is a brilliant analysis of India's dangerous neighbourhood otherwise positively managed by India. In this chapter Malone precisely observed that 'India faces a circular challenge: unless its region becomes more cooperative and prosperous, India is unlikely to develop into more than a regional power, but it is true as well that it cannot be a global power unless it reaches beyond its neighbourhood'.

The evolution of India's foreign policy since independence and her competing status and role in the evolved phase is realistically presented in 'Pax Indica: India and the World of the 21<sup>st</sup> Century' (Tharoor, 2013). The author affirmed that international system of the twenty-first century, with its networked partnerships, will need to renegotiate its rules of the road and India is well qualified to help write those rules and define the norms that will guide tomorrow's world. India's engagements with the world nations in the larger platform will be productive only when India brings peace in her tough surroundings which is of course a huge responsibility produced by her historical and cultural identity. The importance and inevitability of neighbourhood in the strategic emergence of India is furthermore highlighted in the article 'India's Neighbourhood

Policy: Four Dimensions' (Mohan, 2007). The analysis on the need for transforming the tough neighbourhood into a centre of holistic peace and friendship is based on the author's realistic conviction that without enduring primacy in one's own neighbourhood no nation can become a credible power on the global stage. India's global ambition and strategic future can best be served with greater engagement with the South Asian nations on economic and social terms.

India's strategic relationship with external world and the issues confronted out of it in the new world order is well analyzed and organized, with practical experience, in the book 'Challenge and Strategy: Rethinking India's Foreign Policy' (Sikri, 2009). India's position and possibilities in the 21<sup>st</sup> century is stimulated in the book for discussion and debate by acknowledging the perception that 'the fulcrum of global politics and economics is inexorably shifting towards Asia.' The global standing of India in the 21st century will depend to a large extent on whether India lives up to its promise and potential, whether China manages to sustain its economic growth, and the inter-relationship between the two giants. The question on the reason for the failure of India in managing the neighbours and the emergence of troubled neighbourhood is answered as 'the baneful effects of the politics of cultural identity throughout South Asia arising out of a collective failure to recognize and acknowledge that South Asia has a distinctive personality and intertwined history arising out of its definite geographic identity'. Though the world predicts India's emergence to the global power stratum, the makers of Indian foreign policy does not pay much attention to the economic development of India in real sense through the regional integration of South Asia with mutual trust and confidence.

How the domestic factors in India is influencing her engagement with the world both on positive and negative means is systematically analyzed in a balanced way in 'India's Foreign Policy: Coping with the Changing World' (Dubey, 2016). Indian foreign policy has changed its orientation towards international power politics in order to deal with the new world order emerged after the end of Cold War. It is visible in India's relation with the United States and China and also in the case of South Asian neighbours. Regarding India's relation with the neighbours the author has observed that the identity crisis in the neighbourhood had spoiled the opportunity to develop an intense friendship among the members in South Asia. The debate on the role that India can play in the global as well Asian politics in the future course of time was well ignited by the articles in the edited work 'Hand Book of India's International Relations' (Scott, 2011). The entire 29 articles in the volume, covers the immediate neighbourhood,



extended neighbourhood, great power relationship and global issues, have been written by sharing a fundamental theme that India's foreign policy is operating in a concentric circle. The perception of world nations, most importantly the neighbours, towards India is more important than the perception of India towards the world nations.

The edited work 'India's Neighbourhood: Challenges in the Next Two Decades' (Dahiya & Behuria, 2012) is exclusively analyzing the challenges that may pose over India by her neighbourhood in the next two decades. The chapters in the book take a prospective look at India's neighbourhood, as it may evolve by 2030. They underline the challenges that confront Indian policymakers, the opportunities that are likely to emerge, and the manner in which they should frame foreign and security policies for India, to maximize the gains and minimize the losses. The article in the book, 'Issues and Concerns in India-Nepal Relation' (Nayak, 2012) is an elaborate analysis of India's negative perception in Nepal in the light of the evolving Nepalese politics. Nihar Nayak analyzing the topic on the point that political, economic, social, geographical, social, and psychological apart from some external factors that is responsible for the growing anti-Indianism in Nepal. He is also making an analysis of future scenario with some points of recommendation on how India wants to derive an effective policy on Nepal.

The establishment of democracy in Nepal was the result of the eventful evolutionary process characterized by the antagonism between the democratic forces and the monarchy. The period of the evolution was featured by the autocracy of the King, people's movements for democracy, emergence of Maoist movement and the process for the establishment of republicanism. Such a dramatic political history of Nepal attracted scholarly attention and produced comprehensive knowledge and analysis on the political life of Nepal. An elaborated description on the state formation and political transition in Nepal was made in the book 'Paradise Lost?: State Transformation in Nepal'(Riaz & Basu, 2007). The work indeed is an examination of the causes of and the condition for the crisis and the state failure in Nepal. It also makes an attempt to trace the factors leading to the rise of the Maoist insurgency that has engulfed the country and map the future trajectories of the Nepal polity. The state of Nepal, founded in eighteenth century, characterized by its extractive patrimonial and dependent on a monarchical political order has failed and the nation is standing at crossroads with a catastrophic past behind and an uncertain future ahead of it. The analysis of the socio-political base of the

enduring violence in Nepal would reveal the answer to the question of for whom the Nepali state failed and how.

The conflict and contradiction between the military and democracy and its terrible effect on the socio-political life of Nepal are well analyzed in the book 'Military and Democracy in Nepal' (Adhikari, 2015) which facilitate to comprehend the monarchy-military complex against the true spirit of democracy. For the survival of autocracy and for the suppression of democracy movements by the political parties and the Maoists, the King heavily made the use of National Army in Nepal. As the commander-in-chief of the Army the King had made the military submissive to the protection of royal interests rather than safeguarding the national spirit. The political transition in Nepal was largely induced since 1990 by the people's movement organized by the major political parties and the People's War declared by the Maoists. The period marked prolonged political turmoil and instability and the final establishment of democracy in 2006, a scholarly narration of which is made in the edited work 'Nepal in Transition: From People's War to Fragile Peace' (Einsiedel, Malone & Pradhan, 2012). The accomplishment of people's movement II in overthrowing monarchy and the mainstreaming of rebellious Maoists resulted for a new phase of transition from prolonged war to democratic peace system. But the duly established peace system in Nepal is fragile and its survival for a long is subject to the creation of constructive policy for the social inclusion and the economic prosperity of the Nepalese.

The political effort for bringing democracy and the structural constraints in developing a stable democratic order after 1990 are explored in detail in 'Nepal Democracy at Cross Roads: Post-1990 Dynamics, Issues, and Challenges' (Upreti, 2007). An interesting fact is that the tragedy of Nepal was not only the lack of democracy in governance but also the lack of viability within the democratic governance which often lead to political instability in considerable terms. Considering the establishment of democracy in 2006 and the subsequent effort for devising a new democratic political structure, the societal problems of the multi-cultural communities and groups in Nepal due to their political exclusion and social marginalization are examined in the book 'Towards a Democratic Nepal: Inclusive Political Institutions for a Multicultural Society' (Lawoti, 2006). The indigenous groups, Madhesi people, the Dalits and women who collectively constitute the numerical majority of population in Nepal are subject to socio-political inequality and exploitation. The outreach and prominence of the conflict between the monarchy and democracy made the internal social incoherency disregarded in the external world. But once that

conflict is over and democracy is established, its survival depends on to what extent the new political system accommodates the aspirations of these vulnerable groups.

The two countries of India and Nepal and their mutual relation and discord constitute a core area of general and critical analysis at the academic, diplomatic and journalistic circles due to the strategic interest of India in Nepal. Because of the landlocked position of the country between the rival powers of India and China, Nepal remained a major security concern of India's foreign policy and the application of coercive diplomacy made the relation problematic. The unequal relationship between India and Nepal, the two close neighbours having a rich and deeply pervading inheritance of historical evolution, geographical contiguity and socio-cultural identities, is critically examined in 'India and Nepal: A Changing Relationship' (Muni, 1996). The base of India-Nepal contention is the unequal friendship treaty of 1950 and the subsequent trade and transit treaties which truly hurt the basic sentiments of landlocked Nepal. A factual survey of India's troubled political relation with Nepal from 1950 to 2008 is made in the book 'Global Dimensions of Indo-Nepal Political Relations: Post-Independence' (Singh, 2009). India never had a constant structure of policy towards Nepal as an immediate neighbour and it was purely guided by the changing political atmosphere in both India and Nepal. But the political transformation of Nepal in 2008 has changed the power equations of Nepal. So that India can no longer pursue its vital strategic and economic interests in radically transformed Nepal on the basis of its old colonial policy mindsets and bureaucratized traditional tools of diplomacy.

Security is the primary concern in India-Nepal bilateral relationship. India wanted to get Nepal under India's security interests and surveillance. But Nepal wanted to be free from India's security umbrella and defence domination. The implication of geo-politics and the security concerns in India-Nepal bilateral relationship is scrutinized in the book 'Mutual Security: The Case of India-Nepal' (Thapliyal, 1998). India's unilateral and security oriented foreign policy towards Nepal undermined the natural right of Nepal as a landlocked nation and further aggravated the neighbour through coercive economic diplomacy. Various international conventions have accepted the right of landlocked countries for free access to and from the sea and freedom of transit to facilitate their economic progress. The article 'India-Nepal Discord' (Gupta, 1989) critically analyzed India's trade and transit policy towards Nepal in the light of India's virtual economic blockade of 1989. Nepal's economy heavily depended on India, so that

it is so sensitive to India's coercive economic diplomacy. India has no more logical authority to control landlocked Nepal's transit right for foreign trade in the name of bilateral confrontations.

China is a dominant factor in India-Nepal bilateral relations since the political domination in the Himalayas is a matter of prestige and power for both India and China. The book 'Nepal and the Geo-Strategic Rivalry between China and India' (Upadhyaya, 2015) presents how Nepal was sandwiched between the power rivalry of India and China and how it made an impact to the sovereign existence of Nepal. Nepal had suffered a lot from the Asian power rivalry which in effect controlled and limited the political and economic support towards Nepal from the external world. The monograph 'Nepal's Evolving Relations with India and China: A Perspective from Nepal' is analyzing the development of the state of Nepal and the policy relation maintained by both India and China at each level of its evolution from the monarchy to democracy (Lohani, 2011). It deeply identifies different phases of building modern Nepal and the way in which India was maintaining relation with Nepal with a detailed narration of the developments since the independence of India. The understanding on India and Nepal's Maoists, India-China connectivity via Nepal and the role of the media in India-Nepal relations are inevitable in the analysis of the triangular relationship among India, China and Nepal. It is a fact that Nepal is a destination opened for prospects and not a territory locked for confrontation.

India's relation with new Nepal and her options and opportunities in the new political situation which featured the emergence of the Communist parties is a matter of wider discussion nowadays. India is too important for Nepal in the reformation and restructuring of her society and economy. But at the same time Nepal is politically stable and capable to bear and balance any Indian pressure for domination. The need for reorienting India's relation with Nepal including the revision of the 1950 Friendship Treaty in the context of Nepal's political transformation is examined in the article 'Challenges to the Revision of the Nepal-India 1950 Peace and Friendship Treaty' (Karki & Paudel, 2015). The future of India's political intervention in Nepal is well analyzed in light of the Madheshi protest against the new Constitution of 2015 and India's alleged role in it in the article 'Himalayan Mess-up' (Muni, 2016). The article 'The Road Ahead for India-Nepal Relations' (Chauhan, 2017) vehemently states that if India is to continue her coercive economic diplomacy, Nepal will definitely enlarge its political and economic association with China. At the same time China too is eagerly waiting for Nepal's call for greater partnership.

## **1.6 Research Methodology**

The study 'The Neighbourhood Policy of India: A Critical Assessment of India's Bilateral Relations with Nepal Since 1990' is a critical academic analysis of India's bilateral engagement with Nepal with a purpose to find answer to whether India has an articulated neighbourhood policy to manage her tough neighbour zone. A combination of descriptive and explorative research design has been employed in the course of this study. As the study is based on India's foreign policy towards the neighbours, historical and analytical methods are used for exploring India's relation with the neighbourhood in general and the nature of relation maintained with Nepal in particular. Based on the secondary data, the study endeavours to derive a firm observation with regard to the established objectives of the research area. Data and information with regard to different aspects of India's foreign policy and the relation between India and Nepal have been used from published and unpublished research papers, books, periodicals, journals, websites and official sources. APA (American Psychological Association) format is used to cite the source of data and information and for the presentation of the thesis.

## **1.7 Plan of Work**

The study to analyse India's neighbourhood policy on the basis of her bilateral relation with Nepal is presented in six chapters. The first chapter 'Introduction' deals with the primary elements of the research including the statement of the problem, research objectives, and the hypotheses. The chapter also presents the significance of the topic selected for the study, the review of the major literature used for the study and the methodology adopted for conducting the research work. The second chapter 'India's Foreign Policy towards the South Asian Neighbours: A Critical Perspective' is an examination of India's neighbourhood policy in general and the policy approach and the bilateral relation with each South Asian neighbour in particular in order to make an evaluation to answer the question whether India succeeded or failed in articulating a powerful neighbourhood policy intended to establish enduring trust and friendship in South Asia. The chapter also focuses on to analyse the tribulations in creating fair and trustworthy relation with the neighbours which resulted for the emergence of anti-India sentiments in the region. Finally the chapter makes an observation on the need for reorienting India's foreign policy towards the neighbours so as to transform the region as an opportunity for mutual peace and development rather than a security threat.

The third chapter 'Nepal: State Building and Political Transformation' is intended to examine the formation and transformation of Nepal and its politics. The chapter analyses the ancient, medieval and modern political history of Nepal to make an understanding on the different phases of evolution of the institution of state and its political machineries in Nepal. Special focus has given to the evolution of democracy in Nepal through different phases since its first foundation in 1950 through the people's revolution in order to analyse Nepal's journey towards the final establishment of true democracy in 2008 and afterward political transformation of new Nepal. The fourth chapter 'India and Nepal: Foreign Policy and Bilateral Engagements (1950-1990)' deals with the basic elements of the foreign policy of both India and Nepal and the bilateral relationship between the two countries from 1950 to 1990. For making a comprehensive understanding on the bilateral engagement between India and Nepal, the chapter analyses in detail the Friendship Treaty of 1950 and the Treaty for Trade and Transit which formulated and renewed in different periods. A separate analysis of the political relationship during the period from 1950 to 1990 is also included in this chapter.

The fifth chapter 'India and Nepal: Bilateral Relationship Since 1990' makes a critical analysis of India-Nepal relationship since the period from the restoration of democracy in Nepal through the first People's Movement for democracy organized in 1990. The 28 years period is analyzed in two parts, i.e. the period from 1990 to 2007 and the period from 2008 to 2018. An examination of the influence and impact of the power play between India and China over India's bilateral relationship with Nepal is made in the chapter. An inspection of the outstanding issues existing between India and Nepal is also made in this chapter in order to locate the reason for the failure to establish enduring friendship between the two geographically close neighbours. In the new political environment emerged with the creation of new Nepal with the final restoration of democracy in 2008 how India can play an effective role for the socio-economic transformation of Nepal and the need for re-orienting India's security oriented traditional approach towards the landlocked neighbour is also a matter of analysis of this chapter. The final chapter is the conclusion of the study.

## **CHAPTER II**

### **INDIA'S FOREIGN POLICY TOWARDS THE SOUTH ASIAN NEIGHBOURS: A CRITICAL PERSPECTIVE**

Every nation in the contemporary international system is making interactions with each other on the basis of a defined and designed system of policy having the primary objective of the promotion and protection of their articulated interests which is termed as foreign policy. The international system is thus providing the strategic space for the interactions of foreign policies where the specific and common interests of nations congregate with each other on regular basis. The interactions of these foreign policies aspire for the maximization of one's own interest in the global arena, which is mostly an upshot of domestic politics and interests. In this perspective the nations are trying to change the behaviour of other nations in favour of their own policy propagation and realization; and on occasion adjusting their own activities to cope with an international environment (Modelska, 1962). Hence, foreign policy becomes the representation of the envisagement of a nation shaped by the historical perspectives, current politics, and future aspirations.

Foreign policy, in fact, shows the behaviour and character of a given nation towards the international system altogether, and to an individual nation in particular. Though there may have some explicit and stable character to the foreign policy of a nation, it is not a common rule to have an identical policy outlook and political contact with each and every nation (Melissen, 2008). Each nation is considered as a particular entity for foreign policy engagement on account of the basic fact that each nation having diverse levels of policy objectives and providing a different category of opportunities. Consequently, foreign policy is implicit to the concerns of a nation with the other nation on compound elements of national interests. The foreign policy concern may be either negative or positive in the sense of nation's promotion of national interests; it is negative if a nation is trying to pursue foreign policy without changing the behaviour of the other, and positive if the nation demanding a change in the behaviour of the other to serve self-interests (Gross, 1954).

Since national interest is the fundamental basis for foreign policy formulation, there shall be a body of interests identified by the nations and organized on a hierarchical basis. Subject to

the geographical position, political viability, economic competence, and military potency, the nations have a diverse hierarchy of national interests. Though there may be differences on the hierarchy of national interest, each nation maintains some basic priority. In that perception of basic priority, security possesses the superior position. Peace and prosperity are possible only when the physical survival of the nation is ensured. The protection of the sovereignty and territorial integrity of the nation thus become the topmost concern of any foreign policy (Dubey, 2016). The highest concern and declared objective of India after independence were to protect and preserve her sovereign power by means of self-determining international engagements, and territorial integrity by means of maintaining national security and peace. It was an imperative and admired objective for a country like India dreaming for the emergence to global power stature from the colonial darkness.

For the accomplishment of the preferred national interest India espoused the principles of Non-alignment, Panchsheel, resistance to colonialism and imperialism, peaceful settlement of international disputes, support to United Nations and amity with all the nations as the keystone of her foreign policy (Saran, 2017). Non-alignment is the fortitude of self-determination in foreign policy and relations by opposing alliance with big powers and bloc politics. Panchsheel is the five principles designed to maintain peaceful coexistence among the nations, was signed with China in 1954 and become the basic perception of India's external relationships. India is also an original member of the United Nations vigorously supporting and participating in all UN endeavors to bring international peace, security and development. With the strong support of the inspiring ideals and visions of the leaders like Jawaharlal Nehru and Indira Gandhi India's emergence was really astonishing and stimulating to the fellow nations of Asia, Africa and Latin America. India's rise as a stable political system and a growing economic country has redrawn the geopolitics of Asia and the power equations beyond the Asian border (Ganguly, 2014).

Over the past seven decades, Indian foreign policy has attained much greater height in terms of acclaiming a world stature as a politically powerful third world country in Asia. India has been emerging as a global strategic player through an increasing focus on economic and military expansion. The policy analysts predict that India will emerge as an Asian superpower within no time in the future. At the same time, there is a growing concern that India's emergence at any level of global power politics having its implication towards maintaining domestic stability and carefully crafting its policies towards her South Asian neighbourhood. Any kind of



ambition that India has at the global level can best be satisfied only through the constant support of her surrounding neighbours. Foreign policy analyst C. Raja Mohan rightly pointed out that 'without enduring primacy in one's own neighbourhood, no nation can become a credible power on the global stage' (Mohan, 2007). So the success of India's emergence as a global power lies in convincing its South Asian neighbours that India is an opportunity to get out of their distress and not a threat to their identity.

What makes the South Asian neighbourhood a central factor in deciding the success of India's foreign policy is the natural response that India has towards these nations. South Asia remains one of the poorest regions in the world because of the colonial past and the inability to have state building thereafter. Among these group of failed nations, India assumes a natural leadership role by virtue of its size, location, military strength and economic potency and remains as an imperative physical link (Chacko, 2014). Moreover, India has close historical, religious, economic, ethnic, and linguistic relationships with all of these states. So it is quite natural to have confrontation if India failed to rise to their expectation of working to ensure peace and stability in South Asia. The prosperity in the poor profiled South Asia is possible only when the countries in the region realize the need for South Asian regional integration and India should convince and take urgent steps to promote institutionalized interdependence (Vohra, 2001). Though regional integration in other parts of the world has made success stories at different levels, the endeavour to achieve collective self-reliance under South Asian Association for Regional Cooperation (SAARC) unfortunately has become a failed mission.

Though Indian foreign policy highly emphasized the need for building cooperation with the neighbours, India's relation with the nations in the immediate neighbourhood is definitely not up to the expectation. With India's ideological orientation towards the fellow nations, which was largely shaped by the freedom struggle against British colonialism, the expectations were always too high. Policy analysts argue that there exist some cardinal problems in India's basic approach towards the neighbourhood. Eminent strategic analyst S. D. Muni identified some major problem areas in India's attitude which cause for an uneasy relationship with its neighbours; non-articulation of neighbourhood policy due to difference over political perspective towards different nations; huge power gap and the attempts of Indian power hegemony and domestic interference; economic supremacy and the feeling of Indian domination; strategic influence and

threat of extra-regional powers like United States and China; and the realist attitude of Indian leaders and diplomatic persons (Muni, 2003).

The chapter is focused on two aspects of analysis including the history of the political formation in South Asian neighbouring countries and India's policy approach and; India's predicament in maintaining friendly and cooperative relations with the neighbours. It is imperative to analyse the nature and character of the polity of a country in order to understand the underlying spirit of those nations domestic and foreign policy. Understanding India's neighbourhood is in fact means understanding the aspirations and concerns of these nations in relation to India. India's troubled neighbourhood is not only because of the frail political system of the neighbours, but also because of India's power politics and leadership aspirations.

## **2.1 India's South Asian Neighbourhood**

South Asia, which is geographically also acknowledged as Indian sub-continent owing to the natural separation of the region from other Asian countries by the mountain ranges, comprises eight countries of Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan, and Sri Lanka. The countries are inter-connected by geography, history, economy, politics, and culture. Such kind of an inter-connection by the time, established both convergence and divergence of interests among these countries. South Asia is bordered by Himalayan mountain ranges in the north and north-east and the mountain ranges of Karakorum, Hindu Kush and Makran in the north-west region. The region is further covered by Indian Ocean, Arabian Sea and Bay of Bengal in the south, south-west and south-east respectively. The topography of the region is rich with mountain ranges, fertile plains and dense forests. The region is also well-off with the Indus, Ganges and Brahmaputra river systems. Because of these favourable geographical conditions for voyage, historically South Asia was one of the major center of migration and settlement of people from different parts. So the ancient history of South Asia covers the history of the great civilization and the co-existence of people from different races and religions (Bose, 2014).

Political independence and democratic regime is somewhat a recent concept in South Asia since many countries were under external dominance or internal monarchy. South Asia was one of the hot spot of European invasion because of the rich minerals, spices, cotton, and cheap man power (Cohn, 2006). The European invasion to the region was started in the late fifteenth

century with the discovery of sea route from Europe to India by the Portuguese. The Portuguese invasion was followed by the Dutch, the English and the French. By the eighteenth century the British take over the colonial control of South Asia. The two hundred years of British colonial control over the region had made drastic impact over the socio-political structure of South Asia. Political and religious rivalry becomes a great intimidation to the peace and stability of the region. Today development and nation building in South Asian nations are harshly affected by the political conflicts, democratic instability, social backwardness, economic inequality, religious fundamentalism, and mutual distrust. Though the problems of South Asian countries having a root in the past, a collective endeavor has not been taken to save the future aspirations of these vulnerable countries.

### 2.1.1 Afghanistan

The Islamic State of Afghanistan is a land locked country enfolded by Pakistan, Iran, Turkmenistan, Uzbekistan, Tajikistan and India. Afghanistan is in the middle of three major cultural and geographical regions of south central Asia, Iranian plateau and the Indian subcontinent. The country was under the British imperial influence and became independent on 19 August 1919. After independence, for a period of fifty five years from 1919 to 1973, Afghanistan was under the monarchical reign of Amanulla Khan (1919-1929), Mohammed Nadir Shah (1929-1933) and Mohammed Zahir Shah (1933-1973). In 1973 Mohammed Daud Khan became the president of Afghanistan by overthrowing the monarchy of Mohammed Zahir Shah through a military coup with the support of Afghan Communist Party and declared the country as republic.

Afghanistan witnessed a leftist coup with the backing of armed forces in 1978 to depose Mohammed Daud Khan from the presidency. Consequently Nur Mohammad Tarakai was installed as the new President and Afghanistan happened to be the first South Asian country to fall under the communist rule. The leftist coup resulted in the emergence of Afghan guerilla movement known as Mujahideen movement (Dalrymple, 2014). To counter the Mujahideen movement President Nur Mohammad Tarakai signed a treaty of friendship with the Soviet Union in 1978. After one year the Soviet Union established control over Afghanistan through a second leftist coup and the pro Soviet Union leader Babrak Karmal became the new President. The

Soviet invasion marked the beginning of terrorist network of Al Qaeda under Osama bin Laden in Afghanistan with the support of United States and Saudi Arabia.

Afghanistan fell under harsh civil war by the Mujahideen against the Soviet invasion which lasted for nine years and ended up in 1988 with the withdrawal of Soviet forces after signing an agreement jointly by Afghanistan, Pakistan, the United States and the Soviet Union. In 1992 the Mujahideen overthrew the Communist government led by President Najibullah and formed the Islamic State of Afghanistan under Burhanuddin Rabbani. The Mujahideen continued their assertive Islamic rule for five years till the fall of Afghanistan under Taliban militia. The atrocious Taliban regime which executed extreme Islamic law came to an end in 2011 with the US led military action against Taliban terrorism (Garg, 2010). In 2004 Afghanistan's Grand Assembly adopted the new Constitution which provides for a system with strong a president and a weaker parliament. In the presidential election held in October 2014 Hamid Karzai become the first democratically elected president of Afghanistan.

The social correlation between India and Afghanistan was started from the ancient time of Indus Valley Civilization. Afghanistan has been an imperative part of India's security concern before and after her independence. Before independence Afghanistan was the geographically closer strategic land for India owing to the threat of foreign invasion from central Asia. After independence and partition of India, Afghanistan again became the strategic point by reason of animosity with Pakistan. India has a strong interest in ensuring that Afghanistan remains sovereign, stable and united and free from outside influence. As long as there is an antagonistic India-Pakistan relationship, India would not want Afghanistan to come under Pakistan's exclusive sphere of influence (Sikri, 2009).

India is very much concerned in the political development of Afghanistan to facilitate the protection of her security interest in South Asia. So India's relationship was not steady and has been precautious due to the continuous political turmoil in Afghanistan. India's bilateral engagement was fairly progressive until the abolishment of monarchy and establishment of radical Islamic regime in 1970's. India supported the Soviet invasion and establishment of leftist government in Afghanistan in 1978. India was the only country from South Asia to recognize Communist People's Democratic Party of Afghanistan government. The diplomatic relation was not continued for long due to the emergence of Taliban regime. Under Taliban India was facing

severe security threat in terms of terrorist activities by Afghan Mujahideen in Kashmir. So the period marked the existence of niggling bilateral relationship. The tension was high when an Indian flight was hijacked by Pakistan based terrorist groups and landed in Kabul. Though India's engagement over time increased, the emergence of the Taliban with Pakistan's support limited India's options and India supported anti-Taliban forces in Afghanistan (Malone, 2011).

The US led military intervention in Afghanistan after the September 11 attack and the conquest of Taliban regime opened up new phase of opportunity for India to have constructive engagement with Afghanistan. India profoundly supported Afghanistan in the reconstruction of the nation after stern US led military action and the destruction of basic infrastructure. India provided unconditional material support for infrastructure development, education, health, defense and diplomacy. Addressing a joint session of both houses of the Afghan Parliament on December 2015, Indian Prime Minister Narendra Modi said that "with your faith and at your pace, India will continue to build Afghan capacity for governance, security and development, so that you can build a future that Afghans so richly deserve" ("PM Narendra Modi address", 2015).

Today India's interest in Afghanistan is purely in terms of her regional and domestic security interests. Afghanistan is an essential part of India's effort towards fight against Pak sponsored terrorist activities in India. The rebuilding of Afghanistan as an independent, democratic and powerful country is must for ending the state sponsored terrorism from Asia in general and from Pak border in particular. So India's bilateral engagement should be more friendly, supportive and constructive. India's role in Afghanistan is vital in winning hearts and minds of people in Afghanistan which is considered an increasingly essential component of winning the war against terrorism (Muni, 2012).

### 2.1.2 Bangladesh

People's Republic of Bangladesh is a small South Asian country located in the north eastern part of Indian subcontinent. The country is surrounded by Indian states on three sides in the north, east and west. The southern part of Bangladesh is covered by the Bay of Bengal and in the south east sharing border with Myanmar, the only bordering neighbour apart from India. Bangladesh was part of Indian mainland until the end of British colonial regime. When India was partitioned in 1947 under the Two Nation Theory, Bangladesh turned out to be the provincial

state of Pakistan and termed as East Pakistan. Bangladesh remained part of Pakistan till the Liberation Movement organized for the socio political identity of Bangla people in 1971 which gave birth to the independent state of Bangladesh. Thousands of Bangladeshis made the ultimate sacrifice of their lives and millions suffered unprecedented suppression and humiliation for the same cause during the Liberation War (Dubey, 2016).

The Liberation Movement in Bangladesh was started just after the partition of India as a movement for autonomy and independent identity in language and culture from West Pakistan. The protest was directed by the Awami League formed in 1949 by Huseyn Shaheed Suhrawardy, Maulana Abdul Hamid Khan Bhasani and Sheikh Mujibur Rahman. The movement for self identity continued for about twenty years and the conclusion was with the general election of 1970. In the general election Awami League under Sheikh Mujibur Rahman won a spectacular victory by winning 160 seats out of the total 162 in East Pakistan. The victory was not accepted by the West Pakistan and Mujibur Rahman was arrested and taken to West Pakistan. After the tremendous triumph of the Awami League, the West Pakistani civil military elites declined to relinquish power to the democratically elected Bangali national leaders. President General Yahya Khan went for brutal military action to suppress the voice of democracy. The Pakistan military followed a systematic campaign of indiscriminate slaughter of Bangali people (Chowdhury, 1994).

India played a crucial role in the liberation of Bangladesh by providing all means of aid to the freedom fighters. Indian Prime Minister Indira Gandhi extended absolute material support to the cause of Bangladesh independence and opened up the India Bangladesh border to have safe asylum for freedom fighters and refugees (Tajuddin, 2001). The Liberation War ended with the declaration of independent Bangladesh nation on 16 December 1971. India's effort for an independent Bangladesh and to safeguard the life of Mujibur Rahman was greatly applauded by the Bangladeshi people. After returning from Pakistan jail Mujibur Rahman became the first prime minister of the country in 1972.

But in Bangladesh the internal political situation started deteriorating after the first two years as a result of the rise of leftist and militant groups (Lifschuits, 1974). For the next twenty years or less Bangladesh witnessed military coups, assassinations and political changeover. The first in this category was the assassination of Mujibur Rahman and most of his family members

in a military coup on 15 August 1975 while he was the president of Bangladesh. The incident was followed by the assassination of President General Ziaur Rahman, who founded Bangladesh National Party, in another military coup in 1981. In 1982 General Hussain Muhammad Ershad assumed power and step down in 1990 followed by the popular protest led by Awami League and Bangladesh National Party. From the 1991 General Election onwards Bangladesh politics showed some kinds of redress and has been dominated by Awami League under Sheikh Hasina Wajed and Bangladesh National Party under Begum Khaleda Zia.

The geographical and political factors in Bangladesh are basically influencing India's policy orientation towards the country. Its geographical location and relative size vis-a-vis India creates an understandable feeling within Bangladesh of being landlocked, specifically 'India-locked'. A similar feeling exists among the people of India's Northeast Region who too regard themselves as being 'Bangladesh-locked' (Sikri, 2009). India shares 4096 Km long border with Bangladesh which is the longest one among all of India's neighbours. Such a long border paves the way for unlawful migration of Bangladeshis and the infiltration of fundamentalists and insurgents to destabilize India. So India's foremost concern and interest in Bangladesh is related with the domestic security of India and the socio economic development of both Bangladesh and India's North East.

Bangladesh faces a host of economic and social problems that have the potential to bring about political instability. These include widespread poverty, inadequate provisions for basic social services and their poor quality, poor connectivity in the rural areas, rising prices and acute energy shortage. The stability of democracy in Bangladesh will greatly depend upon how effectively and speedily these challenges in the economic and social field are met (Dubey, 2016). The socio economic problems in Bangladesh open up the possibilities of greater threat as well as opportunity for India. India's interest in the region can be best protected only when there is political stability in Bangladesh and whenever anti democratic elements working out there, shall inflict greater threat to India's internal security. India's opportunities in Bangladesh are best related with maintaining good bilateral economic relations especially in trade, banking, transport and transit. Good relation with Bangladesh also can be a channel of India's Look East Policy. So sustaining good bilateral economic relation will have an overall stabilizing effect on the political relations between the two close neighbours.

### 2.1.3 Bhutan

The Kingdom of Bhutan is a small land locked south central Asian country in the Eastern Himalayas. The country is in the strategic location flanked by India and Tibetan Autonomous Region of China. Bhutan is sharing border with India in the South, South West and East whereas with Tibet in the North and North West. The mountainous country of Bhutan was an isolated land in history which had no formal relations with the external world for centuries to preserve their distinctive culture and life (Phuntsho, 2017). The political history of Bhutan was opening with the phase of 300 years theocracy starting in 1616 with Ngawang Namgyal. The phase was wrecked with the beginning of absolute monarchy under King Ugyen Wangchuk in 1907. The absolute monarchy lasted for hundred years in Bhutan. In 2008 with the adoption of the Constitution Bhutan accepted the political transition from absolute monarchy to constitutional monarchy. Today Bhutan is the youngest democratic country in the world.

The kingdom of Bhutan was established by Ngawang Namgyal by uniting the monasterial districts in a land known as Drukylu. Under the headship known as Shabdrung, Namgyal organized dual governmental system consisting of religious and civil affairs branches. He established a powerful state system so that the country never fell under invasion though there were several attempt of invasion by Tibetans, Mongols and the British. But after the death of Namgyal in 1651 the state system had begun to be a centre of power conflicts and hostility. At the height of state conflict and civil war Ugyen Wangchuk emerged as the powerful leader among the foes and in 1907 he became the hereditary King of Bhutan (Grover, 2000). He organized a powerful centralized authority and started the modernization of Bhutan without making any change in the traditional belief system. In 1910 Bhutan signed a treaty with British known as Treaty of Phunaka whereby the British agreed not to interfere in Bhutan's internal affairs and permitted Britain to direct its foreign affairs. The absolute monarchy of Wangchuk's dynasty continued for a century in Bhutan.

The transition of Bhutan to constitutional democracy in 2008 was the extension of the political reforms started by King Jigme Singye Wangchuk. It was unique that the political transition and the adoption of new Constitution were not the result of any popular campaign and protest but the royal determination of accepting democratic governance. The chairman of the Constitution Drafting Committee Lyonpo Sonam Tobgye, after the promulgation of the new



Constitution, said that ‘while a lot of the provisions in the Constitution were unique to Bhutan, the Constitution of Bhutan was not drafted or given under coercion or compulsion. The people of Bhutan did not want the Constitution, but His Majesty in his wisdom felt that it was necessary to have one for the benefit of our posterity.’

Bhutan’s importance lay in its being a desirable buffer, and later a useful intermediary, with Tibet. So long as it played that role, and gave up its influence in the region of the Dooars, the gateway to Assam, Britain was happy to leave Bhutan on its own. India continued with the relationship it inherited from the British (Sikri, 2009). After the independence of India the bilateral relation with Bhutan has been formed on the basis of the Indo- Bhutan Treaty of Friendship signed in 1949 and updated recently in 2007. The Friendship Treaty provides for perpetual peace and friendship, cooperation on issues relating to national interests, free trade and commerce, promotion of cultural exchanges, and cooperation on education, health, sports, science and technology. In 2009 both countries jointly celebrated the golden jubilee of Jawaharlal Nehru’s first visit to Bhutan in 1958 which ended its century long segregation and stimulated new epoch of economic cooperation.

India’s relations with Bhutan are an example of good neighbourly relations and- unlike some of the other relationships in the subcontinent- have been characterized by mutual understanding, trust and cooperation (Tharoor, 2013). India provided all kinds of technical assistance and support to Bhutan during the time of drafting the new Constitution and for conducting the first time national election. India has developed hydroelectric projects in Bhutan which is now a major source of Bhutan’s revenue and underpinning of India Bhutan cooperation. India is continuously playing a major role in Bhutan’s economic stability and development through preferential trade and transit facilities. In spite of clear Indian dominance of its small Himalayan neighbour, the relationship has been a genuinely friendly, positive, and mutually respectful one, with India working hard to keep its own profile in Bhutan as low as possible and the Bhutanese mostly expressing appreciation for India’s contributions (Malone, 2011).

#### 2.1.4 Maldives

The republic of Maldives consists of over 1,200 small coral islands immediate north of the equator in the Indian Ocean and grouped into 19 atolls. Out of the total thousand and more islands, only 200 islands are inhabited. Maldives, isolated from the mainland, developed a

unique national identity created out of the interplay of influences from India, Sri Lanka as well as the Persian and Arab world (Sikri, 2009). The original inhabitants of Maldives were Tamil and Sinhalese peoples from south India and Sri Lanka. Then the traders from different countryside including Arabia, Malaya, Madagascar, Indonesia, and China made contacts with Maldives in different periods. The Portuguese established their control over Maldives concerning for fifteen years from 1558. After the expulsion of Portuguese in 1573 Maldives became an autonomous Sultanate. In the middle of the 17<sup>th</sup> century the Dutch rulers of Ceylon made the Sultanate under their external protection. When Ceylon was occupied by the British in 1796, the Sultanate became a British protectorate. In 1887 the British formalized the status of Maldives as internally self-governing British protectorate.

Maldives formally attained independence from the British on 26 July 1965. In 1968 Maldives abolished the sultanate and became a republic after a public referendum. Ibrahim Nasir, the Prime Minister of Maldives since 1954, became the first President of the country. Ibrahim Nasir was succeeded by Maumoon Abdul Gayoom in 1978. Abdul Gayoom continued in power for the long period of thirty years in Maldives and stepped down in 2008. In 2008 Maldives ratified the new Constitution which provides for multi party presidential election (Grover, 2000). In the first ever multi party presidential election the then Opposition Leader Mohamed Nasheed defeated Abdul Gayoom and became the president. The transition of Maldives from an authoritarian state to a democratic state has conferred some sort of tribulations related with bolstering government agencies, rule of law and human rights.

India and Maldives developed common interests in bilateral relations cherished through shared ethnicity, language, culture and religion. India was the first nation to recognize Maldives as an independent nation in 1965. The India- Maldives relationship has been nurtured over decades through regular high level exchanges and by developing mutually identified infrastructure facilities in the Maldives using economic and technical assistance provided by India (Tharoor, 2013). Though a small island nation, India always considered Maldives as an important bilateral and strategic partner in the Indian Ocean and extended regular official visits. It is astonishing to note that almost all Prime Ministers of India made their official visit to Maldives.

India has keen interest and role in the socio economic development of Maldives. The bilateral Trade Agreement between the two countries was signed in 1981. To strengthen the trade and economic relations the agreement provides to encourage and facilitate the visit of commercial and technical representatives, groups and delegations and organization of trade fairs and exhibitions (Menon, 2017). India is an important development partner of Maldives and has established several leading institutions of Maldives such as the Indira Gandhi Memorial Hospital, Faculty of Hospitality and Tourism Studies and Faculty of Engineering Technology. State Bank of India is continuously providing financial assistance for the economic development of the Maldives by way of loan assistance for the promotion of tourism industries and marine export. The increased air connectivity has made India a preferred destination for Maldivian for education, medical treatment, amusement and business.

Strategic location in Indian Ocean and its overwhelmingly Muslim population makes Maldives an important neighbour for India's maritime and regional security (Muni, 2012). The big power rivalry in the Indian Ocean has been making both India and Maldives imperative to each other's security interests and concerns. For India any infiltration in Maldives by any other power is a serious blow to her maritime interests and for the vulnerable Maldives it is the relation with India making her safe from any maritime defence threat. During the state visit of Maldivian President Abdulla Yameen Abdul Gayoom on 11 April 2016, both countries signed the Indo-Maldivian Action Plan for Defence which envisages for an institutional mechanism at the level of the Defence Secretaries to further bilateral defence cooperation through development of ports, continuous training, capacity building, supply of equipments and maritime surveillance. Both the countries also having the shared interest to counter religious fundamentalism and cross border terrorism.

India and Maldives is maintaining and consolidating close relation and mutual trust. Both nations assist each other to cater to their common and various interests in different fields. India always becomes a friend in need to Maldives for their socio economic development as well as their strategic security development. Maldives is also keeping their part to save Indian interest while making diplomatic relations with other nations especially with China. The Maldives, along with Bhutan, are the only striking examples of successful Indian relationships with small neighbours (Malone, 2011).

### 2.1.5 Nepal

Federal Democratic Republic of Nepal is a small land locked South Central Asian country in the Central Himalaya. The country is in the strategic location edged by India in the West, East and South and the Tibetan Autonomous Region of China in the North. The unified Kingdom of Nepal was established by the Gurkha ruler Prithvi Narayan Shah after conquering Kathmandu in 1768. In 1846 Nepal became under the hereditary chief ministers known as Ranas and the family rule continued until the fall down of the last Rana ruler Mohan Shamsher Rana in 1951. Popular resistance against the oppressive Rana system was building up in Nepal since the mid thirties. India's struggle for independence inspired this resistance and also attracted many of the Nepali leaders who even actively participated in this struggle (Muni, 2012). The end of Rana rule marked the reinstatement of the sovereignty of crown.

In 1959 Nepal adopted the new Constitution which stands for the founding of parliamentary democratic system in Nepal. As per the new Constitution general election was held in 1959. The Nepali Congress Party got the influential majority in the general election and B.P Koirala became the prime minister. But King Mahendra Bir Bikram Shah barred party politics in 1960 through a royal proclamation. King Mahendra formalized his direct authority to rule the country through the enactment of Nepal Special Arrangement Act 1961 (Whelpton, 2008). In 1962 a new Constitution was framed for the establishment of panchayat democracy system. Political parties were legally banned to engage with the new system. The innovative panchayat system was actually for the concentration of power in the hands of the king. The people of Nepal had the one and only option to stand in support of the king. So for the long thirty years Shah Kings established an unquestionable authority in Nepal.

The year 1990 witnessed the strong and substantial political agitation jointly organized by the Nepali Congress and the Communist Party of Nepal against the partyless panchayat system. The combined campaigning forced King Birendra Bir Bikram Shah to terminate the 1962 Constitution. The new Constitution of the Kingdom of Nepal came into force in November 1990 which marked the end of panchayat system and the reinstatement of party based democratic system (Upreti, 2007). The adoption of new democratic Constitution was followed by the general election to 205 House of Representatives seats in 1991. In the first ever democratic election the Nepali Congress Party secured the majority with 112 seats and formed the government under

prime-ministership of G.P Koirala. The Koirala government collapsed in 1994 due to certain kinds of disputes within the party. The down fall of the government resulted in series of unstable governments and political turmoil in Nepal for a period of 14 years from 1994 to 2008. The period also marked the spread of Maoist insurgency throughout Nepal.

The actual political transition in Nepal started with the end of the 240 years old monarchy and the establishment of Federal Republic in 2008. The phase was remarkable with the exit of royal monarchy and the entry of Maoists in the formal political process. The political changeover was in May 2008, after the general election to the Nepal Constituent Assembly which actually was scheduled to be conducted in 2007. The final phase of establishing democracy in Nepal opened up with the enactment of new Constitution with the all-around support of major political parties in September 2015. The prominent features of the new Constitution consist of the establishment of secular federal democratic republic; creation of seven provinces; nominal President and real Prime Minister; bicameral federal parliament; fundamental rights; multi-party democratic system; and independent and impartial judiciary (Naidu, 2017). The enactment followed an array of discrepancy and confrontations questioning the provisional boundary of proposed provinces and the non-representation of traditionally marginalized groups and the women.

India and Nepal share a unique relationship of friendship and cooperation underpinned by linguistic, cultural and civilization links, wide-ranging commercial and economic ties, and extensive people-to-people contacts (Tharoor, 2013). The reciprocal interface along with India and Nepal before the independence of the former was based on the 1816 treaty of Sugauli signed with British East India Company and the 1923 Treaty of Peace and Friendship signed with Great Britain. Nepal maintained good alliance with British India that the open border system created the movement of civilian-military goods and people from and through India. After the independence of India in 1947 the bilateral interactions had further formalized through the Treaty of Peace and Friendship in 1950. The relationship was intensified by means of the claim made by China over Nepal after the occupation of Tibet in 1951.

The 1950 treaty endowed Nepal with the opportunities to overcome the impediment of a land locked country. The treaty provided greater economic and educational opportunities for the Nepalis and preferential treatment for the Indian citizens in Nepal soil. The Indo- Nepal border

opened up for the free movement of people from both countries without passport and visa for employment and settlement. The Nepali citizens are permitted to own property and enter into some government services in India while the Indians are not allowed to enjoy this privilege. The primary collaboration between the two countries was further underpinned by the instruments of Nepal-India Economic Cooperation Programme (1951), Indian Military Mission (1952), India Economic Aid Mission (1954), and Indian Security Check-posts along Tibet border in 1954.

The economic collaboration acquired higher degree with the signing of the Treaty of Trade and Transit in 1971. The objective of the treaty was to recognize Nepal as a land locked country that needs freedom of transit, including permanent access to and from the sea, to promote its international trade; and recognizing the need to facilitate the traffic-in-transit through their territories. The new stories of engagement in bilateral relationship have started when Indian Prime Minister Narendra Modi visited Nepal, the first visit of an Indian premier after a long gap of 17 years, in August 2014. The historic Modi visit has paid attention on 4 Cs of Cooperation, Connectivity, Culture and Constitution for greater bilateral ties. A depressed economy badly affected by chronic political instability could push Nepal deeper into chaos and even restart the civil war. However, if the right measures are taken on the economic front by the political leadership and Nepal links up effectively with the growing Indian economy then its economic condition will improve (Nayak, 2012).

Although the seven decades of bilateral relationship made some substantial steps forward on mutual agreements and engagements, the story is not fully devoid of conflicts and struggles. Landlocked Nepal's umbilical and all-round dependency on India, combined with a fiercely independent and proud consciousness of its separateness from India, understandably made anti-Indianism the foundation of Nepali nationalism (Sikri, 2009). A significant reality is that India's superfluous interference in Nepal has steadily amplified after the reinstatement of democracy in 1990. Nepal positioned a three-fold condemnation against Indian attitude of interference. Firstly, the friendship treaty of 1950 and the other subsequent agreements are lopsided and are mostly to serve the purpose of protecting Indian interests in the Himalayan region. Secondly, India is dominating the security system in Nepal by making special relations especially through armed forces. Finally, India is making direct intercession in the domestic politics of Nepal by way of claiming to maintain law and order.

### 2.1.6 Pakistan

The Islamic Republic of Pakistan is a South Asian country on the western side of the Indian Subcontinent. The country is sharing border with Afghanistan and Iran in the West, China in the North East, India in the East and Arabian Sea in the South. The location of Pakistan has the strategic implication since it is in the intersection of Central Asia and the Middle East. The region of today's Pakistan was part of some of the oldest civilizations including the Indus Valley Civilization known as the cradle of ancient civilizations. The region was then occupied by various empires and dynasties including Greeks, Hindus, Mongols, Muslims and Sikhs. In the decades following 1757 the English East India Company, which had begun its career with a charter to trade in Asia, established an elaborate state apparatus to govern its Indian territories (Bose, 2014). So the region of Pakistan came under the control of the East India Company. When the British Crown took control of the region from the East India Company in 1857, the territory came to be known as British India.

The formation of the Muslim League during the period of Indian freedom struggle in 1906 to represent the Muslim community was the founding stone for the creation of an independent state of Pakistan. In the initial stage the Muslim League demanded for separate electoral roll for representation of Muslims in the provincial and national legislatures. In the year 1940, through the Lahore Resolution, Muslim League formally endorsed the creation of an independent and sovereign state for the Muslims in the North Western and Eastern Zones of British India where the Muslims had numerical majority (Roy, 2012). Finally the Muslim League gained their political demand of separate Muslim state on 14 August 1947 by way of the partition of British India on the basis of Two Nation Theory. As per the partition Pakistan came to exist in two parts including West Pakistan and East Pakistan. East Pakistan became an independent nation in 1971 as Bangladesh.

Since the independence of the country, Pakistan has been experiencing relentless political instability, military takeover and terror proliferation. Pakistan's case is an exemplar for an unfortunate outcome in the contemporary world; intense war-making activity leading to the creation of a weak, insecurity generating state (Paul, 2014). After independence it took virtually 10 years to frame a Constitution and by that Pakistan became an Islamic Republic in 1956. But the Constitution lived for just two years and was suspended after a coup in 1958. Pakistan

adopted the presidential system of government through a new Constitution in 1962. In 1969 Martial Law was proclaimed in Pakistan when the Army Chief General Yahya Khan became the President. General Election was held in Pakistan in 1970 in which East Pakistan leader Sheik Mujibur Rahman's Awami League emerged as victorious. The election result eventually led to the independence of Bangladesh in 1971 after the atrocious Pakistan army action in East Pakistan.

Parliamentary democracy with the Prime Minister as Head of State was established in Pakistan through another new Constitution in 1973. But it was a short lived democratic experience and martial law was imposed by General Zia-ul Haq in 1977. General Zia-ul Haq proscribed all political activities and started Islamization of policies. Zia-ul Haq died in a plane crash in 1988. For the next ten years from 1988 to 1998 general elections were held and government was formed by Pakistan People's Party under Benazir Bhutto and Pakistan Muslim League- N under Nawaz Sharif. But none of the governments completed the full term. Democracy in Pakistan was again blemished in 1999 when General Pervez Musharraf captured power in a coup after the Kargil War with India. A general election to the National Assembly was held in 2002 in which Musharraf's Pakistan Muslim League- Q won the decisive majority. The National Assembly completed its full five year term for the first time in the political history of Pakistan in 2007. With the General Elections of 2008 General Musharaaf's regime came to an end and the democratic rule has normalized to a certain extent.

India-Pakistan bilateral relationship for all time is deteriorating and subject to reciprocal antagonism. Pakistan is India's most difficult neighbour and cannot be dealt with like India's other South Asian neighbours for a number of reasons- its mindset; its strategic significance for outside powers; its military, nuclear and missile capabilities and its territorial dispute with India over Kashmir (Sikri, 2009). Since the independence of both countries in 1947 mutual hostility and suspicion ruled the relationship and is playing the zero sum game in the name of Kashmir. The Two Nations Theory, by which the British India partitioned, had provided the option to Princely States either to join India or Pakistan or to remain independent. The dispute over Kashmir had begun when the ruler of Kashmir Maharaja Hari Singh decided not to join either with India or Pakistan and wanted to remain neutral. But when Muslim tribesmen from North Western Provinces of Pakistan attacked Kashmir, Maharaja Hari Singh signed the Instrument of Accession on 26 October 1947 and made Kashmir a part of India.



The land dispute remains unending which causes not only the human fatalities but also huge financial expenditure for security surveillance. India and Pakistan fought three open wars in 1947, 1965 and 1999 and numerous military strikes in the name of Kashmir. According to Pakistan, Kashmir is a disputed territory because of unfinished partition and Pakistan is only providing moral and diplomatic support for the freedom struggle in Kashmir. The Indian position explicitly accepts Kashmir as an integral part of it and not at all a disputed territory by any means and the problem in Kashmir is the cross border terrorism sponsored by Pakistan (Singh, 2009). India's accusation of Pak sponsored terrorist activities in the border and other parts of India are evident in the consecutive attacks, worst of which including Indian Parliament attack 2001, Kashmiri Assembly attack 2001, Delhi blast 2005, Samjhauta Express blast 2007, Mumbai attack 2008, Uri attack 2016 etc. India's relations with Pakistan bring to the fore an extraordinary situation: while India's faith in the peace process is irreversible, equally strong is Pakistan's resolve of launching terrorist strikes against India from base not only in Pakistan or POK, but from hundreds of cells set up by the ISI throughout India (Ray, 2011).

India made numerous efforts to stabilize the bilateral relationship with Pakistan through people to people contacts. Cross Line of Control travel 2005, trade across Jammu and Kashmir 2008 and New Visa Agreement 2012 are some of the measures in this regard. There is also every possible chance of having good and vibrant economic relationship between the two countries but spoiled by frequent clashes. An economic relation with an emerging country like India may be a better option for the starving economy of Pakistan. So everything that is in between India and Pakistan is in effect influenced by the basic issue of Kashmir. A former Indian high commissioner to Pakistan, G. Parthasarathy, once famously remarked that promoting peace between India and Pakistan is like trying to treat two patients whose only disease is an allergy to each other (Tharoor, 2013). So the future of India Pakistan relation depends on to what extent that allergy can be treated through bilateral negotiation and reconciliation.

### 2.1.7 Sri Lanka

Democratic Socialist Republic of Sri Lanka, formerly Ceylon, is an island nation in the Indian Ocean. The country is 80 km east of the southern tip of India separated by Palk Strait. The geographical propinquity of Sri Lanka with the Indian Subcontinent enabled profound socio-cultural interactions between the two countries from the primeval times. Being an island country,

Sri Lanka was also subject to the contact and influence of other Asian civilizations and traders (Kapadia, 1999). In the ancient world the land was known as Taprobane; the name was given by the Greeks. The Arabs who made trade contact with Sri Lanka referred the land as Serendib. With the establishment of British colonial rule in 1796, the Island came to known as Ceylon. In 1948 Colonial rule ended and Ceylon became an independent dominion within the British Commonwealth. In 1972 the island nation of Ceylon became the Republic of Sri Lanka.

According to the historical records the Sinhalese from Northern India migrated to Sri Lanka for settlement in the late 6<sup>th</sup> century B.C. Buddhism was introduced to Sri Lanka in the 3<sup>rd</sup> century B.C. by Ashoka, the third ruler of the Mauryan Empire in India. During the period between 3<sup>rd</sup> century B.C. and 12<sup>th</sup> century A.D., Sinhalese developed a great civilization in the island and that was centered on the cities of Anuradhapura and Polonnaruwa. The Tamil migration from South India was in the period of 3<sup>rd</sup> century B.C. The European encroachment and dominance in the island had started in the 16<sup>th</sup> century (Kapadia, 1999). The first European power that landed in Sri Lanka was the Portuguese in the year 1505. In 1658 the Portuguese had lost their control over the island at the hands of the Dutch. The British ousted the Dutch and took over control in 1796. In 1833 the whole island united under the British administration and sustained their colonial regime till the emergence of independent Ceylon in 1948.

After independence the Sinhalese nationalism gained momentum in Sri Lanka and the polity was destabilized by the antagonism between the Sinhalese and Sri Lankan Tamils. The Sinhalese hostility towards the Tamils was composed of different factors including the language, culture, religion, migration, and settlements. The Tamils, who were recruited and severely exploited by the British colonial masters, in fact had made subsequent contributions to the economic prosperity of Sri Lanka. But the majority community of Sinhalese nurtured hostility towards the Tamils as agents of British colonial rule (Misra, 1995). The governments formed after independence followed and implemented the pro-Sinhalese measures and policies. The Citizenship Act 1948 and the Indian and Pakistani Residents (Citizenship) Act 1949 deprived citizenship of Tamil workers and they became disenfranchised. In 1956 Prime Minister Solomon Bandaranaike made Sinhala as the sole official language of Sri Lanka which endorsed Sinhalese captivation. The 1972 Constitution of Sri Lanka made it the duty of the state to protect and foster Buddhism.

The Sinhalese and Tamils hostility got new wave and dimension with the formation of Tamil New Tigers (TNT) under the leadership of Velupillai Prabhakaran in 1972 with the demand of sovereign Tamil state on the northern and eastern parts of Sri Lanka. The Tamil New Tigers was renamed as Liberation Tigers of Tamil Eelem (LTTE) in 1976, intensified their course of action and took up arms for the protection of Tamil identity. The period afterward witnessed continuous military and guerilla warfare, cultural onslaughts, vandalisation of Hindu temples, burning of religious manuscripts, and mass killing (Ray, 2011). LTTE fought four Eelem Wars with the Sri Lankan Government, beginning in the years of 1983, 1990, 1995, and 2006. The fourth and final Eelem War was concluded with the devastation of LTTE strongholds in the northern and eastern parts and the assassination of LTTE leader Velupillai Prabhakaran in 2009. During the war period there was extreme level of human rights violations, highlighted afterward by international media and human rights organizations. In 2014 United Nations Human Rights Council voted to hold international investigation on war crimes in Sri Lanka.

India's bilateral relations with Sri Lanka, in the past and present, are running on the lines of India's concern over the unity, peace, and stability in Sri Lanka. All through the period of civil war, India supported Sri Lankan government's policy and respected the territorial integrity and sovereignty of Sri Lanka. Simultaneously India raised apprehension over the social security of the Sri Lankan Tamils. The strategic location of Sri Lanka in the Indian Ocean and the harsh civil war made India, especially during the period of Cold War, more curious and involved in the internal and external security of Sri Lanka. In 1987, during the peak time of the civil war, India and Sri Lanka signed a Peace Accord to strengthen and intensify the traditional friendship and to resolve the ethnic problem for the safety, wellbeing, and prosperity of the people in Sri Lanka. The end of year's long armed conflicts between the Sri Lankan government and the LTTE has provided more constructive space for bilateral engagement between the two countries. India has emphasized to the Sri Lankan government the importance of focusing on issues of relief, rehabilitation, resettlement and reconciliation and extended all possible supports (Tharoor, 2013).

The significance of India Sri Lanka bilateral relationship lies on the fact that India's largest trade partner in South Asia is Sri Lanka and Sri Lanka's largest trade partner at global level is India. Both countries signed the Free Trade Agreement in 1998 which marked for the highest growth rate in trade partnership. Indian economy is having huge investment opportunities

in Sri Lanka in the vital fields of Energy, Health, Telecommunication, Tourism, Banking, and Information Technology (Patil, 2018). Though the opportunities of engagement are high in the bilateral partnership, some worrying concerns are there for India especially in Sri Lanka's growing bilateral engagement with China. China's intentional involvement and investment in the infrastructure development of Sri Lanka is perceived to be against India's security interests in the Indian Ocean. It is at India's larger interest that Sri Lanka wants to be India's trustworthy neighbouring partner to pursue and protect her regional and extra-regional aspirations.

## **2.2 Tribulations in India's Neighbourhood Management**

No nation in today's world order can remain isolated and neutral. In the new world order mutual relation among the nations are imperative not only because of the mutual benefits that produce out of the combined endeavour but also because of the nature of today's global problems which needs collective efforts and defence to tackle. It is also an imperative thing to maintain a balanced bilateral relation with the neighbouring countries. Managing the neighbourhood has that kind of importance in the external relations of a state since neighbours can produce benefit as well as trouble than any other nation in terms of its intensity and influence. If a nation succeeded in maintaining good neighbourly relationship it can produce great result in terms of soft borders and collaboration in economic development and social security. But if a nation failed in that end of being friendly with the neighbours, it would produce huge tension in the border and both internal external securities will be under risk. The impact of that security threat would have the economic burden of maintaining security surveillance at one level and the problem of state building on the other.

From the point of view of the importance of the managing the neighbourhood, India is not successful and has been experiencing its worst impacts. Though the basic tenets of Indian foreign policy pronounces the value of friendly and cooperative relations with the neighbouring countries who share common antecedents with her, India has failed to manage South Asia and confronts a troubled neighbourhood. The failure of India in this regard is mainly because of her approach which is largely driven by power and security motives. Indian leadership was largely guided by the realist interest of applying power hegemony upon the comparatively smaller neighbouring states. On the other hand the neighbours' perception on India was largely negative and dominated by the posture of big India trying to dominate them through unilateral policy

interventions. Any means of dialogue and compromise with the neighbours to dilute the tensions is viewed by India as hurting her power status. So the dispute with the neighbours, particularly the border disputes, has remained unresolved. Because of this unending rivalry and suspicion with each other neighbour, regional integration in South Asia has become an unaccomplished effort.

### 2.2.1 Realpolitik Approach

The leadership of a country is playing an imperative role in the effective and efficient management of her relationships with the rest of the world through a well defined and articulated foreign policy. The choice of policy attribute is an important factor which defines the quality and competence of leadership. In this regard a successful foreign policy has to be viewed as the policy which brings together both internal and external interest of a nation without making compromise on one interest at the cost of other. A successful leadership has to be viewed as the one that applies a perfect strategy of interest without creating a rival for a friend. It is in fact an artistic proficiency to portray a perfect plan of action to pilot the nation to the future potential by recognizing the significance and stipulation of the confidence building with the neighbouring nations by mutual benefit sharing.

The development and evolution of India's foreign policy is indebted to Jawaharlal Nehru who played a significant role in the articulation of internal and external interest of independent India. He played a prominent role in the development India's outlook towards rest of the world during the time of cold war and ideological polarization, particularly to the third world countries. As the first Prime Minister and Foreign Minister, Nehru had a clear perception on the role of India in the development of a peaceful world order and the role of other countries in India's endeavor of nation building through political independence and economic development. As a leader he was a realist and an idealist and accommodated both liberal and socialist views for the realization of India's emancipation and progress. Nehru's deep understanding on world politics made him understand the objectives and interests of India from a world perspective. He wanted to formulate a foreign policy that accepts the interests of the newly independent countries of Asia, Africa and Latin America. He also wanted to formulate a foreign policy that accepts the role of western countries in economic development and world order.

The two significant international developments after the Second World War, the flagging of imperialism and the escalation of democracy, highly influenced Nehru in the shaping of India's foreign policy. The process of decolonization after the world war provided an opportunity for Nehru to propagate an idea of developing a community of third world nations who wanted to formulate an independent foreign policy for the preservation of their sovereign identity and economic interests. In the Asian Relations Conference held in Delhi in March 1947, Nehru articulated the basic tenets of India's foreign policy including Asian concord, decolonization, Non-alignment, and international peace and stability. By formulating the policy of Non-alignment as the key orientation of India's foreign policy Nehru affirmed that Non-alignment is not a negative or neutral concept of keeping out the rival power blocs, but a positive concept of exercising independence of judgement and action in matters of foreign policy, judging each issues on its merits, and not just toeing the line laid down by others or becoming the play thing of the others (Dubey, 2016). Nehru was quite successful in generating an identity of India's independent and reliable policy posture through his stamped policy of Non alignment and Panchsheel.

Though Jawaharlal Nehru had a clear perspective on independent India's foreign policy which was entirely different from the British colonial policy in terms of vision and mission, Nehru never had the intention of revising the British colonial policy in the neighbourhood relationship. His policy towards the neighbours was largely guided by border security concerns than of building a permanent bond of trust and friendship (Bajpai, 1986). He had concern about both Chinese and western power interests in South Asia. He wanted to deal the Himalayan states with a unilateral relation of friendship to keep away from Chinese interest along Indian border. Though Nehru was an ardent advocate of democracy, he never wanted to get it in Nepal over monarchy. The support to monarchy in Nepal was the strategic move to ensure Indian interest in Nepal to counter Chinese intrusion. He also wanted to get the region free from western interference especially of providing any kind of support to Pakistan and Sri Lanka in dealing the bilateral disputes with India. That is why Nehru never liked to deal the Kashmir issue and the Tamil issue outside of India's platform. So Nehru's neighbourhood approach was to show India either a big brother or a big fighter; both were in turn claiming India's power interest and concern in South Asia.

The Nehruvian approach was followed by his successors, both Lal Bahadur Shastri and Indira Gandhi. Shastri had the tough time of waging a big war with Pakistan in 1965. He was upholding the national and security interest of the country over any bilateral compromise. Shastri had a pragmatic approach in developing friendship with Soviet Union to strengthen and enhance India's defence and security against nuclear China. India's neighbourhood policy became more aggressive and assertive with the entry of Indira Gandhi, the absolute power leader. She was truly on the line of her inspiring father, but the concern was more over to refute any external influence. Her strategy and attention was to show India's regional hegemony both in terms of military capability and external partnership. The strategic victory of India to liberate Bangladesh had become a true mark of Indira Gandhi's leadership. The friendship treaty with Soviet Union in 1971 and the nuclear test at Pokran in 1974 were further enhanced the potential character of India. Though India gained strategic strength through the big power Soviet Union friendship and nuclear power capability, a tough neighbourhood was emerging out of the fear of Indian domination.

The major concern of Indira Gandhi was developing the Pakistan- China- United States strategic partnership against India. She wanted to counter any move of Pakistan directed against India at any cost to show India's defence and military capability, not only to Pakistan but to those who wanted to counter India. She was truly haunted by the setback of India at the hands of China in the 1962 war. As the real power holder, Indira Gandhi wanted to convey that peace was the basic interest of India's foreign policy, but it should never be in compromise with India's sovereign status and interests. Under Indira Gandhi India was really showing her assertive policy which provoked neighbours with a negative perception (Dixit, 2001). Then for a period of nearly two years from 1977 to 1979 followed by the political setback of Indira Gandhi, the neighbours felt some kind of relaxation under the Janata government. The water sharing treaty with Bangladesh in 1977 and the trade and transit treaty with Nepal in 1978 were some of the friendship gestures of the period. But from 1979 to 1984 Indira's assertion was again dominated with little sign of hearing the part of neighbours.

Rajiv Gandhi who took the leadership with massive electoral support followed by the assassination of Indira Gandhi was continuing the assertive strategy with neighbours. When Rajiv Gandhi came into the foreign affairs portfolio, he had to deal the issues of US arms support to Pakistan, ethnic crisis in Sri Lanka, transit issues with Nepal and the illegal migration

issues with Bangladesh. Though the policy analysts expected a fresh and amicable approach to the neighbours, he continued the policy of toughness for the first two years and then made an opportunistic approach. In 1988 Rajiv Gandhi made historic visits to China and Pakistan to advance bilateral diplomacy and cooperation. He followed some hard policy with Nepal by refusing to renew the 1978 trade and transit treaties with Nepal in 1989. He was interested and intervened in the domestic issues of Sri Lanka and Maldives with the intention of blocking the intrusion of any other countries in their domestic affairs to have a power presence in the Indian Ocean. By this period India's effort towards the status of regional super power got some establishment (Dixit, 1998).

After Rajiv Gandhi India's neighbourhood policy was in a state of stagnation from 1990 to 1995 as there was no more conscious policy or efforts towards bringing strong friendship ties. Narasimha Rao who came into power in 1991 was interested and focused to redesign India's foreign policy in tune with the new world order. His priority was the liberalization of Indian economy for foreign investment. So Narasimha Rao engaged more with the big power nations for market opportunities. Moreover India adopted Look East Policy as primary in the new world order than on engaging with the neighbours. In 1996 Indra Kumar Gujral through his celebrated Gujral Doctrine made some significant change in India's perception on neighbourhood. He viewed that a peaceful, stable and constructive environment in the neighbourhood is vital for India to pursue the goals of accelerated development for the nation and the region. But his effort was not succeeded to have an articulated neighbourhood policy as his non-reciprocal treatment was extended only to Bangladesh, Nepal and Bhutan. India's troubled relation with Pakistan remained out of concern (Ganguly, 2011).

Atal Bihari Vajpayee was also in the same line of leadership who failed to articulate a strong neighbourhood policy accommodating all. Though Vajpayee valued the role of friendly neighbourhood by making the statement 'friends can change but not the neighbours who have to live together', failed to realize permanent peace settlement with neighbours. His concentration was mainly on economic and strategic development for a strong and secure India. On the one hand Vajpayee continued to strengthen India's strategic power through nuclear explosions and on the other hand promised friendly hand to the neighbours (Singh, 2010). But it was perceived by the neighbours as continuation of India's big brother strategy followed in the past. He even failed to continue the confidence building measures of I. K. Gujral. His effort in the



neighbourhood was limited to deal with Pakistan through a more open and popular approach which finally ended up with more aggressive and troubled relation. The Kargil war in 1999 and the terrorist attack on Indian Parliament in 2001 added fuel to firing criticism against Vajpayee's neighbourhood policy.

Manmohan Singh, who got an extended chance of ten years to be the prime minister, was busy in engaging with the strategy of economic development and cooperation. His basic foreign policy strategy was to have big power relationship for better market opportunities. He made some effort for regional integration in South Asia without any effort to freeze the long standing disputes. Though Manmohan Singh had the vision of developing mutually beneficial relation with neighbours by way of increasing level of regional cooperation and trade partnership through SAARC for social development and economic integration, bilateral disputes got momentum over the expected long lasting benefits (Singh, 2010). Entry into strategic partnership with United States was viewed as a deviation from India's traditional third world policy identity and created some sort of negative response from the neighbours. Some of the positive outcomes of Manmohan Singh's period were including the revised treaty with Bhutan and the bilateral agreement with Bangladesh, Afghanistan and Maldives. India also played a part in the political transformation of Nepal from monarchy to democracy, but unfortunately India's effort, to a great extent, was mixed up with self interests in the Himalayan region.

Narendra Modi, came into power with a decisive electoral mandate in 2014, started his prime-ministership in an exceptional way of inviting the heads of neighbouring nations to his swearing in ceremony. It was viewed that there would be realignment in the priorities and goals of Indian foreign policy for a prosperous future, especially an emphasis on new dynamism in bilateral ties with immediate neighbours for revitalizing India's regional profile (Pant, 2016). The expectations were high when he started his official visit from Bhutan and then to Nepal, Sri Lanka and Pakistan. Narendra Modi has made some positive sign on how he conceived the neighbours whose sentiments are dominated by suspicion, discrepancy and apprehension on India. His effort to solve boundary dispute with Bangladesh was perceived as an opportunity ahead for India to be a friend of all and an enemy to none. But soon after the neighbourhood-first policy got a setback due to India's muscular strategy. The power interest, domestic interference, reduction in aid and loans to neighbours, hindutva ideology and diplomatic egotism etc. are making the neighbours more anti-Indian and pro-Chinese.

One of the major reasons for India's growing unpopularity in the regional capitals is its increasing tendency to interfere in the domestic affairs of its smaller neighbours, either citing security implications or to offset the target country's unfriendly strategic choices (Jacob, 2016). It is so distressing to perceive that for the last sixty five years the largest and most successful democratic nation was not having a concrete policy and effort towards considering neighbours as the utmost priority and opportunity. Every time the leadership was guided by the concerns of power and security. Our diplomatic sentiments need to be changed to view that a stable, secure and peaceful neighbourhood is India's responsibility for mutual benefit.

### 2.2.2 Frontier Disputes

The strategic interactions and security concerns of the majority of states are profoundly focused upon their neighbourhoods. Since independence India has been focusing on the territorial security concerns and interests. According to the Government of India Department of Border Management, India has 15106.7 Km of land border running through 92 districts in 17 States and a coastline of 7516.6 Km touching 13 States and Union Territories. The border of India with the neighbours was drawn during the British period and was followed even after independence. During the British period the border was marked to best serve the colonial security and economic interests. So after independence India has crucial border disputes with many of the South Asian neighbours with varying degree of legitimacy, most prominently with Pakistan (Paul, 2014). India also has a huge tension in the frontier dispute with China. The dispute with China has an influential character over the issues with other neighbours. In the initial decades of independence, India was forced to wage wars with China and Pakistan on the questions of motherland. So India's strategic interest and concern has evolved through these bilateral border tensions and is based on military and nuclear deterrence.

The root of border dispute with Pakistan was the partition of India on the basis of the two nation theory by the British Parliament. The dispute is located at Jammu and Kashmir, the centre of hostility between the two nations. After the partition the princely state of Jammu and Kashmir was accede to India by the Maharaja after the armed revolt of Muslim peasantry. Pakistan objected the accession with an argument that it was the violation of two nation theory. The accession resulted in an open war and then UN resolution for reduction of armed forces and cease fire along line of control in 1948. The Simla accord of 1972 established the Line of

Control between Pak occupied and Indian controlled part of Jammu and Kashmir. With the formation of India controlled part as the state of Jammu and Kashmir in 1974 the dispute was further intensified with frequent penetration and terrorist attacks. The Siachen Glacier, Salto Ridge and Sir Creek are the other major point of rivalry. Siachen Glacier extended for 700 sq km in the eastern part of Karakorum Range in Himalaya. Salto Ridge is in the south western part of the Siachen Glacier and Sir Creek is a 90 sq km long water base in the Rann of Kutch marshland. All these regions are under the military control of India and areas of constant military and terrorist clashes. India-Pakistan border dispute and rivalry is having the dimension of giving opportunity for China to stand in support and aid to Pakistan with the intention of developing a combined force targeted to India (Scott, 2011).

The border dispute between India and Nepal exists over the areas of Kalapani and Susta. Kalapani is a 400 sq km long border between Indian district of Pithoragarh in Uttarakhand and Nepalese district of Darchula in Mahakali zone. The Mahakali River was established as border between British India and Nepal as per the Sugauli Treaty of 1816. The dispute exists over the source of Boundary River as India claims it as Lipu Lekh and Nepal as Limpiyadhura. The 75 sq km long border dispute got strategic importance for India during 1962 Sino Indian war as it locates near China India Border. The dispute was further intensified by Nepal when they planned for a hydro electric project in the river in 1997. Susta is another 140 sq km disputed frontier between Nichloul of India and Tribenisusta of Nepal. Nepal accused of Indian encroachment over their territories in the past and even after independence continuing through the policy of domineering. There exists frequent tension and open clash between the people in the border region over the legitimacy of their habitat.

The present India Bangladesh border was demarcated in 1947 between India and Pakistan known as Radcliffe Line. The border extends for 175,000 sq km along the Indian states of Assam, Tripura, Mizoram, Meghalaya and west Bengal. The border is marked by pillars and large portions remain not marked. The real issue was the use of the non demarcated area as route for smuggling, illegal immigration and anti India activities. The enclaves between the two countries in West Bengal were the centre of these illegal activities. After gaining independence in 1971 the India Bangladesh land demarcation was started through a Treaty of friendship, Cooperation and Peace, signed between in 1972 for a term of 25 years. On the basis of the treaty Land Boundary agreement was signed in 1974. But the treaty remained unimplemented due to

the assassination of President Sheikh Mujibur Rahman. A land mark has been made by Narendra Modi on 6 June 2015 by implementing the 1974 Land Boundary agreement for a peaceful frontier relation. It is viewed as a positive step towards starting to resolve all other existing disputes.

The India-Sri Lanka maritime dispute over Kachchatheevu Island was present until 1974. Kachchatheevu is an uninhabited island with a land mass of 235 acres, claimed by both India and Sri Lanka. The dispute was resolved by recognizing Sri Lankan sovereignty over the island. But another level of tension is going on as fishing dispute between Indian and Sri Lankan fishermen in Palk Strait that separates the two nations by just 12 nautical miles. The dispute is over the use of mechanized trawlers by Indian fishermen which leads to over fishing and damaging of Sri Lankan fishing boats. The situation worsened many times when the navy of both sides' started open firing arresting poor fishermen. No more effective and concrete effort has so far been made for the permanent settlement of the issue.

Border management is crucial and important for India because India is in the midst of unstable states who perceive India as their biggest power rival. The long period of disputes has created new dimension of threat to India's internal and external security. It was effectively utilized by the anti-India forces especially the terrorists and mafia groups to pose threat in the border regions (Malone, 2011). It has a severe impact to India's effort for nation building and social harmony. One common factor related with the frontier dispute between India and her neighbourhood is the possibility of the strategic intervention of China to exploit the situation. The disputing areas in the Himalayan range and Indian Ocean are the areas of Chinese interest to counter India's strategic domination over South Asia. Resolving frontier disputes and managing the border are the inevitable part of the larger interest of India in the region.

### 2.2.3 Power Difference and Negative Representation

The behaviour of a state in the context of foreign policy and diplomatic relations are highly influenced and dependent on the quantity of power held by the state. The quantity of power held by a state depends on different mode of capacities. Firstly it depends on the capacity of the political structure to build a stable and powerful polity and governing system. Secondly, it is the capacity of the economic system to drive the society to acquire qualitative and quantitative improvement in the standard of living. Thirdly, the military power potential for internal and

external security and deterrence. Finally it depends on the technological advancement for economic growth and social security innovations. Each state possesses these capacities on varying terms and has power differences in comparison with other states. The power difference plays a crucial role in determining the level of influence and coercion that one state induces over the other through foreign policy. In that sense, the relations established by two states through foreign policy are power relations and the nature of that relation is always determined by the level of accommodation of one's power by the other.

India's bilateral relations with the neighbours are always determined and influenced by the power differences that exist between them. South Asia under the power potential of India reflects a unipolar system because no other nation in the region possesses such kind of power capabilities (Stewart-ingersoll, 2010). The power difference among India and its neighbours in South Asia are because of two key reasons. The first reason is the geographical advantage that India has over the neighbours in terms of its size, location and topography. India is the seventh largest in the world and the third largest in Asia by geographical area. Such a huge geographical area of India is making the other South Asian countries as geographical dwarves. By location India has the strategically central position in South Asia with land or maritime border with all the countries which have utmost economic and security implications over the region. India is gifted with almost all the significant topographical features including high mountains, wide plains, great rivers, large plateaus and lengthy coastlines. The topography contributes great economic potential and opportunities to India by means of fertile lands for agriculture, minerals raw materials and energy resources for industries, large harbors for trade and vast manpower for labour. So geographically and demographically South Asia is India-centric and is referred to as the Indian sub-continent because of the fact that India has the possession of almost 70 percent of the land and population (Paul, 2011).

The second reason for the power difference is associated with organization of powerful polity with democratic norms. Though the countries of South Asia had a common history of external political domination and socio-economic exploitation, state building in the post independent period was not so effectual compared to India. India has been quite successful in compiling a powerful democratic Constitution representing the aspirations of the entire society. India has never experienced a constitutional deadlock and a political changeover from democracy to dictatorship. India has the glory of running the largest democracy in the world. The

political stability in India has enabled her to contribute towards a meaningful level of social upliftment and economic emergence to ensure minimum quality of life to a large number of people. But the situations in the neighbourhood were quite different. Political instability and social conflict were the dominant character of these countries. Political instability had harsh impact over social security and economic development. The development of politically instable and weak state system in the South Asia has given a natural power domination of India over the neighbourhood (Hagerty, 2005).

These power differences between India and other countries in South Asia have inculcated a feeling among these small countries that India is trying to impose power hegemony in the region. This big-neighbour smallneighbour syndrome is a unique problem of South Asia in developing friendly and cooperative neighbourhood relationship (Dubey, 2016). Because of this psychological syndrome any policy of India towards the neighbours are viewed as an effort to impose India's self interest upon them. The basic perception of the neighbouring countries is that India never honours their sovereign existence but tries to intervene in their domestic politics for the sake of her power interest. This negative representation of India is rooted not only among the political leaders of the respective countries but is also widespread among the entire society. Anti-India sentiments are common in the neighbouring societies and are part of their domestic politics. Their social feelings against India are equal to the feeling of the Indians against the power interest of the United States or China. So the anti-India posture is even a claim of the political parties in the neighbouring countries in their political propaganda for popular support.

Form the part of India there is always an attitude of neglecting the problems, aspirations and expectations of the neighbours. Their problems are in one way India centered and in another way against India's security interests. But India is not taking any concrete step towards solving the regional problems of South Asia by friendly approach and trust building. The aspirations of the neighbours such as political stability, social development and economic growth are also the aspirations of India for a peaceful region. India's policy approach towards the neighbours is never up to their expectations of not as a big brother but as a big friend. India's approach towards the neighbours is always dominated by regional and extra regional security concerns. The impact of such a policy attitude is the development of forces with anti-India sentiments acting to destabilize India through illegal terrorist, insurgent and smuggling activities along the border.

Anti India sentiments and activities are used by the neighbours as way of getting India's attention towards them and a chance of addressing their concerns (Chandra, 2015).

The negative sentiments of neighbours pose another strategic threat to India in the regional security context. To challenge and counter the dominating attitude of India and to balance the power difference, the small neighbouring countries are trying to ally with big powers of United States and China. Because of the strategic power interests of both United States and China in the South Asian region and in the Indian Ocean, alliance with big power nations by the neighbours is a major foreign policy concern of India. American interest in the region was started during the Cold War by making strategic alliance with Pakistan to counter the Soviet Union. At present America has involvement in Pakistan and Afghanistan in the name of counter terrorism. The India-Pakistan rivalry and the growing influence of China in the region are the matters of US strategic interest in South Asia. China has great interest in South Asia in general and Indian Ocean in particular and has adopted the 'string of pearl policy' of developing friendly relation with India's neighbours by building ports and other facilities by huge infrastructure investment in the countries of Sri Lanka, Bangladesh, Myanmar and Pakistan. So the negative representation of India in the neighbourhood leads to new power equations in the region against India's regional security interests.

#### 2.2.4 Lack of Coherent Regional Integration

Regional integration is a process of integrating a geographical region as a political and/or economic unit for mutual regional or global benefit through cooperation and partnership on the basis of agreed norms (Heywood, 2015). Regional integration gained momentum with the integration of Europe under European Communities for greater economic cooperation in the 1960's. There after regional integration is viewed as a means of achieving state building through collective efforts. The first and foremost benefit of regional integration is the replacement of bilateral and multilateral conflicts by mutual trust and friendship. It has provided a platform for mutual discussion and conflict resolution through confidence building measures. Many of the problems among the neighbouring countries in a region remain unresolved because of the lack of deliberate effort for settlement. Regional integration helps to realize the importance of collective effort for socio-economic development especially in the backward regions. It provides greater opportunity for economic growth through mutual trade and investment. Regional integration also

has the potential to facilitate cultural exchange, employment generation, educational opportunities, health facilities etc.

The need for regional integration in Asia was a matter of discussion opened up with the Asian Relations Conference of 1947 and was continued in the Baguio Conference of 1950 and the Colombo Power Conference of 1954. The first proposal for an organizational mechanism for regional cooperation in the South Asian neighbourhood was made by the President Ziaur Rahman of Bangladesh in 1980. Finally the South Asian Association for Regional Cooperation (SAARC) was established on 8 December 1985 with headquarters at Kathmandu in Nepal. Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka were the seven founding member nations of SAARC and Afghanistan got membership later on in 2007. The SAARC Summit Declaration of 8 December 1985 affirm the significance of regional cooperation by stating that the leaders of member nations considered the first ever South Asian summit meeting to be a tangible manifestation of their determination to cooperate regionally, to work together for finding solution towards their common problems in a spirit of friendship, trust and mutual understanding and to the creation of an order based on mutual respect, equity and shared benefits (Grover, 2002).

Though India is a founding member of SAARC, India's conviction on developing the platform for greater regional integration was not up to the level anticipation. When Jawaharlal Nehru was organizing the Asian Relations Conference in 1947 at Delhi, he was in high spirits of laying foundation for mutual progress, well-being and friendship among the nations in Asia. During his speech in the conference, Nehru fervently said that 'there was a widespread urge and an awareness that the time had come for us, peoples of Asia, to meet together, to hold together and to advance together. It was not only a vague desire but a compulsion of events that forced all of us to think along these lines'. Throughout his speech Nehru was emphasizing the need for Asian cooperation by forgetting the past and expecting the future (Appadorai, 1979). But when the Bangladesh President Ziaur Rahman proposed for the South Asian integration in 1980, India's response was not warm but suspicious. India's reluctance was mainly on two suspicions. Firstly, it was supposed that Bangladesh was trying to balance power in South Asia by mobilizing the South Asian neighbours against India. Secondly, it was suspected as the American strategic move directed against Soviet Union and India (Muni, 1984). So due to the



strategic security concerns, India was not on the Nehruvian line of thought on the proposal for South Asian cooperation.

The formal establishment of SAARC was done only when there was a compromise decision to exclude the discussion on the political problems among the member nations within the platform of the organization. Though India joined in the SAARC as a founder member, her attitude towards the organization was hesitant and the involvement in the initial years was dreadfully passive. India's approach was largely dominated by the persisting bilateral conflicts than the opportunities of multilateral cooperation. The period of more than thirty years is definitely an elongated period for analyzing the viability of an organization in fulfilling its declared objectives. In that perspective the achievement of SAARC for regional synchronization and development is extremely disappointing. During the last thirty years SAARC has not even been able to manage the annual summit on regular basis and was postponed 12 times to the next year. There is no more significant economic achievement in the region to say it is because of SAARC. If anyone is asking the question why SAARC become such a failed mission, the possible answer from any corner would be it is because of India.

A close analysis of India's policy perspective towards SAARC would reveal how India becomes an impediment to the effectiveness of SAARC. There are two major reasons for the argument of India's detrimental influence. The first reason obviously, India is a focal member of SAARC. Because of its size, population and economy India has a devastating domination over South Asia. Every nation in the region is sharing border with India and no nation in the region, except Afghanistan, shares border with another nation other than India. Under this geopolitical reality of South Asia, India's membership has the crucial influence over the success and failure of SAARC in achieving the mission of regional integration (Nanda, 2010). The second reason unfortunately, India is not a candid member of SAARC. India always has a feeling that within the platform SAARC the small and the less power bearing neighbouring nations would get a kind of equality with India. That is not an acceptable condition for India because it is against her strategic power interest. India's bilateral disputes with the neighbours have an influence over this feeling. India feels that if the neighbours get a platform to deal with India other than the one under her discretion, which would provide them an opportunity to gang up against India. So SAARC platform is not at India's best interest.

In the field of economic cooperation India prefers bilateral trade relations with the neighbours than using the platform of SAARC. India's chronic dispute with Pakistan has a part in this economic preference. Being the largest economy of South Asia, India's unwillingness to economic integration has negative impact to the effectiveness of SAARC. India's displeasure to SAARC was further spurred by the inclusion of China in the organization as an observer in 2005, despite India's resistance. India viewed the move on the background of China's growing interest in South Asia and the neighbour's pro-China sentiments to counter India (Scott, 2011). In this context the formation of new regional grouping namely Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) in 1997 at the auspicious of India has certain implications. It was in the direction of India's desire to exclude and sideline Pakistan from regional cooperation. Through BIMSTEC India also desires to make close link with South East Asia against the influence of China in the Bay of Bengal.

India's pessimistic attitude towards the integration of South Asia through SAARC reveals the fact that power and security are the two major concerns of India while engaging with the neighbours. India wants to engage with the neighbours as the power hegemon of South Asia. India's preference is more for bilateral engagement with the neighbours than the multilateral platforms. It is in fact unfortunate that the Indian leaders are not realizing the value of regional integration in South Asia and its favourable benefits. The leaders are not taking it as a space to convince the neighbours that India is a big opportunity to overcome their lingering problems and not a threat to their political identity. Any kind of progress and development in the region is more beneficial to India than others. India also wants to realize that without the support and confidence of the neighbours, it should not be possible to accomplish her ambitions of peace and development. Friendly neighbourhood is certainly a mandatory requirement for the progress of a nation. The Canadian diplomat David Malone rightly observed that unless its region becomes more cooperative, India is unlikely to develop into more than a regional power, but it is true as well that it cannot be a global power unless it reaches beyond its neighbourhood (Malone, 2011).

### **2.3 India's Options and Opportunities**

The wide gap between India and her neighbours is certainly a matter of success and failure in acquiring the capability to organize a powerful state system based on democratic values and social understanding in South Asia. India must recognize the fact that the failure of

state system in South Asia is never going to produce any advantage in favour of India. At the same time the failure of state system in South Asia will produce a negative impact over the potential emergence and development of India. For any country to emerge as a powerful nation, it should get the support and cooperation from the neighbourhood. Otherwise the country will face a troubled neighbourhood with frequent disturbances. Taking into confidence of the neighbours is the basic requirement for permanent peace in and out of a nation. Permanent peace turns to be the basic requirement of any country's emergence and growth. So India has to accept the South Asian disparity as a positive opportunity to evolve a permanent and peaceful state system in the region.

The roots of the problems of South Asian neighbourhood are the same with some sort of distinction in its magnitude. Whether it is the large nations like Pakistan, Bangladesh, Sri Lanka and Afghanistan or the small nations like Nepal, Bhutan and Maldives, the underlying problems are social backwardness, political turbulence and economic stagnation. To overcome these basic problems these nations are in need of an external support that they can take into confidence. The problems in these nations have a direct and indirect impact in India because of her central geographical position and sharing of the land borders. So India should have an active role in the socio political and economic recurrence of her neighbours. India has to rise to the level of a most trusted and favoured friend of these struggling nations. If India wants to contribute for the development of each neighbouring countries in particular and South Asian region in general, making SAARC as a viable regional organization is the best option. According to Indian diplomat G. Parthasarathy, 'while regional economic co-operation has grown in 'soft' areas in SAARC, the countries of South Asia have to vastly expand their co-operation in 'core' areas like trade, industry and investment, if the organization is to make a meaningful contribution towards enhancing regional progress and prosperity' (Parthasarathy, 2000).

The foremost needs of these nations are to ensure a stable and strong governance system based on democracy. In order to have a functioning democracy the elements that challenging democratic governance should be eliminated from the country. For the elimination of these challenging elements, the democratic confidence must be built within the people. India should extend all possible support for the elimination of non democratic forces and the restoration of confidence of the people. The elimination of non democratic forces and the restoration of confidence of the people are not an easy task. Step by step support and assistance are needed.

India has contributed much for the recent political transformation of Afghanistan, Bhutan and Nepal to the constitutional democratic regime. In other countries including Pakistan, Bangladesh Sri Lanka and Maldives democracy has been frequently in jeopardy because of either military coup or civil war. In order to ensure democratic regime in the neighbourhood, India want to act beyond supporting a struggle for democracy. Indian policy should be called up on to remain continuously engaged with the post systemic change process of building and reinforcing institutions and norms and capabilities and cadres of democracy (Muni, 2012).

Today the portrayal of India in the neighbourhood is based on her hard power credentials of military capability and economic strength. Though the military and economy are most important aspects of a nation's power status, they are not the sole elements for getting acceptance of others especially by the neighbours, who in their own perspective fail to establish the identity of a successful nation. India's agony in this regard is the fact that the exposure of India's hard powers is viewed by the neighbours with their existing conflicts and tensions. They feel it as a way for imposing India's hegemony over them in particular and in the South Asian region in general. So they stand against India in their own individual state capacity as well as in alliance with other nations, including the big nations like China to apply power balance. In order to overcome this hardship, the best way ahead for India is the use of other aspects of a nation's power which the neighbours can conceive on a positive framework, i.e. the use of India's soft power assets. Joseph Nye, the American scholar defined soft power as when one country gets other countries to do what it wants and as co-optive power, viewed that the use of soft power increases the ability of a nation to structure a situation so that other nations develop preferences and define their interests in ways consistent with one's nation (Nye, 2009).

The use of soft power to deal with the neighbours is an unexploited area of India's foreign policy. In the past the security concerns of India were dominated over the bilateral relations and soft power was not developed as a tool for regional acceptance. The most essential elements of soft power such as civilization and cultural values, democratic tradition and a dynamic civil society are in favour of India. These elements are not only rich in India but also have a traditional linkage with the South Asian neighbourhood. Identifying each elements of the broad category of soft power and applying them on a rational basis is important. The roots of India's soft power run deep and India's is a civilization that, over millennia, has offered refuge and, more importantly, religious and cultural freedom, to Jews, Parsis, several varieties of

Christians, and Muslims (Tharoor, 2009). The components of India's soft power are diverse and include films, ayurveda, yoga, political pluralism, religious diversity and openness to global influences. The use of soft power for maintaining bilateral relations have a positive part of mutual benefit.

What is needed for exploiting the accessible options and opportunities to build a strong and permanent socio-political bond with the neighbours is an important matter of concern for India. The first and foremost requirement to this end is the political willingness of the leadership and good diplomatic character and conduct of officials. Both the leaders and diplomatic officials must accommodate the feelings of the small South Asian nations towards the gigantic India. Their feelings and concerns have root in their existing deterioration and are most important for them in their own perspective. The question is whether India wants to accomplish her regional interest by making the neighbours her enemies through power hegemony or establish positive engagement with the neighbours for a peaceful region and to emerge as their natural leader. If India wants to choose the second option, it is imperative to have a policy reorientation which certainly wants to value the interest and sentiments of the neighbours and to engage more and deeply in search of an amicable solution to the pertaining disputes through peaceful dialogues.

## **2.4 Conclusion**

The 21<sup>st</sup> century witnessed the emergence of India as a geopolitical power in Asia from the colonial dark history within a span of fifty years. From the group of nations who got independence after the Second World War, the rise of India is unique and capable of rewriting the power equations of the Asian region and to some extent the exaggerated sense the power equation of the world as well. India's stature in that way is associated with the success in establishing a viable democratic polity, developing basic economic infrastructure, ensuring social security, and more importantly developing a unique identity in international engagement. The emergence of India is definitely linked with the carefully crafted domestic and foreign policy by the leaders before and after her independence that had the clear vision and mission for a rising India.

A general appraisal on Indian foreign policy reveals that India is quite successful in developing strong relations with the extra-regional powers and international organizations. India has good relations with the big powers like United States and Russia. At the same time India's

relation with the countries in the neighbourhood is disappointing and lacking an articulated policy approach. The failure to develop strong relations with neighbours leads to the creation of a tough neighbourhood around India. India's interminable dispute with all of the neighbours and her power interest truly made the situation to develop an anti-India sentiment in the region. The impact of anti-India sentiment is drastic which leads to the formation of alliance against India with extra-regional powers.

India's foreign policy has always considered the neighbours on an individual level and engaged to deal with them on the basis of specific bilateral problems and concerns. South Asia having shared elements of problems and opportunities, India has failed to recognize the need for a permanent group policy. A policy that accommodates the basic interests of neighbours as a group is best suited to overcome the existing regional antagonism. The gigantic figuring of India by South Asian countries bestows a natural responsibility on India to extend her friendly hands to create regional confidence and trust. Realist attitude must be replaced by the use of soft powers. India shall play the constructive role in the neighbourhood for improving quality in the field of education, health facilities, child and female nutrition, skill development, software technology, employment generation etc. India's ambition to get a place in the global power stage is possible only with the support and well wish of the neighbours. For that India must have creative role in their socio-political transformation to successful states.

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## CHAPTER III

### NEPAL: STATE BUILDING AND POLITICAL TRANSFORMATION

The political history of modern Nepal is a story of violent struggle for power between the hereditary monarchy and the democratic forces. The actual political history of Nepal began when Prithvi Narayan Shah unified the country in 1769. Hence Nepal as a state emerged in its present form only in the late eighteenth century when the small hill kingdom of Gorkha, some eighty miles west of Kathmandu, brought much of the Himalayan foothills and an adjoining strip of the North Indian plain under its control, and the kingdom's Shah dynasty moved its court to Kathmandu Valley (Whelpton, 2008, p. 1). The land-locked country of Nepal was not known to the external world particularly during the ancient and medieval period of history. The dynasties ruled in that period kept Nepal closed from maintaining any sort external relations with the people beyond the Kathmandu Valley. The geographical location of Nepal also helped to evolve an indigenous society with a unique cultural and political identity. An interesting fact about the political history of Nepal is that the country never falls under the direct colonial control though colonial domination was present in Asia in general and in the neighbouring country of India in particular.

The state building and political transformation in Nepal has different phases spanning from the installation of absolute monarchy to the triumph of democratic movement for the foundation of People's Republic. The first phase had begun with the unification of Nepal and the establishment of the absolute monarchy of Shah dynasty. The second phase was a regime change from the Shah dynasty to the Rana dynasty after a bloody coup. The third phase was the emergence of political parties and political consciousness against the autocracy of the Ranas and the demand for the establishment of constitutional monarchy. With the termination of Rana rule in 1951 and the establishment of constitutional monarchy under Shah dynasty, Nepal entered into another phase of political transformation. But it was a short lived phase and ended with the re-emergence of Shah absolutism through the Partyless Panchayat System. For thirty years from 1960 to 1990 Nepal was under the Panchayat system which resulted in the emergence of people's movement for the restoration of multi-party democracy. The successful campaign for the restoration of multi-party democracy (Jana Andolan I) and the promulgation of new Constitution in 1990 was another significant phase of Nepal's political history.

The struggle for true democracy was continued in Nepal even after the end of Panchayat era. Though constitutional democracy was restored through the Constitution of 1990, the King was not ready to give up his power position and wanted to regain his old power and position. On this background the Communist Party of Nepal (Maoist) started armed rebellion against the King in 1996 by raising the developmental issues of the marginalized sections of the Nepali society. The Maoists in fact succeeded to mobilize large number of people especially from the rural and backward areas in favour of their socio-political concern. They propagated the demand of abolishing monarchy to establish People's Republic. The attempt for re-establishing absolute monarchy reached at its maximum when Gyanendra Bir Bikram Shah ascended to the throne in 2001. The significant aspect of this phase was the emergence of another people's movement for the elimination of monarchy (Jana Andolan II) in which all the major political parties and the Maoists combined together against the palace. The movement succeeded to restore democracy in 2006.

The final stage of political transformation in Nepal started with the declaration of Nepal as a Federal Democratic Republic by the Parliament on 28 May 2008 which obviously ended 240 years old monarchical rule. The effort was started thereafter for drafting new Constitution by a constituent assembly elected through the general election. Though there was some sort of political hurdles to frame the new Constitution by the constituent assembly, the new national Constitution was promulgated on 20 September 2015. With the adoption of the new Constitution the people's struggle for democracy virtually came to an end with success. The state building and political transformation in Nepal thus was a lengthy process by which many rules came into power and many movements organized for the people's democratic rights. Many lost their life in the process of democracy building in Nepal. The chapter is designed to analyse the socio-political history of Nepal starting from the ancient and medieval period and ending with the successful triumph of democracy.

### **3.1 Ancient and Medieval Nepal**

Consistent with the scientifically reliable sources, the history of Nepal started with the small settlement of tribal people who almost certainly belonged to the Tibeto-Burman ethnicity for somewhat 2,500 years ago in the northern Himalayan range known as the Kathmandu Valley. In ancient times by Nepal only the valley of Kathmandu was known and the state which came

into existence under the same name could not include areas of expansion of more than one hundred miles on both sides (Regmi, 1952). The fairly reliable source to understand the ancient history of Nepal is the Vamsavali or collection of chronicles of Nepali rulers that belonged to different dynasties. The Vamsavali covers a fairly accurate period of Nepal history from 600 B.C. to 450 A.D. There are many Vamsavalis and the first one was compiled in the year 1349 A.D. namely the Gopalarajavamsavali. According to the Vamsavalis the Gopals, the Mahispalas, the Abhiras, the Kirantas and the Somas were the early dynasties which ruled over the Kathmandu Valley (Shrestha, 2003). But the rules of these dynasties are not methodically established due to the lack of authentic historical evidence.

### 3.1.1 Lichchhavi Dynasty

The epoch of the Lichchhavi dynasty is considered as the golden age in the ancient history of Nepal. Though there are some sorts of disputes over the actual period of rule of Lichchhavi dynasty, as said by the reliable historical sources, it is assumed that the dynasty had ruled over the Kathmandu Valley for a duration concerning six hundred years and the phase was in between the first or second century A.D. and the ninth century A.D (Shaha, 1992). The Lichchhavi dynasty actually originated in India and was an established kingdom there. They were the rulers of the historic Vaishali kingdom of modern Bihar in India. When the kingdom of Vaishali was conquered by Ajatasatru of the Magadha Empire in the fifth century BC, the Lichchhavis migrated to Nepal. In reference to the inscription of Jayadev-II, Supushpa was the founder of the Lichchhavi dynasty in India and Jayadev-I was the first Lichchhavi king to establish rule in Nepal after overcoming the Soma dynasty.

During the reign of the Lichchhavi dynasty Kathmandu Valley experienced prominent changes and development in the socio-economic and cultural spheres. Manadev-I, Amsuvarman and Narendradeva were the most powerful and prolific in the line of Lichchhavi rulers who created a new history of development in Nepal. The most significant change was the changeover from the pastoral mode of economic production to agricultural mode of production. Political stability, economic prosperity and social harmony were the key features of Lichchhavi regime. For the effectual devolution of administrative powers the empire was divided into provinces, districts and villages. Dual judicial courts were established to manage civil and criminal affairs separately. Lichchhavis had the credit of having a well organized, trained and armed military

group to ensure the territorial security of the empire. They also had given highest priority in building and maintaining convivial relations with the neighbouring rulers in India, China and Tibet to smooth the progress of mutual trade relations and to keep away from war and conquest. The end of Lichchhavi rule in 879 A.D. marked the beginning of medieval political history of Nepal.

### 3.1.2 Malla Dynasty

Nepal was under dark phase for a period of 300 years after the last part of Lichchhavi rule. The re-emergence of Nepal from the malaise started with the advent of Malla rule established by Ari Malla in 1200 A.D. (Shaha, 1992). At some stage in the initial period of the Malla rule, Nepal experienced more than a few external attacks from the part of Indian rulers due to the existence of weak kingdom that resulted in an unstable system of governance. The cataclysm in and around Nepal resulted for the division of the state under different local power holders. The recuperation of Nepal from the dark phase set back was during the reign of Jayasthiti Malla who controlled the kingdom for a period of fourteen years from 1382 to 1395. Jayasthiti Malla consolidated Nepal under his power and contributed to establish strong law and order and good governance through reforms in the social political and economic sectors on the basis of morality and religion. According to James Heitzman, Jayasthiti Malla united the entire valley and its environs under his rule, an accomplishment still remembered with pride by Nepalese, particularly Newars (Heitzman, 1993, 12). After the death of Jayasthiti Malla Nepal remained as a unified kingdom for less than ninety years and after that the successors of Malla dynasty divided the kingdom and ruled collegially.

In the late 15<sup>th</sup> century the Malla kingdom of Nepal was divided into three kingdoms nearly based on Bhaktapur (Bhadgaon), Kathmandu (Kantipur) and Patan (Lalitpur). The area of control of these small kingdoms were extended over times and consequently extended the land boundary of Nepal under the Malla dynasty. The extension of Bhadgaon was up to Dudh Kosi in the eastern part, Kathmandu was up to Nuwakot in the northern part and Patan was up to Makwanpur in the southern part (Devi, 2011). Though the three kingdoms maintained inter marriage relationships, the conditions inside the valley were not cordial as they frequently engaged in mutual warfare with the desire of territorial expansion. The most striking attribute of the Malla rule under the three kingdoms is the development of the distinctive cultural identity of

Nepal. The divided Malla kingdom survived for the next three hundred years with mutual political rivalry and conspiracy. Their survival was not because of the power and strength acquired by their kingdoms but for the reason that there was no more effective outside challenge to pose threat to their existence. The Malla dynasty rule in Nepal was wrecked with the territorial conquest of the valley by the Gorkha king Prithvi Narayan Shah in 1768.

### **3.2 Modern Nepal**

The modern political history of Nepal had begun with the territorial conquest of the entire Malla kingdom by the Gorkha king and the establishment of the absolute monarchy of Shah Dynasty in the second part of the 18<sup>th</sup> century. During the later part of the Malla rule many small fiefdoms were formed in the valley due to the subsistence of feeble kingdom. One among that fiefdom was the House of Gorkha founded by Dravya Shah in 1559. The Gorkha territory was mostly inhabited by the indigenous ethnic and linguistic group known as the Magars. Dravya Shah was actually the descendant of the Rajputs of Chitor, India who migrated to Nepal in the 15<sup>th</sup> century after the Muslim invasion (Gyawali, 1962). Though the emergence and expansion of Gorkha power in Nepal was sluggish in the initial period, it was steady and thriving. The Gorkha maintained reciprocal relations with the divided Malla kingdoms and thus was quite successful to avoid clash in the initial stage of the kingdom building (Stiller, 1973). The expansion of the House of Gorkha was effectively started during the reign of Ram Shah (1606-1633) and was further extended under Nal Bhupal Shah (1716-1742). When the House of Gorkha was crowned by Prithvi Narayan Shah in 1743, the attempt for massive territorial expansion had started. His first attempt was to conquest and consolidates the disseminated fiefdoms under his control.

Prithvi Narayan Shah's mission of greater territorial expansion was accomplished with his successful conquest of the Malla kingdoms of Kathmandu and the Patan in 1768 and the kingdom of Bhaktapur in 1769. The conquest of Kathmandu valley had gave him the authority to impose his power over other areas in the valley in the name of an integrated statehood. Subsequently the year 1769 marked the unification of Nepal and the beginning of the new epoch of rule under the Shah dynasty (Vaidya, 1993). The absolute monarchy of Prithvi Narayan Shah remained unquestionable because of his power in both political and territorial standpoint. He was also succeeded in making his monarchy popular as his reign was regarded significant for the benefit of both Nepal and its people. After the death of Prithvi Narayan Shah in 1775, his

successors continued his legacy and imperial vision of military campaign for greater Nepal. By the year 1814, under the King Grivanyudha Bikram Shah, Nepal's territorial expansion was up to Tista River in the east and Kumaon and Garhwal areas in the west.

But Nepal's overwhelmed desire for territorial expansion had lead to an open war with the British East India Company in 1814, known as the Gorkha War or the Anglo-Nepalese War in which Nepal was compelled to accept the defeat. The war was concluded with the Treaty of Sugauli in 1816 by which Nepal lost almost half of its territory including the Sikkim in the east, the Kumaon and the Garhwal in the west and most of the Terai in the south (Shrestha, 2003). Later on in 1860 some of the Terai lands were returned to Nepal as gratitude of Gorkha support of the British to suppress the 1857 Indian rebellion. The provision of the Sugauli Treaty forced Nepal to establish British embassy in Kathmandu with a British resident. The British allowed recruiting the Gorkhas for service as soldiers in the British military. Though the Company had won the war, there were two positive outcomes in favour of Nepal that the war highlighted the capability of the Gorkha troops and paved way for the growth of Nepali nationalism. True, they lost territory, but their prestige as fighting men was enhanced, and they preserved their heritage of independence (Stiller, 1976, 2). The Anglo-Nepalese War and the Treaty of Sugauli had made significant effect in the shaping of India-Nepal bilateral engagements.

Though Nepal's glory had reached at its zenith as a unified powerful kingdom through the reign of Prithvi Narayan Shah, his successors had failed in varying degree to sustain the glory due to their minor status and the factional politics in the palace. The death of Prithvi Narayan Shah, the most commanding king, had lead to struggle for power by different competing royal factions. The drastic conditions in the kingdom halted Nepal's economic growth and social progress attained in the near past. Nepal again entered into dark phase and the palace had become the place of brutal seizure and massacre.

The power rivalry between the two clans- Thapa and Pande- became intense with the death of Pratap Singh Shah in 1777. Pratap Singh Shah's successor Rana Bahadur Shah was a minor and the clans got the higher opportunity to interfere in the palace activities. Even after maturity he was inefficient and did not show any serious interest in the administration of the country. Rana Bahadur Shah left the throne and fled to Banaras along with Bhimsen Thapa at the age of 24 in 1799 because of popular discontent over his kingship. Again another minor king,



Grivanyudha Bikram Shah was installed to the throne at the age of 2 years in 1799. Meanwhile Damodar Pande became the Prime Minister and extended his absolute control over the entire administration which really redrew the destiny of Nepal thereafter. But in 1804 Rana Bahadur Shah and Bhimsen Thapa returned to Nepal and Rana Bahadur took over the post of Prime Minister. Damodar Pande was executed by the angered Rana Bahadur in the same year. In a turn of events in 1806 Rana Bahadur Shah was killed by his half-brother Sher Bahadur and Bhimsen Thapa arose to the post of Prime Minister in no time.

Bhimsen Thapa continued his absolute command over the administration until he was deposed and arrested by King Rajendra in 1837 under the influence of the Pande clan. Bhimsen Thapa then committed suicide in 1839. Rana Jang Pande was appointed as the new Prime Minister and thus ended the thirty years supremacy of Thapa clan in Nepal's royal administration. But Rana Jang Pande had failed to establish his power as an efficient Prime Minister and was replaced by Fateh Jang Chautaria in 1840. He remained in office for a short period amidst intense palace tensions and was finally ousted in 1843 followed by the return of Thapa clan into power.

The arrival of Mathbar Singh Thapa, the nephew of Bhimsen Thapa, from exile and his prime-ministership in 1843 further spurred the factional dispute as he executed many prominent Pandes as revenge to his uncle's tragic death. But Mathbar Thapa's destiny also was dreadful and not different from his predecessors as he was assassinated in 1845 with the royal consent by his own nephew Jang Bahadur Kunwar, the military commander. After one year in 1846 Jang Bahadur Kunwar added another dreadful event to the history of Nepal by way of slaughtering a number of nobles who assembled at the courtyard of the palace armory (kot). The incident, written in black letters in the modern history of Nepal as 'kot massacre', established the dictatorship of the Rana prime ministers and the titular headship of the Shah Kings for a century. The Shah Dynasty rule in Nepal had become the reason for both the territorial expansion and the political deterioration of the kingdom. The glory of Shah Dynasty in the history of Nepal are by means of the powerful leadership of Prithvi Narayan Shah to unify the country, the greater expansion of the territory on all directions and the organization of a modern military system competent enough to counter even the mighty British force. The Shah rule also made greater political submission of Nepal to British India by way of seeking protection from both internal and external threats. The bloody game played by Jang Bahadur Kunwar to fulfill his high

ambition marked the beginning of Rana oligarchy in Nepal. Further, the adaptation of feudalistic pattern of society created new social relationships which ultimately led to the deterioration of social and economic progress of Nepal.

### **3.3 Rana Oligarchy**

The period of the hereditary absolute Rana rule in Nepal was extended for more than hundred years from 1846 to 1951. For over thirty years from 1846 to 1877 Jang Bahadur Kunwar was the prime minister and exercised his supreme authority all over Nepal. He made the Shah Kings under his command and pleasure. In 1847 he compelled King Rajendra Bikram Shah to hand over the throne to the crown prince. Consequently, under the pleasure of Jang Bahadur, Surendra Bikram Shah become the king of Nepal in 1847 and remained in throne until his death in 1881. It was King Surendra Bikram Shah who conferred the honorary martial title 'Rana' to Jang Bahadur in 1858 which afterward replaced his family surname 'Kunwar'. Jang Bahadur died at the age of sixty in 1877 and his brother Ranoddip Singh Rana succeeded to the prime-ministership. There was a succession to the throne in 1881 followed by the death of King Surendra Bikram Shah. Prithvi Bir Bikram Shah, the son of Crown Prince Trailokya Bikram Shah who died in 1878, was crowned as the new king at the age of just six years and remained in power until his death in 1911. He was succeeded by Tribhuvan Bir Bikram Shah who later became the real head of the state after the end of Rana rule in 1951 and sustained power until his death in 1955.

The death of Jang Bahadur Rana led to the emergence of power rivalry for succession in Rana family. Nepal witnessed a family coup in 1885 by which Prime Minister Ranoddip Singh Rana was assassinated by his own nephews. Subsequently Bir Shamsheer Rana, a nephew of Ranoddip Singh Rana, became the prime minister. The family coup of 1885 was the outcome of such kind of rivalry among the sons and nephews of Jang Bahadur for prime-ministership. When Bir Shamsheer Rana had become the prime minister after the coup, his main concern was to suppress the opposition from his own relatives. He was able to remain in power until his death in 1901. Bir Shamsheer was succeeded by Dev Shamsheer Rana who was overthrown by his own brothers through a coup just after three months of his prime-ministership. His successor Chandra Shamsheer Rana amended the Rolls of Succession made by Jung Bahadur to put an end to the

power rivalry by finalizing the administrative position of Rana family members on the basis of lineage. The Rana dynasty held the absolute authority of prime-ministership up to 1951.

During the period of Rana rule Nepal established close relations and cooperation with British India which greatly helped Nepal to ensure territorial security and via to protect her independent status (Kumar, 1967). For developing that sort of close partnership with Britain, Jang Bahadur Rana even travelled to Britain in 1850. During the 1857 rebellion in India, Jang Bahadur exhibited his supreme loyalty to Britain by leading a huge army which definitely helped Britain to suppress the rebellion without much set back. As a courtesy of Nepal's support at the time in need, Britain returned the western Terai region to Nepal which was annexed as per the Sugauli Treaty of 1816. The support of British India also helped Jang Bahadur in way to institute and sustains his overriding authority over the king. The mutual trust and cooperation moreover benefited Nepal for the modernization of her army and the recruitment of Nepali subjects to the British army. The Rana support to the British continued even after Jang Bahadur and made military contribution for the victory of the Allied Powers in the First World War. In 1923 Nepal-Britain Friendship Treaty was signed which acknowledged the internal and external independence of Nepal. The treaty also provided for the duty free access of British Indian ports for the import of materials to Nepal.

The autocratic feudalistic familial oligarchy of Rana family resulted for the prevalence of great dissatisfaction among the common people of Nepal. The popular dissatisfaction was mainly because the authoritarian rule had contributed for the emergence of larger socio-economic disparities in the Nepali society (Upadhyay, 2015). The Rana feudal system considered the land as their private property and the common people were confined to the position of mere agricultural tenants. They were leading luxurious life in European style at the expense of common man and their right to life and personal liberty. Mahendra Lawoti wrote that 'the Rana rulers kept Nepal isolated, discouraged development and mobilization, and brutally repressed dissent'. He further analyzed that the introduction of Muluki Ain, the civil code, by Jang Bahadur in 1854 reinforced the assimilation of diverse ethnic, religious and linguistic groups as it codified and standardized the existing diverse social customs, laws and practices on Hindu religious percepts and applied even on the non-Hindus. Therefore for the people of Nepal the Rana rule was the extreme expression of royal oligarchy and abuse of political power to control

and repress the social order (Lawoti, 2007, 83). Eventually political resistances emerged in Nepal against the Rana autocracy.

The emergence and expansion of political resistances against the Rana absolutism were significantly influenced by the freedom movement in India against British colonialism under the banner of Indian National Congress. The educated youth in Nepal got high inspiration from the democratic movement of their neighbouring country. Major developments in this regard started to take place in the 1920s. In the year 1927 Chandra Singh while in exile in India organized Prachanda Gorkha, the first political party of Nepal, for the cause of democracy. A protest movement was organized in 1930 against the socio economic backwardness of Nepal under the Rana rule by a social reformer namely Tulsī Mehar. The movement, labeled as the Charkha movement, aimed to create local employment for the eradication of poverty through the production of cotton clothes by using spinning wheels. In 1935 the second political party of Nepal specifically the Nepal Praja Parisad was established by Tanka Prasad Acharya for the same cause. Both political initiatives were considered by the Ranas as anti-national and acted brutally against those who sparked the fire of democracy in Nepal (Ravala, 2007). The formation of two dominant political parties such as the Nepali National Congress in 1947 and the Communist Party of Nepal in 1949 in fact popularized the demand for democracy and resulted for mass participation in the anti-Rana protest. As a result of these popular movements, which got strong support from the titular Shah Kings, the Rana oligarchy came to an end in 1951.

### **3.4 Emergence of Political Parties**

The anti-Rana and pro-democracy movements in the first part of the 20<sup>th</sup> century resulted in the emergence of political parties in Nepal (Arjun, 2003). The greater influence for the development of democratic movements in Nepal was from the anti-colonial movements organized in India. The ideas and activities of Mahatma Gandhi highly influenced the young people of Nepal, who were in India in exile, to think and act for the cause of establishing democratic rule in their homeland. So the history of political parties in Nepal is the story of struggle for establishing democratic order for the protection of the basic political rights of the people in the country. The organization of political parties greatly influenced the people of Nepal to realize the historic reason for their social backwardness and to act against those autocratic rulers who made their life miserable by undermining the value of their democratic rights. The

Prachanda Gorkha and the Nepal Praja Parisad were the first level political parties organized in Nepal which sowed the seed of democracy over hereditary autocracy. The formation of the Nepali National Congress and the Communist Party of Nepal broadened people's perception on democracy and their fight against non-democratic rule of the Ranas.

The Prachanda Gorkha was organized in Dehradun, in India, in 1927. It was formed under the leadership of Chandra Singh who was in exile in India. The aim of the organization was to spread democratic ideas and values with the intention of ending the autocratic rule of Ranas and establishing democratic rule under the Shah Kings. They engaged in revolutionary activities to depose the Ranas. But the activities of the organization were short because it was brutally suppressed by the Ranas by imprisoning and killing the leaders and other members. The Nepal Praja Parisad, the second political party of Nepal, was formed in 1935 under the leadership of Tanka Prasad Acharya. This organization too was formed and functioned from India. Praja Parisad actively engaged to spread the ideals of democracy and patriotism at grass root level. The party functioned under the support and patronage of the king. Due to severe opposition from the Rana rule, the party was functioned secretly in Nepal. But by 1940's Ranas were able to suppress the party by eliminating all of its leaders either by life imprisonment or by execution (Levi, 1953). However, the spark for establishing democracy was alive and influenced many for taking active participation in the agitation against the Rana rule in the coming years.

Though the brutal suppression of the political activities by the Ranas led to the stagnation of the democratic movements in Nepal, the effort got a momentum after 1946 with the reestablishment of political movements for Nepal from India. In 1946 a conference was held in Calcutta to plan and prepare future course action for democracy in Nepal which was attended largely by the domiciled Nepalese brought up and educated in India (Gautam, 2005). As an outcome of the Calcutta Conference a new political party namely Nepali National Congress came into being in January 1947. Tanka Prasad Acharya, the founder of Nepal Praja Parisad who was under life imprisonment in Nepal, was elected as the president. So to lead the Nepali National Congress in the absence of Tanka Prasad Acharya, Bisheshwar Prasad Koirala was elected as the acting-president. The party started to function with the twin objectives of working with the people to create political consciousness about democracy to bring down Rana absolutism and to establish democratic governance with constitutional monarchy (Bhandari,

2005). For this end Nepali National Congress almost immediately instigated nationwide demonstrations against the Ranas.

The Nepali National Congress had organized a range of agitations especially under the workers to create public consciousness against autocracy. But unfortunately there was factionalism within the Nepali National Congress due to the struggle for ascendancy between the two leaders of Bisheshwar Prasad Koirala and Dilli Raman Regmi (Paramanand, 1982). The factionalism led to a crisis in the activities of the party to establish democracy and overthrow the Ranas. During the year 1948 another political party was formed in Calcutta by Mahindra Bikram namely the Nepal Democratic Party. The party consisted of the members of a section of Rana dynasty who were driven out of Nepal during the prime-ministership of Juddha Shamsheer Rana down to dispute over dynasty succession. So the prime motive of the new party was also to force out the Ranas as vengeance. In April 1950 the Nepal Democratic Party joined together with the Bisheshwar Prasad Koirala faction of the Nepali National Congress to form a new party called Nepali Congress. The merger and formation of new political party boosted the anti-Rana movement and within a short span of one year achieved the desired goal of terminating the Rana regime (Adhikari, 2001). In the first general convention of the party Matrika Prasad Koirala was elected as the first president of the Nepali Congress.

Communism arrived late in Nepal, a fact which can be largely attributed to the international isolation, extremely low levels of literacy and repression of political forces which characterized the country under the rule of the Rana dynasty (Nickson, 1992, 358). The Communist party of Nepal was established in Calcutta, India on 29 April 1949 with the support of the communists in India. Pushpa Lal Shrestha, a former working member of the Nepali Congress Party, was the founding father of the Communist Party in Nepal. Man Mohan Adhikari, Nara Bahadur Karmachari, Narayan Bilash Joshi and Niranjana Govinda Vaidhya were the other prominent founding members of the Communist Party. The primary objective of the party was to put an end to the Rana absolutism. The party accepted fight against feudalism and imperialism as their other major course of activities (Varma, 2001). For the realization of their declared objectives, the Communist Party of Nepal chose the strategy of armed struggle. The founders wanted to make the party a mass movement of all classes for their basic civil and political liberties.

The establishment of democracy in Nepal had indebted to the organized movements led by different political parties against the autocracy of Rana regime. The political parties, even if functioned from India, were able to create political consciousness in the minds of the people of Nepal who were suffering from the prolonged refutation of their basic socio-political rights. Political parties raised voice for democracy under constitutional monarchy, destruction of feudalism, reform and distribution of land and socio-economic emancipation. The collective effort of the Nepali Congress and the Communist Party of Nepal succeeded to end the autocratic rule of Rana dynasty through a movement came to known as the People's Revolution of 1950 (Joshi, 2004). The revolution of 1950 marked not only the end of Rana dynasty absolutism but also introduced a new political outlook among the people of Nepal anchored in democratic participation through political parties.

### **3.5 Return of Shah Monarchy**

The movements organized from India by different political parties for democracy in Nepal raised their demand for the return of Shahs as the constitutional head of Nepal. The efforts of political parties for the elimination of Rana absolutism got virtual support from the Shah King Tribhuvan. At the heights of the agitation movement King Tribhuvan sought asylum in the Indian Embassy and flew to India on November 1950 as protest against Rana absolutism. The events led to negotiation and tripartite agreement between the Nepali Congress, the Ranas and the King for the establishment of constitutional monarchy in Nepal. The agreement that came to known as Delhi Agreement (1951) marked the beginning of new epoch in the political history of Nepal. But the political developments thereafter were not in favour of protecting the greater aspirations of democracy but the imposition of direct monarchical rule of the Shahs by enforcing a ban on the activities of political parties (Brown, 1996). The new Constitution was promulgated in 1959 which provided for the foundation of parliamentary democracy in Nepal. General election to the legislature was held in the same year and Nepali Congress got the majority to form the government. But in 1960 King Mahendra banned the Constitution, parliament and political parties and imposed his direct absolute monarchy in Nepal. In 1962 King Mahendra promulgated another Constitution and introduced partyless panchayat democracy. From then on to until 1990 Shah Kings remained an unquestionable authority in Nepal. In the year 1990 mass political agitation was organized jointly by Nepali Congress and Communist Party of Nepal

against the partyless panchayat system. As a result new Constitution was adopted in 1990 which restored party based democratic system and put an end to the absolutism of Shah Kings.

### 3.5.1 The Interim Constitution Period

The end of Rana rule and the return of Shah Monarchy in Nepal were on the basis of the tripartite Delhi Agreement between King Tribhuvan, the Nepali Congress and the Rana government under the mediation of the government of India on 12 February 1951. The royal headship of King Tribhuvan was accepted by the Ranas and the Nepali Congress through this agreement. The agreement provided for the formation of an interim government under the prime-ministership of Rana with five members from the Ranas and the other five members from the Nepali Congress. The agreement granted two years time duration for drafting a democratic Constitution by an elected constituent assembly. It also provided for the free functioning of political parties in Nepal. The agreement followed a middle way approach for the gradual development of democracy by accepting the fact that Nepal did not have adequate internal prerequisites to support the abrupt installation of democracy (Upreti, 2010). After signing the agreement King Tribhuvan returned from India and declared the end of Rana regime and the dawn of parliamentary democracy in Nepal on February 17.

The coalition government as per the Delhi Agreement was formed by the Rana and the Nepali Congress with equal representation of both in February 1951. Mohan Shamsher Rana was appointed as the Prime Minister. B. P. Koirala of the Nepali Congress assumed the office of Home Minister with security and defence portfolio. On 11 April 1951 the Interim Government of Nepal Act, 1951 was promulgated by the King of Nepal on the advice of the Council of Ministers to run the administration of the country until the formation of a new Constitution by the constituent assembly. As the Ranas were still holding power with higher portfolios, Nepal's transition to democracy after the revolution had become the restoration of Rana supremacy in effect (Gupta, 1964). The condition led to increase the dissatisfaction of the Nepali Congress party over the coalition government. The Nepali Congress viewed the coalition as a temporary truce and accepted it with the intention of fighting the Ranas from within the government (Joshi, 1966, 87). But the friction between the two coalition partners forced the Nepali Congress to come openly against the Ranas claim of supremacy in the government. The dispute finally led to the resignation of the Nepali Congress representatives from the coalition government on 11



November 1951 and demanded to the King to form a new government of Nepali Congress without the representation of the Ranas.

The demand of the Nepali Congress was not accepted by the King and the Ranas initially. But the demand for a non-Rana government was increased not only from the Nepali Congress but from other political parties too. The other political parties which formed the communist dominated United Democratic Front including the Communist party of Nepal, the Nepali Rashtriya Congress and the Nepali Praja Parisad demanded for an all party government (Levi, 1953). In an unexpected way at the height of the demand for a new government, Prime Minister Mohan Shamsher Rana resigned on 13 November 1951. The event was the absolute extinction of Ranas from power. Immediately after the Rana resignation, King Tribhuvan constituted the new government of the Nepali Congress under the prime-ministership of Matrika Prasad Koirala. The formation of new government under the Nepali Congress further troubled the politics in Nepal with the demand for an all party government. The difference of opinion over the functions of government between the two prominent leaders of Nepali Congress, B. P. Koirala and M.P. Koirala, also disturbed the smooth running of government (Rizvi, 2000). The conflict within the Nepali Congress led to the resignation of M.P. Koirala government on 10 August 1952.

The unstable situation in Nepal was made an opportunity by King Tribhuvan to enhance and exert his power and control over politics in Nepal. Instead of constituting a new government after M. P. Koirala's resignation, the King formed an advisory board to run the administration by possessing the executive powers by him (Rose, 1970). He was able to control the political pressure against applying his increasing level of control over administration. The King wanted to avoid the creation of the constituent assembly to frame a new Constitution and preferred to sustain the interim Constitution. He obligated the Nepali Congress to accept his strategy and succeeded to persuade B. P. Koirala in favour of his proposal (Shukla, 2000). Consequently the Delhi Agreement proposal for the formation of an elected constituent assembly to frame the Constitution was withheld by King Tribhuvan. In June 1953 King Tribhuvan invited M. P. Koirala, who formed a new party namely the National Democratic Party, to form a government. The new government was in power until March 1955. King Tribhuvan died in March 1955 and the successor King Mahendra Bir Bikram Shah came into the throne. King Mahendra also had no more intention to conduct general elections to constitute the constituent assembly for

institutionalizing democracy. Hence for the next four years, he either held governmental powers directly or designated prime ministers of his choice with limited authority (Onta, 2014).

### 3.5.2 The Constitution of 1959

The proposal in the Delhi Agreement of 1951 for the creation of a constituent assembly on the basis of general election to frame a new Constitution for Nepal had remained an unfulfilled promise of the King. Neither King Tribhuvan nor King Mahendra had wanted to do anything forward to keep the royal promise. Instead of conducting the general election, King Mahendra in April 1958 appointed a commission to draft the Constitution with the support of all the major political parties except the communists (Whelpton, 2008). The commission was constituted under the chairmanship of Baghwati Prasad Singh. The eminent British expert on constitutional law and draftsmanship Sir Ivor Jennings was designated as the advisor to the commission (Agrawal, 1980). The other members of the commission were the representatives from various political parties. The commission worked for just less than one year to complete the process of drafting the Constitution. The new Constitution was promulgated by King Mahendra on 12 February 1959.

The new Constitution was comprised of a preamble, 7 sections, 10 parts and 77 articles. The preamble of the Constitution proclaimed that the Constitution of 1959 accepts the tradition and spirit of Aryan culture and Hindu religion; and would establish real democracy by granting fundamental rights to its people. The other principles endorsed in the Preamble were; to help the people to accomplish all round progress and realize the fullest development of their personality; to guarantee the accessibility of political, social and economic justice to the people; and to establish unity of the nation by ensuring political stability through an efficient monarchical form of government responsible to the wishes of the people. The Constitution made the King as the source of the Constitution and the sovereign power of the state. He became the most powerful authority under the parliamentary system by way of becoming the commander in chief of the army and the sole authority to declare national emergency in the country (Rose, 2001). Therefore the 1959 Constitution granted the King the power to make the state under his sole control at any point of time by using the military and the provision for state emergency.

The first ever General Election to the Nepal Parliament based on universal franchise was conducted from 18 February to 3 April 1959, just a week after the promulgation of the new

Constitution. The general election was for 109 seats of the lower house. Nine political parties including Nepali Congress, Nepal Rashtrabadi Gorkha Parishad, Samyukta Prajatantra Party, Nepal Communist Party, Prajatantrik Mahasabha, Nepal Praja Parishad (Mishra), Nepal Praja Parishad (Acharya), Terai Congress and Nepali Rashtriya Congress fielded their candidates. The election result was in favour of the Nepali Congress which got 74 seats with 37.2 % votes. The Nepal Rashtrabadi Gorkha Parishad was in second position with 19 seats and 17.1 % votes. The Nepal Communist Party had not made any significant impact and got only 4 seats and 7.2% votes. The result signified that the voters accepted the moderate ideology oriented party and rejected both left and right extreme ideologies. The voters also rejected personality oriented and region and religion based political parties (Parajulee, 1997).

The victory of Nepali Congress in the election led to the formation of a first ever democratic government in Nepal under the prime-ministership of B. P. Koirala on 27 May 1959. The formation of the Council of Ministers took place prior to the commencement of the Constitution which came into force on 30 June 1959 and the Parliament was inaugurated by the King on 4 July 1959 (Singh, 2011, 252). The Koirala Government had made three major reforms in Nepal which was considered essential under the democratic rule in the country. Firstly the government abolished 'bitra system' of tax-free holding of property by the members of royal dynasties. Secondly the government abolished rajyauta system of controlling territories by the former independent rajas of Nepal. Thirdly the government nationalized country's forest which was kept under the control of King's brothers as personal property (Butenshon, 2015).

The democratic regime under B. P. Koirala had not survived for a long due to the emergence of disagreements and disputes among the Nepali Congress, Communist Party and the King. The King wanted to have agrarian reforms and the development of panchayat system of government. But the Nepali Congress favoured socialistic pattern of society with an industrial economy to substitute the feudal agrarian system. The dispute was first emerged between the Nepali Congress and the Communists. Afterward other political parties including Nepali National Congress, Gorkha Parishad and Praja Parishad combined together to go up against the government (Adhikari, 2000). The opposition to the government further developed into aggression and the people started to fight each other on political grounds. The scholars argue that the election results and the policies pursued subsequently by the Koirala government created a window of opportunity for democratic forces to root firmly in Nepal (Chadda, 2000, 56). The

King feared that the parliament might have enforced strict restrictions up on his power and position. Thus on 15 December 1960 King Mahendra suspended the Constitution and dismissed the Koirala government. The King arrested the Prime Minister and other Cabinet members and sent them to prison. The King accused that the Koirala government had failed to manage law and order and encouraged the anti-national forces (Oberst, 2013). The first attempt for establishing governmental system under parliamentary democracy in Nepal thus had a tragic end with the restoration of absolute monarchical system.

### 3.5.3 The Constitution of 1962

The dismissal of Koirala government by King Mahendra paved way for the establishment of Constitutional Monarchy without a government elected on the basis of party politics in Nepal. After the dismissal of the government King appointed an ad hoc Council of Ministers consisting of five members under his chairmanship. The Council was vested with the function of facilitating for royal control over entire administration of the country (Hutt, 2001). Meanwhile the King appointed a Constitution Drafting Commission on 8 May 1962 to frame a new Constitution to institutionalize the authority of the king to hold absolute power to rule and control the country. The Commission had the function and responsibility of codifying the vision of the King to introduce panchayat government system. The commission completed the mission without much effort and submitted the draft Constitution within a short span of less than one and a half months on 14 June 1962. The new Constitution which introduced a new system of government known as Panchayat system was promulgated by the King on 16 December 1962 (Baral, 2012). The introduction of the new Constitution marked the beginning of partyless democratic system in Nepal under the absolute control of the King.

The Constitution of 1962 consisted of 20 parts and 97 articles. Article 3 of the Constitution declared that Nepal as an independent, indivisible and sovereign monarchical Hindu state. By Article 4 the Nepali language in the Devanagari script was accepted as the national language. Both the provisions were intentional to create a national identity of Nepal based on Hindu elitism (Lawoti, 2015). Article 20 of the Constitution established the King as the source of all the executive, legislative and judicial powers. All the organs and institutions of the government were designed to exercise the absolute power of the King. The Constitution stated that the King's leadership is at the best interests and wishes of the people of Nepal. Article 81

made the King as the sole authority to declare national emergency and to hold all the powers by suspending the Constitution. Though the Constitution of 1962 boasted of converting Nepal into a real democracy through the Panchayat system, the entire power structure was hinged on the absolute authority of the King (Jha, 1982).

The foremost feature of the new Constitution was the introduction of partyless Panchayat system to replace the party based parliamentary democracy. Article 19 of the Constitution declared that the aim of the Panchayat system is to promote the welfare of the people by setting up a society which is democratic, just, dynamic and free from exploitation by bringing about harmony in the interest of different classes and professions from a comprehensive national outlook. Part 8 of the Constitution from Article 30 to 54 was dealing with the constitution, powers and functions of Panchayat system. The Panchayat system was designed in three levels of Village Panchayat, Regional Panchayat and National Panchayat (Zuchora-Walske, 2007). Village Assembly was the base of Panchayat system and consisted of one village or group of villages. Village Panchayat was the executive committee elected by the Village Assembly. For the cities the system provided for Town Panchayats. For every districts there was a District Assembly consisted of the representatives elected by the Village Panchayats and Town Panchayats. The District Assembly elects an executive committee known as District Panchayat. Above the District Panchayats there was different Zonal Assemblies which included the members of the District Panchayats of each zones (Mohsin, 1966).

The apex body of the Panchayat system was the National Panchayat. The members to the National Panchayat consisted of the members elected by the Zonal Assembly, members elected by the class and professional organizations and the members nominated by the King. The minimum age qualification to become a member of the National Panchayat was 25 years. The tenure of the members elected to the National Panchayat from Zonal Assembly was six years. The other members including the members elected by the class and professional organizations and the members nominated by the King had tenure of four years. Two persons from the members of the National Assembly were appointed as the Chairman and Vice-Chairman of the National Assembly by the King for a period of two years. The Constitution designed a steering committee of twenty one members with tenure of two years to provide advice to the Chairman of the National Assembly (Mohsin, 1966). Though the National Panchayat was the highest legislative body of Nepal, it never had a true democratic character. The powers and functions of

National Panchayat were limited to discussion on various issues and to make recommendations (Upreti, 2010, 19).

The Constitution of 1962 vested all the executive powers in the hands of the King. Article 24 provided that the executive power of Nepal shall be exercised by the King directly or through the ministers or other officers subordinate to the King. In order to aid and advice the King in the exercise of the executive powers, the Constitution provided for the formation of the Council of Ministers under the chairmanship of the King or the Prime Minister. The Council of Ministers consisted of the Prime Minister, Deputy Prime Minister and Ministers of the Crown. The King had absolute authority to select and appoint the Prime Minister, Deputy Prime Minister and Ministers of the Crown among the members of the National Panchayat for a period of five years. The Constitution also provided for the creation of a second chamber under the chairmanship of the King, called Raj Sabha. The Prime Minister, Deputy Prime Minister, Chief Justice and the Chairman of the National Panchayat were the ex-officio members of the Raj Sabha (Mohsin, 1966). The Panchayat system under the Constitution of 1962 in fact had helped the King to hold absolute political powers and to exercise palace control over the entire constitutional machineries instead of actual decentralization of governmental powers and functions (Chauhan, 1971).

With the promulgation of the 1962 Constitution everything came under the control of the palace. The people in all circumstances were compelled to be loyal to the palace. Any voice against the palace was considered as anti-palace. Any anti-palace act was considered as anti-national and subject to severe mode of punishment including banishment from the country (Anirudha, 1993). King Mahendra's exercise of absolute power instigated disappointment among those who wanted democracy over monarchy. But Mahendra was able to check all sort of anti-monarchy voices by political power. He was also able to bring some sort of development in Nepal through socio-economic reforms. So the anti-monarchical voices were effectively controlled during the reign of King Mahendra (Chauhan, 1971). After the death of King Mahendra on 31 January 1972, the pro-democracy forces started to campaign against absolute monarchy. King Birendra Bir Bikram Shah Dev, the successor, pursued a policy of intrigues and repression which promoted anti-palace movements under different political parties for the reinstatement of democracy (Rao, 1993).

At the crest of the demand for democracy, King Mahendra was compelled to conduct a national referendum in May 1980 to decide whether the Panchayat system wanted to be retained or replaced by multi-party system. The referendum was in favour of Panchayat system. But a considerable number of 45% votes were in favour of multi-party system (Rao, 1993). Though the referendum had given an arm to the King to suppress the anti-monarchy forces, the demand for democracy never died and was preparing for the ultimate victory. The Nepali Congress started civil disobedience movement in 1985 for the restoration of multi-party democracy. The communist Party also started to mobilize public opinion in favour of replacing the Panchayat system. In February 1990 the Nepali Congress further initiated a movement and appealed to other political parties to join together to fight against Panchayat system. The support of the United Left Front, a grouping of various communist parties, was a big boost to the movement. The wide range of political demands and the worsening condition of Nepal economy finally compelled King Birendra to act in favour of popular demand (Grover, 2000). Thus on 8 April 1990 King Birendra made a royal pronouncement to abolish Panchayat system and to restore multi-party system.

#### 3.5.4 The Constitution of 1990

The new dawn of democracy in Nepal was inaugurated with the adoption of the Constitution of 1990 after the wide spread protest movements against the partyless Panchayat system. The new Constitution was formally promulgated by King Birendra on 9 November 1990. It was a compromise document between the King and the political parties in order to pacify the popular movements for democracy. The Political parties wanted to restore the multi-party democracy and for that started to agitate against the King and the Panchayat system. The wide reach of people's demands and the movements frustrated the King and compelled him to accept the demand of political parties in order to protect and sustain his royal headship (Bhandari, 2014). When the people's movement reached at the peak in 1990, King Birendra had made three promises consisting of; to form an interim government under the Nepali Congress leader Krishna Prasad Bhattarai; to conduct election to the parliament and; to promulgate a new Constitution representing the aspirations of the people (Dahal, 2001).

In order to frame the new Constitution, King Birendra had formed a Constitutional Recommendation Commission on 1 June 1990 under the chairmanship of Justice Bishow Nath

Upadhyaya with the primary function to re-introduce multi-party democracy under the constitutional monarchy. The commission submitted the draft Constitution on 10 September 1990. The King handed over the draft Constitution to the interim government of Krishna Prasad Bhattarai to prepare final draft of the Constitution after necessary political consultation and modification. After consultation the final draft was submitted to the king by the interim government on 11 October 1990 (Bhandari, 2014). The Constitution of 1990 consisted of 23 parts and 133 articles. Article 3 of the Constitution declared that the sovereignty of Nepal was vested in the people of Nepal. Article 4 (1) of the Constitution described Nepal as multi-ethnic, multi-lingual, democratic, independent, indivisible, sovereign, Hindu and constitutional monarchical kingdom. There was stern objection to the insertion of the word Hindu as it was viewed against the true spirit of democracy.

The Preamble of the Constitution of 1990 stated the basic objective of the Constitution as to consolidate adult franchise, parliamentary system of government, constitutional monarchy and the system of multi-party democracy in Nepal. The striking feature of the Constitution was the creation of an executive and legislative authority in which the powers of the king was subject to the regulation of the democratically elected representatives (Whelpton, 2008). According to Article 35 (1) the executive powers of the country was vested with the King and the Council of Ministers. Article 35 (2) stated that the executive powers of the King shall be exercised up on the advice and consent given by the Council of Ministers headed by the Prime Minister. The new Constitution thus demolished the sole executive authority of the King established by the Constitution of 1962. Article 44 of the Constitution provided for a bi-cameral legislature which consisted of the King and the two houses of House of Representatives and the National Assembly. The House of Representatives consisted of 205 members elected from the district constituencies. The National Assembly consisted of 60 members including 35 members elected by the House of Representatives, 15 members elected from five development regions and 10 members nominated by the King. With regard to the legislature the King had lost his wider power of nomination to the law making body to protect the royal interest. The Constitution provided for a three tier judicial system with the power of judicial review. The new Constitution also provided for the formation of the Council of State or Raj Parishad by the king to advice him. The Council of Sate consisted of the members of the cabinet, the royal family and eminent national personalities.



The wider governmental powers of the King was regulated and minimized by the Constitution of 1990 in order to represent the demand of the popular movement favouring constitutional monarchy. But in matters of emergency and military powers the new Constitution had retained some earlier position of the King under the Constitution of 1962 (Adhikari, 2015). The Constitution under Article 115 (1) empowered the King to declare state emergency under the condition of threat to the sovereignty, integrity or security of the country due to war external aggression, armed rebellion or extreme economic problem. Article 115 (2) however made it mandatory to get approval of the House of Representatives to the King's imposition of state emergency within three months of time. Article 119 (1) retained the position of the King as the supreme commander-in-chief of the Nepalese army.

Though the Constitution of 1990 had several key provisions for enforcing democracy in Nepal, the system of monarchy was preserved in the new Constitution with some powers and privileges to the King (Parajulee, 1997). The new Constitution satisfied the aspiration of the public to a certain extent. So the political life in Nepal was normalized with the victory of the democratic movement for the re-enforcement of multi-party democracy and functional freedom for political parties through the Constitution of 1990. But that doesn't mean that the Constitution of 1990 satisfied the social interest of different sections of Nepali people. The 1990 Constitution, though it permitted reservations and designated the state as multiethnic and multilingual, neither built measures of positive into the structure of the state nor gave any consideration to the introduction of proportional representation (Hachchethu, 2009, 149). So the ultimate political objective of overthrowing monarchy and ensuring social security of various ethnic groups was remained as unfulfilled dream in the minds of the people. The Constitution of 1990 marked the beginning of the decline and elimination of the Shah Monarchy rule in Nepal. Nepal was waiting for another people's movement for establishing larger democracy in the country.

### **3.6 Democracy Movements**

The political developments in Nepal finally reached in the end of the Panchayat system in 1990 after a mass democracy movement jointly organized by the Nepali Congress and the United Left Front, popularly known as Jana Andolan I. The movement represented the broad socio-political interest of the Nepali people. The Jana Andolan I succeeded to restore democracy in Nepal by repealing the partyless Panchayat system through the Constitution of 1990. Though the

Constitution of 1990 restored multi-party democracy in Nepal, there was wide range criticism as it was a compromise document between the King and the formal political parties. Political problems were again aroused in Nepal with the general election of 1994 in which no political party got the majority to form the government. There started another struggle for greater democracy in Nepal separately organized by major political parties and the Maoists. The political instability and the political dispute with the King fuelled the movement which demanded the elimination of monarchy. The Maoists started armed rebellion in 1996 with the objective of establishing true democracy. This time the democracy movement not only focused on achieving political goal but also the larger interest of social inclusion of different sections of society. The new protests lead to the origin of Jana Andolan II in 2006. Jana Andolan II was thus an attempt to secure 'equality with difference' through changing the rules of the game by which citizens engaged with government and the state through affirmative action that promote diversity and the interests of those previously excluded (Webster, 2011, 200).

### 3.6.1 Jana Andolan I

Jana Andolan (people's movement) was the popular movement for the restoration of democracy in Nepal by abolishing the partyless Panchayat system. It was a popular movement directed to put an end to the absolute monarchy of Shah Kings by promulgating a new Constitution for the establishment of true democracy in Nepal. The movement was organized together by the major political parties in Nepal who were declared illegal by the Constitution of 1962 including the Nepali Congress Party and the United Left Front, a coalition of various communist parties. The remarkable aspect of Jana Andolan I was the unity of different political parties who confronted each other in the past on ideological grounds. These political parties combined together for the common cause of terminating absolute monarchy and establishing democracy. Nepal's first Jana Andolan was driven by convergence. It was led by the Nepali Congress but actively supported by the Madheshi groups, the Communist Party of Nepal (United Marxist Leninist) and all other communist groups including the Maoists (Muni, 2011, 66).

Jana Andolan I was launched on 18 February 1990 as a campaign for the restoration of multi-party democracy against the concentration of governmental powers by the King. Soon it turned to become a mass protest movement against the palace for political reformation. The palace took stern counter actions against the protest. The movement was declared illegal and

considered as the conspiracy against the state. As the political parties were treated as illegal organization in Nepal at that time, the leaders of the major political parties were arrested and detained for illegal political activities. The government moved further for suppressing the people's movement by imposing ban on everything which supported the protest. Government banned all public meetings, public gatherings, rallies, campaigns and the press. As the government was taking more and more harsh actions against the pro-democracy protests, more and more people were flowing to take the flag for democracy and joined hands with the political movement. Soon the King had become the target of the protest, though the movement was first initiated not against the King but against his policy of partyless Panchayat system and his concentration of powers (Hutt, 2004).

Day by day Jana Andolan I had turned out to be more and more aggressive and spread all over the country. The protest had become extremely violent when police fired and killed many protestors. The first incident of police firing happened in Bhaktapur city in February 1990 which killed twelve protestors. The Bhaktapur incident played a significant role in bringing the democratic movement to new heights (Upreti, 2007). People facing economic challenges, and harbouring a reactionary attitude towards the administration because of the way in which it was dealing with the protestors, resulted in more public support for the movement (Singh, 2013, 97). Thus the democracy movement was further expanded among the intellectuals and professionals. Many teachers, doctors, engineers, lawyers etc. came forward in support of the movement. The protest was intensified in April 1990 and the protestors marched towards the palace and other governmental institutions. There was wider news coverage of protests and the protestors got support in favour of their demand for democracy from across the world. On 6 April 1990 thousands of people marched towards the palace and destroyed the statue of King Mahendra. The army started to fire and hundreds of people lost their lives in the brutal massacre.

The final march of the protestors towards the palace on the fateful day in April when many of marchers gunned down by the army resulted in the King climbing down (Chandrasekharan, 2002). Jana Andolan I which was started on 18 February 1990, on the democracy day, finally came to an end with success on 8 April 1990 when the King lifted ban on political parties and abolished partyless Panchayat system after 28 years. As per the consensus made between the King and the agitating political parties, an interim government was formed under the Nepali Congress leader Krishna Prasad Bhattarai. The formation of an interim

government was followed by the appointment of a Constitutional Recommendation Commission on 1 June 1990 under the chairmanship of Justice Bishow Nath Upadhyaya to draft a Constitution to repeal the Constitution of 1962. On 9 November 1990 King Birendra Bir Bikram Shah promulgated new Constitution which enshrined the provision for restoration of multi-party democracy and democratic control over the authority of the King. The new Constitution was accepted by the people and was considered as the great victory of the Jana Andolan I. The Constitution of 1990 was the product of a long search for appropriate political institutions and processes in Nepal, begun soon after the British departure from India and subsequent collapse of the Rana regime in 1950-51 (Hutt, 1991, 1020).

### 3.6.2 Maoist Movement

The communist movement was started in Nepal with the formation of the Communist Party of Nepal in 1949 in Calcutta to fight against the autocracy of the Ranas. The Communist Party was banned in Nepal when the constitutional monarchy was established there under the Shahs after the extinction of the Rana rule in 1951. The ban was because of its violent activism and was for a period of five years from 1952 to 1956. During the period of the ban the party propagated the idea of true nationalism and democracy against the hereditary monarchy. The actual expansion of the support base of the Communist Party was during the period of the party-less Panchayat system. But the communist movement in Nepal has faced a chronic problem of factionalism and frequent splits. There have been around a dozen communist parties and factions in the country at any one time since the 1960s (Lawoti, 2012, 5). The Communist Party of Nepal-Fourth Congress (1974), Communist Party of Nepal- Marxist Leninist (CPN-ML) (1978) and the Communist Party of Nepal- United Marxist Leninist (CPN-UML) (1990) were the major communist factions formed in different periods.

The communist faction of Maoists was formed in 1995 out of a split in the Communist Party of Nepal- Unity Center (CPN-UC). The CPN (UC) was formed by the erstwhile leaders of the Nepal Communist Party- Fourth Congress in 1990. Nirmala Lama, Baburam Bhattarai and Pushpa Kamal Dahal alias Prachanda were the prominent leaders of the CPN (UC). Prior to the 1994 general election, CPN (UC) had formed the United People's Front Nepal (UPFN) under the leadership of Baburam Bhattarai in order to contest in the election. But there was a split in the CPN (UC) and UPFN before the general election and the Prachanda led CPN (UC) faction and

Bhattarai led UPFN faction came out for a joint political action. The Prachanda faction of CPN (UC) was renamed as the Communist Party of Nepal- Maoist (CPN-M) during its Third Plenum held in March 1995 (Lawoti, 2012). The formation of CPN (M) marked the beginning of armed rebellion in Nepal against the government, termed as People's War by the Maoists. The radical movements launched by the Maoists in 1996 had a rigorous impact in the political sphere of Nepal which got the support of the people from rural areas and ethnic groups. The policies, working and performance of the Nepali Congress and the United Marxist Leninist after the reinstallation of democracy in 1990 provided ample scope for the rise of Maoists radical movement in Nepal (Upreti, 2008, 27).

The Maoists continued their armed rebellion for a decade from 1996 to 2006 for democratizing Nepal through the abolition of monarchy and the creation of People's Republic. It was a guerrilla warfare attacking public institutions as remonstrations to the palace. The impact of the conflict was huge both in terms of economic and human loss. The People's War caused significant economic loss, estimated between 8 and 10 percent of the GDP, while more than 13,000 people had lost their lives by the end of 2006 of which approximately two thirds were killed by state security force and one third by Maoists (Sthapit, 2017, 37). Scores of blameless people have become the victims of the armed conflicts. Lots of people were internally displaced especially in the rural areas and lost their livelihood. The socio-economic backwardness of the people especially the people from the rural areas and the ethnic communities were the crucial motivation for waging People's War. The Maoists primary concern was the exclusion of people along caste and ethnic divides from the country's economic opportunities and resources by the elite sections of society. The insurgency thus had a heavy impact on the country's economy and the business sector, as well as on the political, civic and social structures in Nepal (Sharma, 2010, 51). Therefore besides the palace institutions, the private and elite business sectors were the major target of Maoist insurgency.

The Maoist movements in Nepal certainly increased political awareness among the people in rural areas in general and among those who were marginalized on ethnic and caste basis in particular. Within the Maoist movement, according to local rhetoric at the time, villagers felt that they were empowered agents shaping and creating their country's destiny, not passive spectators watching from the political sidelines (Hutt, 2004, 88). The Maoists succeeded to cater to a wide range of political mobilization of the marginalized sections of society including the

Dalits, Adivasis and women for the protection of their right to life through the regime change and socio-economic reformation. The Maoist insurgency was also capable of creating apprehension among the dominant sections of society who were causing for the socio-economic oppression of these marginalized people. Another significant aspect of the Maoist movement was the emergence of the developmental issues of the poor in the forefront of political debate in Nepal. As the Maoist insurgency received considerable popular support across the country; it has forced the dominant intelligentsia and the civil society to recognize the structural inequality and discrimination within the society and polity, including those embraced by the 1990 Constitution (Lawoti, 2006, 59). The Maoists engaged in the developmental process of the people in the rural areas which fell under their control through the efforts to ensure basic conditions of life.

When there emerged a country wide people's movement in 2006 under the banner of all the major political parties namely Seven Party Alliance (SPA) against King Gyanendra who wanted to establish his absolutism in Nepal, the Maoists accepted the SPA's call for a joint action. The Maoists recognized the possibility of a joint action to dethrone monarchy and entered into formal politics after peace negotiation with the SPA. Peace negotiations between the leaders of the newly re-empowered political parties and the Maoists, which had already led to an important framework agreement in part facilitated by India in 2005, gained new momentum, culminating first in a ceasefire agreement in May 2006 and then in the signing of the Comprehensive Peace Agreement in December 2006 (Einsiedel, 2012, 2). The Maoists transition from insurgency to political mainstream was completed when they joined in the interim government formed by the Nepali Congress in April 2007. Thereafter Maoists formed three governments in Nepal under the prime-ministership of Prachanda (2008 to 2009 and 2016 to 2017) and Baburam Bhattarai (2013 to 2015). In the general election held under the new national Constitution in November 2017 the CPN (UML) and the CPN (M) got majority in the Parliament and formed the coalition government in February 2018 ("Nepal gets new Communist", 2018).

### 3.6.3 Jana Andolan II

The overthrow of the partyless panchayat system in Nepal in 1990 was an advance, but what followed was a complete degenerate form of parliamentary politics (Verma, 2007, 1839). The people of Nepal fought for democracy not just for the restoration of multi-party democracy. They found the political condition of Nepal under the autocracy of the King as the basic cause

for the deprivation of socio-economic development of the country. They actually wanted to improve their social position and economic status through the creation of an inclusive socio-economic pattern. So the expectations of the people were high when the Constitution of 1990 was introduced with the basic democratic ideals. The people of Nepal expected the elimination of landlordism and introduction of land reforms for the eradication of caste-class based social discrimination. But the introduction of political reforms in Nepal were in a state of failure since the governments formed thereafter failed to fulfill the expectations of the people towards the creation of a new Nepal caused by the emergence of political instability out of the intervention of the King. So there emerged an overwhelming consensus among the political parties and the people of Nepal that the country should be transformed into a republic (Hachchethu, 2008, 2).

After the promulgation of the Constitution of 1990, general elections were held in Nepal in 1991, 1994 and 1999. But there was constant intervention of the King in the government and its policies which was something out of his constitutional authority. It was an effort from the part of the palace out of the fear of losing power and control over the administration. The intervention of the King reached into an open conflict between the prime minister and the palace when King Gyanendra Bir Bikram Shah was crowned as the new King of Nepal in 2001 after the royal massacre which killed ten members of the royal family including King Birendra Bir Bikram Shah (Adhikari, 2015). He was utterly against the constitutional reform of 1990 and wanted to restore the absolute monarchy. When he came into power he started to impose his personal despotism. He accused that the democratic government had failed to maintain the law and order and to control economic crisis. It seemed that the King was trying to justify his action by holding the political parties responsible for all the problems that the country was facing (Upreti, 2008). He was for the restoration of the Panchayat system to ensure the supremacy of the monarchy by creating strong support base in favour of his criticism towards parliamentary democracy as the failed mission to build strong Nepal.

King Gyanendra, through two royal coups in October 2002 and February 2005, usurped power in a manner reminiscent of his father, King Mahendra (Hachchethu, 2008, 2). In May 2002 Gyanendra had dissolved the parliament. The King acted upon the recommendation of the Prime Minister Sher Bahadur Deuba. It was a political move for the restoration of monarchy and Gyanendra had succeeded to convince Deuba in favour of him. But he had dismissed the Deuba government on 4 June 2002 and installed a new government under his loyal man Lokendra

Bahadur Chand on 11 October. The final coup was on 1 February 2005 in which Gyanendra dismissed the government by declaring state emergency and applied his absolute power over state administration. So in late 2005, Nepal was caught in a three-way struggle between the Maoists; the King, who had used the insurgency as a pretext for reinstating absolute monarchy; and the democratic political parties, whose corruption and failure to deliver improvements in the lives of most Nepalis during their twelve years in power had largely discredited them (Dani, 2008, 211). So a new wave of democratic movement was in the making against the palace desire for absolute political power.

Under the dangerous phase of political turmoil in Nepal, Seven Party Alliance was formed by the seven major political parties including the Nepali Congress Party, Communist Party of Nepal (Unified Marxist-Leninist), Nepal Sadbhavana Party, Nepali Congress (Democratic), Janamorcha Nepal, Nepal Workers and Peasants Party and the United Left Front in May 2005 to fight against the King to overthrow monarchy and to establish people's republic in Nepal (Vaughn, 2005). With the formation of the Alliance, the democratic movements in Nepal got new momentum and started severe mass protest and agitation against the King's autocracy in April 2006, known as Jana Andolan II. Jana Andolan II was an unprecedented event, both in the history of mass movement that Nepal has seen, and in the magnitude of its effects (Hachchethu, 2008, 20). There was huge level of people's participation in the final struggle for democracy across age, caste, class and region.

Jana Andolan II entered into the final stage of protest with the call for a four day general strike by the SPA and supported by the Maoists from 6 April 2006. The King had taken all the measures to suppress the strike including the declaration of curfew on 4 April 2006 in order to restrict the movement of people from different parts of the country to Kathmandu to take part in the strike. While the heavy-handedness of the army, the imposition of a curfew, the gradual collapse of the civil administration, encirclement of the capital by demonstrators from the rural areas, and loss of morale among royal supporters, including members of the cabinet, helped to foster a sense of imminent victory for the political activists, the palace was hoping that popular enthusiasm would diminish over time and that it could ride out the storm (Riaz, 2010, 167). Nevertheless all the measures of the palace had remained ineffective when millions of people flowed to the capital in support of the movement and the general strike had continued for 19 days. The movements coordinated military offensive and general strike presented the monarchy



with a qualitatively higher order of threat and the King responded with a greater level of violence against street assemblies (Katsiaficas, 2013, 245). During the struggle 25 people were killed and more than six thousand agitators were injured.

Finally King Gyanendra was forced to bow out on 24 April 2006 and reinstated the dissolved Parliament. The interim government was formed on April 2006 under the prime-ministership of Nepali Congress Party leader Girija Prasad Koirala. The Maoists joined to the interim government meanwhile in April 2007. In November 2005 a twelve point agreement was made between the Seven Party Alliance and the Maoists for a joint fight against the monarchy. It paved way for the entry of the Maoists into formal politics. The formal end of a decade long armed insurgency waged by the Maoists against the state on 22 November 2006 was a great impetus to the movement which aimed a transition from authoritarian past to People's Republic (Pyakurel, 2011, 225). In this way Jana Andolan II was succeeded to mobilize the entire population who belongs to different political ideologies as a combined force against the King. The ultimate triumph of democracy in Nepal was on 28 May 2008 when the parliament declared Nepal as the federal democratic republic. Consequently Nepal became the world's newest republic by concluding 240 years of monarchical rule.

## **7. New Nepal**

The concept of new Nepal emerged with the triumph of democracy which transformed Nepal into a federal democratic republic in 2008 by ending the longstanding monarchical rule. It was an outcome of the democratic movement led by the major political parties irrespective of their ideological differences and transformed into a mass movement of the millions by the people from all walks of life. It was the day which fulfilled the long cherished dream of common people to overthrow the monarchy from Nepal's soil. So after Nepal was declared a republic, people took to the streets and demanded that the flag be hoisted at the palace and the king evicted immediately- despite the fact that he had been given 15 days to leave (Monk, 2008). The new political developments were actually against the calculations of the palace and the King felt that even though democracy was re-established it would never go to the extreme of overthrowing the monarchy and would remain in power yet with limited constitutional powers. But it was the victory of the Maoists who pressurized the Nepali Congress to act and take decision in favour of their political demand for People's Republic. The Maoists quit the interim government in

September 2007 as protest against the postponement of election to the constituent assembly and the abolition of monarchy. The dispute was resolved through an amicable settlement between the Nepali Congress and Maoists. As per the deal the parliament gave approval in favour of the abolition of monarchy in December 2007 and decided to conduct election to the constituent assembly by April 2008.

In the election to the Constituent Assembly held in April 2008 a new chapter was added to the political history of Nepal by the Maoists after winning a majority in the Constituent Assembly with the margin of 220 out of the 601 total seats. The members of the Constituent Assembly was sworn in power on 27 May 2008 and on the very next day the historic motion was passed to declare Nepal as world's newest republic. The motion was moved by Home Minister Krishna Prasad Sitola on behalf of the Prime Minister Krishna Prasad Koirala and passed by 560 votes. The motion said that Nepal will be secular, federal, democratic republic nation and King Gyanendra will be reduced to a common citizen ("Nepal declares itself", 2008). After the abolition of monarchy Ram Baran Yadav of the Nepali Congress Party was elected as the first President of Nepal in July 2008. Following the victory of the Maoists in the Constituent Assembly, new coalition government was formed by the Maoists under the prime-ministership of its supreme leader Prachanda in August 2008. But the Constituent Assembly failed to draft the new Constitution for the Republic of Nepal and extended the deadline of Constituent Assembly to frame the Constitution four times. After the failure of the first Constituent Assembly to produce the Constitution, the second Constituent Assembly election was held in November 2013. The second Constituent Assembly finally produced the new Constitution of the Republic of Nepal in September 2015.

### 3.7.1 The Constitution of 2015

The new landmark Constitution of Nepal was passed by the Parliament on 16 September 2015 which replaced the interim Constitution of 2007. Out of the 598 members of the Constituent Assembly, 507 voted for the new Constitution, 25 voted against, and 66 abstained in a vote on 16 September 2015 (Phuyal, 2015). The new Constitution was officially proclaimed by President Ram Baran Yadav on 20 September 2015. The new Constitution is the seventh Constitution of Nepal and is the first Constitution drafted by the Constituent Assembly. It is a lengthy Constitution with 308 articles, 35 parts and 9 schedules. The Constitution represents the

true spirit of democracy and political rights of the people of Nepal. The Preamble of the Constitution affirmed that 'we, the people of Nepal, internalizing the people's sovereign right and right to autonomy and self rule, while maintaining freedom, sovereignty, territorial integrity, national unity, independence and dignity of Nepal'. Thus the new Constitution vested the sovereignty of the country in the hands of the people of Nepal. Further the Preamble avowed to end all forms of discrimination and oppression created by the feudalistic, autocratic, centralized and unitary system of governance.

The Constitution of 2015 whole heartedly recognized the historic people's movements, armed conflicts and the dedication and sacrifice of the people for the cause of establishing democracy in Nepal and bringing progressive changes in the society. For the creation of a peaceful and prosperous society in Nepal, the Constitution makes it the responsibility of the state to protect social and cultural solidarity and to promote tolerance, harmony and unity in diversity among the people. The Constitution envisaged the creation of an egalitarian society by means of protecting the multi-ethnic, multi-lingual, multi-religious and multi-cultural identity of the people of Nepal through the proportional, inclusive and participatory principles and policies. The Constitution accepted the fact that discrimination based on class, caste, region, language, religion and gender and all form of caste based untouchability should be eliminated in order to attain the objectives of economic equality, prosperity and social justice. The Constitution also envisaged the commitment for the establishment of democratic socialism in Nepal in order to share the benefits of democracy to the entire people in the society irrespective of their socio-economic identity.

Having the experience of the autocratic rule of the Kings and the socio-political and economic exploitation of the people in the past, the framers of the Constitution gave due weightage and significance to the basic democratic rights of the people including multi-party democracy, civil liberty, fundamental rights, universal adult franchise and freedom of press. In order to protect the Constitution and the institutions under the Constitution, the creation of an independent, impartial and competent judiciary and the application of rule of law are guaranteed by the new Constitution. Sustainable peace, good governance, social development and economic prosperity are the basic aspirations of the Constitution and these shall be fulfilled through the federal, democratic and republican system of governance. So in all respect the Constitution of

2015 truly represent the aspirations of the people which made them to step into the streets during the time of the protest movement against the monarchy.

The prominent features of the Constitution of 2015 can be summarized as;

1. Creation of popular sovereignty as the base of the Constitution and of the government (Article 2).
2. Concept of secularism with religious and cultural freedoms including the protection of religion and culture (Article 4).
3. Adoption of the Nepali language in the Devanagari script as official language of the country (Article 7(1)).
4. Provision for single federal citizenship with provincial identity (Article 10(2)).
5. Provision for elaborated Fundamental Rights including Right to live with dignity, Right to freedom, Right to equality, Right to communication, Rights relating to justice, Right of victim of crime, Right against torture, Right against preventive detention, Right against untouchability and discrimination, Right relating to property, Right to freedom of religion, Right o information, Right to privacy, Right against exploitation, Right to clean environment, Right to education, Right to language and culture, Right to employment, Right to labour, Right to health, Right to food, Right to housing, Right of women, Right of child, Right of Dalit, Right of senior citizens, Right to social justice, Right to social security, Right of the consumer, Right against exile and Right to Constitutional Remedies (Article 16-46).
6. Creation of seven Provinces as federal units and 75 districts as provincial units (Article 56(3)).
7. Federal Parliament consisting of two House including the House of Representatives and the National Assembly (Article 83).
8. Unicameral legislature for each Province (Article 176).
9. Provision for multi-party, competitive, federal, democratic, republican, parliamentary form of government based on pluralism (Article 74).
10. Federal executive with real powers (75).
11. Three tier system of judiciary consisting of Supreme Court, High Court and District Court (128(2)).
12. Election Commission to conduct free and fair election (Article 245).

13. National Human Rights Commission to ensure the promotion and protection of human rights (Article 248).
14. National Women Commission to protect the right of women (Article 252).
15. National Dalit Commission to protect the rights of Dalits (Article 255).
16. National Inclusion Commission to conduct study and research for the protection of the rights and interest of different communities (Article 158).
17. Organization of Nepal Army with the President as the Commander-in-chief.
18. Emergency powers vested with the President of Nepal (Article 273).
19. Flexible Constitution (Article 274).

The promulgation of the new Constitution sparked some protests by the parties of the Tharu and Madheshi ethnic communities against the constitutional provision for the creation of seven Provinces. Riots broke out in the southern part of Nepal which claimed the life of 40 people. The contention of the Tharu and Madheshi groups was that the provinces should be demarcated on the basis of the concentration of ethnic communities. The three major political parties including the Nepali Congress, Communist Party of Nepal (Unified Marxist-Leninist) and the Communist Party of Nepal (Maoist) objected to this idea and argued that fulfilling such a demand would cause other protest and violence demanding still more ethnically base provinces (Phuyal, 2015). Despite the protest over the delimitation of provincial boundaries, the Constitution of 2015 is really a road map for the creation of a new Nepal based on the long cherished dream of true democracy based on peoples' republic.

### **3.8 Conclusion**

The state building and political transformation in Nepal was a process which started as a protest movement against the autocracy of Ranas in the first half of the twentieth century. It was only a beginning of the process which took much time to consolidate and has completed in the first part of the twenty first century. The process was first started as a movement for the creation of a constitutional monarchy. But when the constitutional monarchy was established, it ended as a short lived democracy experience when the Shah King applied his absolutism over the democratic aspirations of the people in 1960. Then for a period of long thirty years Nepal lived under the absolute monarchy of Shahs. The period was characterized by the rule of partyless Panchayat system under the direct control of the King. By 1970s movements were started to

organize against the denial of basic political rights of the people and demanded for the restoration of constitutional monarchy. The successful organization of the movement in 1990 marked the end of Panchayat system and the restoration of multi-party democracy in Nepal. The success of the first mass movement against monarchy did not last for long. The Shah Kings intentionally intervened in the policies and programmes of the government to destabilize the democratic government. The political situation became worse when King Gyanendra assumed the throne after the royal massacre of 2001. His attempt for the restoration of absolute monarchy led the organization of second mass movement against the monarchy in 2006. The success of the mass movement led to the restoration of democracy in 2006 and the elimination of monarchy in 2008. With the abolition of 240 years old monarchy and the establishment of republicanism, Nepal entered into a new phase of democracy called as new Nepal. The process of political transformation has come to an end with the promulgation of the new national Constitution in 2015 based on federal, democratic and republican system of governance. Though the process of political transformation is complete in Nepal, the process of state building in Nepal is to be continued under the new democratic regime in order to fulfill the real democratic aspirations of the people in the low profiled country of Nepal.

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## CHAPTER IV

### INDIA AND NEPAL: FOREIGN POLICIES AND BILATERAL ENGAGEMENTS (1947-1990)

In the modern world system no nation is irrelevant and incapable of doing things in international politics. Every nation is having its own share and participation in the process of international system. This has happened due to the changes in the global power analysis and the way in which a nation accumulates power in international politics (D'Anieri, 2017). The traditional power analysis had given due weightage to the concepts of geographical features, population, economic status and military capability as the means to measure the power of a state and their role in the international power system. Hence as maintained by that traditional analysis the nations with considerable geographical location and size, population strength, advancing economy and military preparedness were regarded as the powerful nations. The nations with less geographical features, struggling economy and primeval military system were regarded as the powerless nations. But things have changed and the power criterion also has changed placing every nation as part of an international power structure. So in the current system any nation can overcome its disadvantages. This has also changed the foreign policy orientation of every nation whether they are big or small as per the traditional power analysis. It is particularly applicable and significant in the case of 'big' India and 'small' Nepal.

No comparison is possible between India and Nepal in terms of their geographical location, size, population strength, economic growth, military capability and political system. Historically, both nations were identified in terms of their physical variables and have been attributed as the big and the small. Though Nepal was never colonized by the external powers and India was under the colonial regime for centuries, India maintained that power status on the basis of those physical variables. In the bilateral engagements these power variations were visible and regarded Nepal as subordinate to India. The 1923 Treaty which was signed between the British India and Nepal was an evidence of this unequal treatment. The Treaty of 1923 confirmed all the previous agreements between the two sides and its Preamble even referred to the 1815 Sugauli Treaty, which in many ways, had envisaged British dominance over Nepal, since that was a product of war between the two in which Nepal was defeated (Muni, 1996, 35). When India got independence a new Peace and Friendship Treaty was signed in 1950 which

respected the sovereignty, integrity and independence of Nepal but the elements of dominance and unequal treatment persisted.

Though after independence India formulated a foreign policy dominated by the idealistic principles of respect for the sovereignty, integrity and independence, peaceful coexistence and perpetual peace, her neighbourhood relation with Nepal was guided by self interest and security strategies. The bilateral relationship was always influenced by the security concerns due to the territorial disputes with Pakistan and China. Being a buffer between India and China, India always wanted to get Nepal and her domestic and foreign policy in tune with India's security interests and her direct surveillance (Kumar, 2011). India had exploited the open border system to deploy her influence in the defence and economy of Nepal. This had created a wide range of disappointment and repression to Nepal, but unfortunately unable to express openly due to her political volatility and economic weakness. India was acting as the big brother to Nepal with her political caliber, economic strength and military potential. Though not formally, protests were aroused in Nepal especially by the Maoist group. But India was able to continue her imposition of domination by posing threat by means of trade and transit.

The political situations in Nepal started to change after 1990s and democratic movements gained powerful presence in the political system of Nepal. The greatest political reformation happened in the year 2008 when Nepal became a democratic republic by overthrowing the centuries old monarchical system. Thereafter efforts were started to establish a Constitution based on the democratic values which was finally promulgated in 2015. In the new political scenario there emerged the question of Nepal's relation with India and the revival of the nature of bilateral relationship. Nepal unconditionally declared that both India and China are their favorite neighbours but committed to preserve her national sovereignty and independence. In the light of new political developments and changing political scenario India realized the need for strategic importance of Nepal's bilateral ties and friendship which can be materialized further only through a re-oriented policy outlook and strategy. The chapter is intended to analyze the foreign policies of both India and Nepal and to scrutinize the nature of India's bilateral engagement with Nepal.

## 4.1 Foreign Policy of India

The fundamental orientation of India's foreign policy was evolved through the three hundred years of British colonial rule. The leaders of India's freedom struggle conceived that the basic purpose of Indian foreign policy should be to accommodate the aspirations of the people who were living as victims of colonial exploitation around the world and particularly in the Third World countries. India formulated her foreign policy not to stand alone in the international level but to stand with the nations which were struggling to get an independent identity from the dark phase of colonial oppression and exploitation. The framers of the foreign policy of independent India wanted to work for uniquely Indian goals and looked forward to charting a new course by working for a world order based on peace, harmony, and development where all countries would be treated equally regardless of their status and position (Mahajan, 2018, p. 127). Jawaharlal Nehru had given historic contribution for developing such kind of an orientation to Indian foreign policy after independence by being the first prime minister and the external affairs minister of independent India.

India's foreign policy was inspired by the ideals and visions of the leaders of its independence movement and reflected the finest element of its cultural and philosophical heritage. Leaders like Mahatma Gandhi, Jawaharlal Nehru, Subhas Chandra Bose and Rammanohar Lohia were primarily responsible for providing its intellectual content (Dubey, 2017, p. 3). The intellectual and philosophical contribution of the great leaders of India established the strong ideological base for the Indian foreign policy. Such kind of a contribution created a unique identity for India which eventually provided the strength and courage to develop an independent and sovereign character for India's external relations with the world nations irrespective of their power position and economic status. India has followed a foreign policy with both idealistic and realistic principles. India's status in international politics was greatly enhanced through her active engagement in the platforms of United Nations and Non-Aligned Movement. India's foreign policy also attained international attention on the basis of its credibility and commitment to international peace and security.

In the past seven decades Indian foreign policy has attained considerable success in making India marked among the powerful world nations. India has emerged as the powerful political player in the regional and global contexts through her external relations with the big and

strategic powers. Considerable political relations have been established with almost all the world nations and regional organizations. Through her participation in the global economic system India's economy has flourished and has attained the status of a potential regional economic power. India has attracted considerable amount of foreign direct investment in the country and is making investments in other countries especially in the third world nations. The view of India as a cohesive anchor of its subcontinent and wider region, albeit still one afflicted with much poverty, social challenge, and internal violence, is now widely credited internationally (Malone, 2011, 277). India's emergence as a potential super power from the dark colonial history is actually the realization of the efforts of the framers of the Indian foreign policy.

The success story of India's global emergence is definitely credited as the success of India's foreign policy and its strategies. At the same time one may be disappointed when analyzing the role of India's foreign policy in bringing her neighbourhood friendly and trustworthy. Though India emerged in the global context, her status in the neighbourhood is deteriorated by the hostility that has existed between India and her neighbours (Dixit, 2001). The roots of these conflicts are historical but the fact that it is still continuing is definitely problematic. It is a reality that Indian foreign policy has given due weight to the concept of security in her relation with the neighbours. This has created animosity and political doubts about India and her policy and strategy towards the neighbourhood. The status of India as the big nation among the neighbours has provided an opportunity for India to apply her dominance in the neighbourhood relations but that's not possible to maintain every time. Thus until and unless India is able to establish a strong and perpetual friendship and peace in the neighbourhood, India's glory and emergence will be meaningless.

#### 4.1.1 Basic Determinants

Foreign policy is never uniquely determined by any one factor or set of factors, but is the result of the interplay of a large number of factors that affect the formulation of foreign policy in different ways in different circumstances (Bandyopadhyaya, 2003, p. 29). Some of the factors remained constant and thus regarded as the basic determinants of foreign policy. For India, the most powerful determinants of her foreign policy include the geography, political tradition, economic capability, and military potential. A combination of these factors remained as constant inspiration to India's foreign policy. India's geographical size and location is a vital instrument



for determining her foreign policy objectives. In South Asia, India is the largest country surrounded by geographically small neighbours. Comparing to the world nations, India is the seventh largest country to claim the geo-political potentiality in world forums. By location India is at the centre of South Asia and next to two super powers of Russia and China. India also located in the Indian Ocean, a strategic ocean point. Thus India's geographical identity by means its size and location is determining India's relation with South Asian neighbours as well as with the big powers of Russia and China. Parallel to that India's security concerns and defence strategy is also determined by its geographical identity.

The basic principles and objectives of India's foreign policy is the reflection of India's political tradition. The political philosophy of Indian scholars as well as the freedom fighters of India greatly influenced to develop a foreign policy to protect and represent the concerns and causes of the deprived nations (Dubey, 2017). The basic philosophy of Panchsheel and Non-alignment are the embodiment of India's political tradition. Indian foreign policy and its approach to the global and regional problems are more idealistic than realistic. India's resistance to colonialism, imperialism and racism manifest India's political outlook for a better world order based on equality of political space and opportunity. The political tradition of non-violence highly influenced in the development of India's nuclear policy and doctrine. India's faith in international organization to resolve international issues is also part of influence from the philosophy of non-violence. India's outlook of 'world as a single family' too is the contribution of India's ancient political philosophy. India's international identity is more in the name of her great political philosophy and tradition which teach the lessons of peace and mutual coexistence.

The economic condition and status of India adds potentiality to India's foreign policy to pursue her internal and external objectives and demands. India's identity as a potential regional power is in the name of her economic capacity and the level of economic growth. The economic potentiality of a nation is primarily determined by the nature of population, natural resources, infrastructure facility, and technological advancement (Malone, 2011). In all these terms India's position is safe and adding more power to her foreign policy. India has a highly potential population dominated by the young generation. India's demographic capacity in terms of labour force and productivity are high comparing to other nations. The vast geography makes India abundant with natural resources. It has a great contribution to the development of India's industrial sector. The infrastructure facility of India is also high and attracts world nation for

commercial engagement. India also has high potentiality in terms of producing technology to meet the contemporary needs of India as well as the world. India's relations with the world's powerful nations are on the basis of her economic potentiality. India's claim for permanent seat in UN Security Council is also on the basis of her economic potentiality.

In the contemporary world order security is a major challenge to the integrity of a nation. India is a nation which is subject to security threats since its independence. So India highly concentrated on developing her defence credentials to counter the possible security challenges from the neighbour as well as from other big nations. India has well organized military system capable to overcome any kind of cross-border threat (Gupta, 2018). India also has the nuclear weapon capacity to advance her defence capability. India's defence potential is a big impetus to India's foreign policy as well as her diplomatic relations. It is highly determining her great power relationship, especially with United States and Russia. It is also contributing to safeguard her interest in the India Ocean and in the Himalaya. India's capacity to counter the world security challenges, particularly cross-border terrorism, has given an identity to India's foreign policy at international platforms and programmes intended to make the world peaceful and secure. Thus, all of these determining factors together contribute and equip India to advance her foreign policy principles and objectives in the contemporary world order.

#### 4.1.2 Basic Principles

Prior to independence India started participating in international affairs and the nature of her relations with other nations were a source of influence on her foreign policy in the post independence period (Jayapalan, 2011, p. 22). So the makers of Indian foreign policy had got a clear direction about how India had to act in the regional and global platforms after independence. They had domestic and regional concerns while shaping the policy for India's external engagements. They also had concerns about the nations which shared similar political experience of India in the past. So India formulated and applied her foreign policy on the basis of certain carefully crafted principles. These principles were evolved out of India's long cherished cultural tradition and pungent historical experiences. Those basic principles of Indian foreign policy includes (i) Panchsheel, (ii) Non-alignment, (iii) Resistance to Colonialism, Imperialism and Racism, (iv) Pacific Settlement of Disputes, (v) Support to International Organizations and, (vi) Gujral Doctrine. With these principles in practice India got a stature in international politics

as a practitioner of stable foreign policy and an identity for maintaining independent foreign policy.

The doctrine of Panchsheel is one of the most celebrated principles of India's foreign policy. Panchsheel was part of Jawaharlal Nehru's policy of 'security through friendship' and an analysis of the origins of this doctrine gives a clearer idea of its ontological assumptions (Chacko, 2014, p. 54). After independence Nehru well realized the domestic and regional situation of India and convinced that the co-operation and security are the twin imperatives that India wanted to have and maintain for her journey to the future. The Panchsheel doctrine was first pronounced in a bilateral trade agreement with China namely 'Agreement on Trade and Intercourse between the Tibet region of China and India'. The agreement was signed by Indian Ambassador N. Raghavan and Chinese Deputy Foreign Minister Chang Han-fu on 29 April 1954. The Preamble of the agreement portrayed five principles for the smooth conduct of bilateral co-operation and friendly border relations, known as Panchsheel doctrine (Singh, 1998). Though it was signed as an agreement with China, Panchsheel had been evolved as the basic principle of Indian foreign policy and has been a guiding force for her bilateral relation with the rest of the world.

The Panchsheel doctrine consisted of five principles for mutual trust and co-operation which including (i) mutual respect for each other's territorial integrity and sovereignty, (ii) mutual non-aggression, (iii) mutual non-interference in each other's internal affairs, (iv) equality and mutual benefit and, (v) peaceful coexistence. In his speech Jawaharlal Nehru said that, 'these principles form the basis of our relations with other nations. We are convinced that on this basis, the relationship between the countries will be healthy, peaceful and co-operative, because it rests on equality and mutual respect and peaceful co-existence and rules out aggression and internal interference. Trouble arise when one country dominates over another and interference in another's internal affairs. If Panchsheel is fully and sincerely accepted by all the countries, peace would be assumed everywhere and co-operation would follow' (Nehru, 1971, p. 101). By accepting the true spirit of Panchsheel for maintaining a peaceful global order, the world nations accepted and applauded India's policy and many nations accommodated the essence of Panchsheel as part of their foreign policy.

India's international identity as a powerful independent nation from the third world is greatly owed to her foreign policy affiliation to the Non-Aligned Movement (NAM). Non-alignment was started as a policy movement of the newly independent nations of Asia, Africa and Latin America as resistance to the ideological polarization of the world under United States and erstwhile Soviet Union after the Second World War. Non-alignment was both a way of safeguarding a sovereignty long fought for and recently won and a way of avoiding compromising it through the compulsions of bloc politics (Tharoor, 2013, p. 7). An essential fact which springs out of this should be based upon the possibility that such non-aligned country retains the freedom of choice and concrete political action in accordance with its own interests (Pavithran, 2007, p. 7). The movement which established the solidarity of the third world nations was started under the leadership of five nations including Yugoslavia, India, Indonesia, Egypt and Ghana. The background work for the Non-aligned movement was started with the Asian-African Conference held at Bandung, Indonesia from April 18 to 24, 1955. The movement was officially started with the first Summit Conference held at Belgrade, Yugoslavia from September 1 to 6, 1961. The first Summit Conference was attended by the 25 nations from Asia, Africa and Latin America.

The policy of Non-alignment was adopted by Nehru as a pragmatic policy to engage with the world politics during the Cold War by means of ensuring sovereignty in decision making and independence in action. It was in fact a realistic policy of Nehru during the bloc politics since India wanted to have support and co-operation with the world nations including the super powers for her economic build up. So Non-alignment to Indians was neither neutrality nor alignment. Philosophically it signified 'freedom of action', a concomitant of India's independence (Malone, 2011, p. 154). The policy of Non-alignment had accomplished greater significance to India's foreign policy for her emergence as the leader of the third world nations from the Asian subcontinent. It also helped India to protect her sovereign identity during and after the bloc politics. Even today after the long years of the end of Cold War polarization, India's policy and identity rooted on the principle of Non-alignment which is a test of India's conviction to play just and fair power politics.

India's experience of the long struggle for freedom from British colonialism had made the framers of Indian foreign policy to take policy decision to stand with the interest of the nations with similar experience of socio-political and economic exploitation and bondage.

India's independence was the realization of the long cherished dream of the Indians fulfilled through their fight against colonialism, imperialism and racial discrimination. In his historic 'tryst with destiny' speech at the midnight of 15 August 1947, Nehru said 'those dreams are for India, but they are also for the world, for all the nations and peoples are too closely knit together today for any one of them to imagine that it can live apart' (Tharoor, 2013, p. 1). By realizing the responsibility of India to stand with the cause of the nations who were struggling to get emancipated, accepted resistance to colonialism, imperialism and racism as part of the basic principles of Indian foreign policy. India exceedingly supported the nations, particularly the Afro-Asian nations in their endeavor to obtain freedom and to end racial discrimination.

India raised her voice in favour of the people and the countries that were under the clutches of colonialism, imperialism and racism. India effectively utilized the platforms of Non-aligned Movement and the United Nations to create world consciousness against these evils of modern society. India's policy of Non-alignment did to some extent stymie the progress of imperialism, accelerate the process of decolonization, and intensify the global struggle against white racism in general, and apartheid in particular (Bandyopadhyaya, 2009, p. 8). Through the concrete efforts India championed the cause of deprived people and their fundamental rights. The practitioners of Indian foreign policy propagated that the end of colonialism, imperialism and racism are the basic requirement for the creation of a world order based on peace, security and co-operation. India's effort and support for the liberation of African countries from colonialism and apartheid had established enduring friendship and cooperation with the countries of the African continent.

After independence India faced the biggest challenge of border disputes firstly with Pakistan and then with China. Eventually the border disputes lead to continuous struggle and war with both Pakistan and China. But as an ardent member of the United Nations, India followed the UN strategy of pacific settlement of disputes as means to resolve international disputes and accepted it as one of the core principle of Indian foreign policy. India even included the policy of pacific settlement of disputes in the Constitution which marked her true commitment to international peace and security. In its Directive Principles of State Policy (DPSP), the Indian Constitution contains the provision that the state shall endeavor to promote international peace and security, maintain just and honourable relations between nations, foster respect for international law and treaty obligations in the dealings of organized people with one another and

encourage settlement of international disputes by arbitration (Frederik, 2016, p. 81). India's foreign policy conviction in this regard is that disputes are common in international relations but it should not be resolved by means of war but instead should be by use of the measures of pacific settlement of disputes prescribed in the UN Charter.

India's commitment for the creation of a just and equitable world order is clearly visible in her foreign policy principle of support to international organizations. Even before independence Indian leaders supported the institution of United Nations as means for ensuring global peace and security. Jawaharlal Nehru assured in his speech at the UN General Assembly in November 1948 that India would 'adhere completely and absolutely to the principles and purposes of the United Nations Charter and that we shall try, to the best of our ability, to work for the realization of those principles and purposes' (Singh, 2009, p. 282). India participated in the UN Conference of International Organization held at San Francisco and signed the UN Charter on 26 June 1945. Since then, as the founder member of the organization, India is actively supporting and participating in the functioning of the organization and its specialized agencies. India played a remarkable role in the United Nations for the decolonization of Africa and for the elimination of racial discrimination.

India has full faith in the United Nations as an international organization, which can fruitfully institutionalize and coordinate the relations among nations, as well as which is an agency for collectively securing international peace and security, becomes fully clear when we examine India's active support and role in the collective security measures launched by the United Nations from time to time (Jayapalan, 2011, p. 442). India has been providing remarkable contributions to the Peace Keeping Force of the United Nations which has been working to ensure the protection of right to life. India is using the platform of UNO for raising her concern about global problems such as poverty, arms race, terrorism, environmental issues etc. India also has an effective involvement in the United Nations against the North-South economic divide and digital divide. India now wants a democratic restructuring of the UN Security Council and claim for membership in the Council on the basis of her geo-political potential.

Since independence the greatest problem that India has been facing is the bilateral disputes with the neighbouring countries. Managing the neighbourhood has been the biggest headache of Indian foreign policy. About the situation of India, the US diplomat Henry Kissinger

undoubtedly commended that India is living in a tough neighbourhood (Sreenivasan, 2011). From time to time India adopted different strategies for managing the neighbours in order to ensure domestic and regional security. When Inder Kumar Gujral became the Minister of External Affairs in 1996 in the Ministry of H. D. Deve Gowda, developed a policy framework for sustaining friendly relations with the South Asian nations known as the 'Gujral Doctrine'. The doctrine got some momentum to maintain friendly relations with the neighbours and has become part of the basic principle of Indian foreign policy. About his new flourish doctrine Gujral wrote that 'the neighbouring countries could not change their geographical position and had the opinion of either living in perpetual animosity and conflict or alternatively striving to achieve harmony and cooperation' (Gujral, 2003). He preferred to create a permanent platform for establishing socio-political interaction among the neighbours.

The Gujral doctrine is a set of five principles to guide the conduct of bilateral relations with India's immediate neighbourhood. The five principles includes (i) with neighbours like Bangladesh, Bhutan, Maldives, Nepal and Sri Lanka, India does not ask for reciprocity, but gives and accommodates what it can in good faith and trust, (ii) no South Asian country should allow its territory to be used against the interest of another country of the region, (iii) no country should interfere in the internal affairs of another, (iv) all South Asian countries must respect each other's territorial integrity and sovereignty and, (v) they should settle all their disputes through peaceful bilateral negotiations (Pandey, 2005, p. 26). The basic spirit of Gujral Doctrine is the fact that India is the largest country in South Asia by all means and so that it is her sole responsibility to initiate convincing measures for maintaining perpetual peace and security in the region. Gujral Doctrine advocated for unilateral concession to the neighbours in order to warm up the relation and to build mutual trust and friendship. The significance of Gujral Doctrine as the basic principle of Indian foreign policy is the acceptance of the worth of friendly and trustworthy neighbourhood for India's political and economic security.

#### 4.1.3 Basic Objectives

The basic objectives of every nation's foreign policy are rooted in the concepts of security and development. But in order to ensure the concepts of security and development every nation's foreign policy objectives varies from one another. Objectives evolve, and there is hardly any consensus on how those objectives are best pursued or what the foreign policy objectives

should be (Ghosh, 2016, p. 102). So the basic idea is that nations chose their foreign policy objectives on the basis of the existing circumstances and its historical influences. The basic objectives of India's foreign policy is based on the interest to promote and maintain a peaceful and stable external environment in which the domestic tasks of inclusive economic development and poverty alleviation can progress rapidly and without obstacles (Shah, 2017). In order to satisfy her basic interest, Indian foreign policy accommodates certain basic objectives and the cores of those objectives are (i) sovereignty and territorial integrity, (ii) global peace and security and, (iii) economic development.

The primary objective of India's foreign policy is the protection and preservation of her sovereignty and territorial integrity. India got independence after a long struggle for freedom from Britain and so that the framers of Indian foreign policy wanted to formulate policy to protect the hard fought freedom. Jawaharlal Nehru was in the forefront to develop policy to ensure that the sovereignty of India should not be compromised while maintaining external relations and territorial integrity should be preserved from neighbourly disturbances. Nehru believed that there should be a dynamic foreign policy formulation because the protection of sovereignty and integrity is the result of a coherent effort at domestic, regional and international level. So Nehru not only safeguarded the sovereignty and integrity of India by adopting a path of self-reliance in economy and Non-alignment in foreign policy, he also played a crucial role in the maintenance of international peace by his policy of dynamic Non-alignment and doctrine of Panchsheel, by his support to the elimination of colonialism and imperialism all over the world and by his stand for the recognition of the right of self-determination for all peoples (Kapoor, 2005, p. 11).

The biggest challenges India has faced after independence in relation to the protection of her sovereignty and integrity was the international situation of bloc politics and the regional problem of border disputes. India's entry into international politics was in the midst of the Cold War power politics which divided the world under the United States and Soviet Union. India's independence also created troubles in the name of border disputes with Pakistan and China. Both the situations were against India's foreign policy conviction of the protection of sovereignty and integrity. So in order to tackle the situation India heavily depended on the twin policy of Panchsheel and Non-alignment (Jain, 2000). Both the policies were the creative and realistic contribution of Jawaharlal Nehru. Through these policies Indian foreign policy promoted the



cardinal principles of non-aggression, non-interference and Non-alignment to secure India from external influences seeking to destabilize her sovereignty and integrity. The framers and practitioners of Indian foreign policy always upheld the true spirit of peaceful coexistence and international cooperation as means to this end.

The framers of Indian foreign policy had realized and accepted a genuine truth during the time of Cold War that the progress and protection of India as well as the newly emerged nations of Asia, Africa and Latin America certainly depended on the existence of a peaceful global order under an international organization. These nations emerged from the tedious condition of cruel exploitation and wanted to rebuild the entire field of society, polity and economy. So Indian foreign policy highly prioritized global peace and security and contributed vehemently to achieve a strain free world order. According to Nehru, 'India is too big a country herself to be bound down to any country, however big it may be remaining quite apart from power blocs, we are in a better position to cast our weight at the right moment in favour of peace (Mazumdar, 2015, p. 21). It was a realistic approach of Nehru to stand in favour of peace, even though there was high pressure over him from the part of United States and Soviet Union to join in the bloc politics. India throughout the period of her independent foreign policy has had taken serious measures and strongly condemned the conditions created by various nations in the name of power politics in international relations.

India strongly and actively involved in the process of making the world conflict free by raising the voice in the international platforms such as United Nations. India unconditionally stands for the elimination of war, promotion of disarmament and opposed to weapons of mass destruction. Since independence, India has consistently pursued the objective of global disarmament based on the principle of universality, non-discrimination and effective compliance. India was the first country to appeal the world nations to put an end to all sorts of nuclear proliferation and testing as early as in 1954 (Yadav, 2009, p. 22). The danger of nuclear weapon proliferation and its discriminatory treaties were always rejected by India. India stubbornly believed in the policy of global and complete disarmament and accepted nothing less than that policy. This was the cornerstone of India's action plan for the elimination of nuclear weapons unveiled by late Prime Minister Rajiv Gandhi in 1998 at the third special session of the General Assembly devoted to disarmament and continues to be India's abiding objective even today

(Mishra, 2009, 104). The dangers of weapons of mass destruction present in the age of terrorism are a major concern of India's foreign policy and a major threat to global peace initiatives.

One of the most important objectives of foreign policy is to explore prospects for the development of a country through external relations, and to create greater opportunities for material, technological, and monetary interactions (Acharya, 2009, p. 20). The economic stability of a nation is a fundamental requirement for ensuring development and security of the people and of the nation. This is particularly manifested as far as considered to the foreign policy of India and her effort for re-building the economic life of the people in the country. Indian economy was utterly devastated when the Britishers were leaving the country after granting independence. It was a pathetic economic situation that prevailed in India in the 1940's and was fuelled by the tragic incident of partition. So the economic rebuilding and self reliance was adopted as the basic objective of India's foreign policy by the framers. Jawaharlal Nehru was well aware of developing a comprehensive economic policy for India and believed that it is the most vital part of foreign policy. In his speech in the Constituent Assembly in December 1947, Nehru stated that 'ultimately foreign policy is the outcome of economic policy, and until India has properly evolved her economic policy, her foreign policy will be rather vague, rather inchoate, and will be groping' (Baru, 2006, p. 58).

During the Cold War period, though India was following Non-alignment, Indian foreign policy followed a rational economic policy to meet the requirement of India. India received financial assistance from both USA and USSR and also from various international economic bodies to establish a strong base for Indian economy. India's efforts in the initial period were for building strong agrarian and industrial base for the benefit of people in different sections and sectors (Chakrabarti, 2014). In post Cold War period India adopted liberal economic policies and introduced structural reforms to cope with the trends in international economic sector and institutions. The reforms had created serious discussions and criticism in the sphere of domestic politics in India and the arguments against the reforms were directed in the name of India's independent foreign economic policy (Nayar, 2014). Today Indian foreign policy is prioritizing economic integration with the big powers as well as with the dominant regional organizations through free trade agreement and foreign direct investment as means for economic development and expansion.

## 4.2 Foreign Policy of Nepal

The external relationship and policy of Nepal on a formal sense was started after the unification of the country under Prithvi Narayan Shah of the Shah dynasty in 1769. He laid down the foundation of Nepal's foreign policy. In the initial period by realizing the limitations of a land locked country sandwiched between two big countries of China and British India, Prithvi Narayan Shah had selected a cautious policy attitude to save the territorial interest of his country. He was well aware of the strategic position and limitation of Nepal and said that, 'this kingdom (Nepal) is a tarul (a root vegetable) between two stones. Great friendship should be maintained with the Chinese emperor. Friendship should also be maintained with the Emperor of the southern seas (the British), but he is very clever. He has kept India suppressed. He is entrenching himself in the plains. Do not engage in an offensive attack, fighting should be done on a defensive basis. If it is found difficult to resist in the fight, then even means of persuasion, tact, and deceit should employed (Ramakant, 1976, p. 20). Prithvi Narayan's awareness about the danger of British Empire made him to follow a closed door policy to limit the relation with India.

Prithvi Narayan was more interested in developing and maintaining trade relations with Tibet. He looked forward for a commercial relation with Tibet owing to the poor condition of the country's treasury. But it was not easy for him to have a trade relation with Tibet because he wanted to apply a trade relation in favour of him with more advantageous position of Nepal both in terms economic gain and geographical security (Rose, 2010). During the reign of Rana Bahadur Shah (1777-1806) Nepal, owing to the reluctance of Tibet over trade relation, attacked and defeated the weak state of Tibet in 1789. As a result a treaty signed between Nepal and Tibet with humiliating terms for Tibet and in favour of the commercial interest of Nepal. Nepal again invaded Tibet in 1791 in consequence of Tibet's refusal to follow the 1789 treaty. But this time Tibet defeated Nepal with the help of the Chinese force and forced Nepal to sign a treaty in 1792 in favour of Tibet and China (Devi, 2011). As per the treaty both Nepal and Tibet agreed to maintain friendly relations and accepted the suzerainty of China over them. But in practice the suzerainty of China was never applied over Nepal.

Nepal's relation with British India was developed on a sluggish way. In order to defend the sovereignty and independence of his country Prithvi Narayan had pursued a policy of isolation, particularly from India. The Britishers tried to develop trade relation with Nepal, but

failed because of the disregard of Prithvi Narayan (Agrawal, 1985). It was in 1770 the British sent James Logen mission to Nepal for starting trade relations but ended up in failure. Prithvi Narayan felt that the entry of the British for trade possibly would end up in the conquest of Nepal. But soon he had changed his mind set when the British Governor General Warren Hastings proposed for a non-intervention pact between Nepal and British India. Though Prithvi Narayan expressed willingness to develop friendship with British India after realizing the weakness of Nepal and the strength of the British Empire, Nepal was skeptical about the relation (Pradhan, 2009). In 1792 both the countries signed a trade treaty namely the Anglo-Nepalese Commercial Treaty. In 1801 Nepal signed a treaty with the British which provided for an opportunity for them to have political intervention by means of appointing British resident in Nepal.

Nepal's skepticism becomes a reality when the British attacked Nepal in 1814 known as the Anglo-Nepalese War or the Gurkha War. The Anglo-Nepalese war was fought for two years from 1814 to 1816 and ended with the Treaty of Sugauli. According to the treaty Nepal lost its territories in the southern region and the country fell under the British influence. The Treaty of Sugauli had larger influence and impact over the foreign policy and diplomatic relation of Nepal which continued until the end of British rule in India. For the British the consequence of the Treaty could help stabilize the British rule due to Nepal's stable position that could work as a buffer between Tibet and China. Moreover, finding a reliable and weak ally in its neighbourhood, East India Company- which was setting its foothold in South Asia- was now assured of its northern neighbour; of course to the detriment of Nepal's independent actions that it used to take in the past (Baral, 2012, p. 77). Nepal also benefitted from the British influence in a way of keeping away the possibility of Chinese political intervention because of the fear of British power.

When Jung Bahadur Rana became the Prime Minister of Nepal in 1846 by sidelining the position of the Shah Kings as titular, a new phase of relation was established between Nepal and the British. His special interest for the British friendship was a means for protecting his oligarchy over the King and to silence his political opponents. He also wanted to close all external relations of Nepal except the British to protect his county and his authority (Tyagi, 1974). The British also showed special interest in Nepal and followed a policy of non-intervention in the domestic affairs of Nepal, but retained influence and control over the external relation of Nepal.

Throughout the period of Rana rule (1846-1945), Nepal followed a pro-British policy and helped the British whenever an occasion came for that. Though the British accepted the independence of Nepal through the agreement signed in 1923, Nepal remained loyal to the British India (Oberst, 2016). The foreign policy of Nepal till the end of British rule in India was confined to the level of dependence to the mighty British Empire and formal diplomatic relation was not established with any other nation. The independence of India resulted in the starting of a new era in the foreign policy and diplomatic relation of Nepal.

#### 4.2.1 Basic Determinants

Every nation's foreign policy is determined by some factors which are present within the country or in the external atmosphere. Though those determining factors are constant, its degree of influence in the making of foreign policy varies from nation to nation. Theoretically the major determinants of foreign policy are international power structure, alliances and treaties, historical background, geographical features, cultural tradition, economic development, military power, national capacity, leadership etc. These determining factors as a whole is may or may not be relevant and influence the foreign policy of a country. For a while some nations have only some particular factors to influence its foreign policy and other factors play minimal role. This is particularly applicable in the case of small nations. In the case of Nepal, though all these factors are present, we can identify some more relevant and crucial factors which determine the course of her foreign policy. Those relevant determining factors of Nepal's foreign policy can be grouped into three which includes geo-political determinants, socio-cultural determinants, and economic determinants.

The most influential factor of Nepal's foreign policy is definitely the geographical location of the country. Among the geographical factors of Nepal, the location, the size and the topography of the country are decisive. Politically Nepal is sandwiched between China's Tibet Autonomous Region and India. Nepal is bordering Tibet in the north and India in the south, east and west. Thus Nepal is landlocked between China and India. The geographical location of Nepal between the two geographical and political giants China and India is a crucial factor for determining the nature and character of Nepal's foreign policy. The political rivalry between India and China after the formers independence granted Nepal the status of a buffer state (Upadhya, 2015). Being a buffer state Nepal has to suffer the struggle to maintain a balanced

policy in the relationship between India and China to protect her independence and sovereignty. Simultaneously both India and China has special interest and strategy to make Nepal pro to them in her domestic as well as foreign policy.

The total land size of Nepal is 147,181 sq km which is 65 times smaller than China and 22 times smaller than India. The country has an average length of 885 km and an average width of 193 km. Geographically Nepal is divided into three regions consisting of Himalayan Region, Mahabharat Region and the Terai Region. The Himalayan Region occupies 25% of the total land area. The Mahabharat Region or the Mid-Hill Region occupies 68% of Nepal's land area. The Terai Region or the Plain Land occupies 17% of the land area. Nepal depends on this small portion of Terai for agricultural production (Shrestha, 2007). The size and topography of Nepal gives an ample understanding on the political and economic limitations of the country. The geographical position and feature is creating a natural dependence of Nepal on India. Bordered by the tallest Himalayan peaks and ice deserts of Tibet on its north, Nepal depends on India for much of its trade and economic traffic (Vemsani, 2015). The geo-political situation of Nepal is thus naturally compelling her to maintain close political and economic relation with India and at the same time not to antagonize China in the name of reliance to India.

The socio-cultural pattern of a nation has high level of influence in the shaping of her foreign policy. The socio-cultural background of Nepal is not void in terms determining the foreign policy of the country. The social formation and the evolution of country's culture needed to be mentioned to understand its influential capacity in the foreign policy of Nepal. Nepal society consists of people from ethnic communities and races. The original inhabitants of Nepal were the Mongoloids migrated from the northern Himalaya centuries back. They settled mainly in the Himalayan and Mahabharata Region. Later on there was migration from India. They were of Indo-Aryan origin and settled in the southern border region of Nepal or in the Terai region. These migrants were mostly Brahmins and Rajputs, fleeing from the religious crusade of invading Muslims and their subsequent tyranny against the Hindus. The northward migration of these Hindus had a major effect on Nepal's socio-economic transformation (Mandal, 2013, p. 168). The migration from India was in large numbers because of the easy entry to Nepal through the southern plain border. But the migration from the northern Tibet region was restricted due to the presence of high mountain ranges. Thus in terms of number the people from Indian origin is dominating in the total population of Nepal.

Today Nepal is a multi-structured society and regional variations can be observed in its ethnic composition, religion, language and the pattern of life. The social settlement of Nepal is divided into three according to the geographical regions. The settlement in the Himalayan region belongs to the earlier inhabitants the Mongoloids. The Hill regions are inhabited by Hill Brahmin, Chettri, Newar, Rai, Limbu, Gurung, Tamang Magar, Sherpa, Thakali, Dolpa and Gola communities. The Terai region is dominated by the social groups of Brahmin, Rajput, Rajbansi, Sutar, Muslim, Tharu, Dhimal and Bodo (Upreti, 2000, p. 246). The total population of Nepal is 26,494,504 people. The net migration rate of Nepal is 61 migrants per 100,000 people. The Hindu religion is the dominant religion in Nepal with 81.34% followers. The other religious groups with percentage of followers are Buddhist 9.04%, Muslim 4.38%, Kirant 3.04% and others 2.2%. The Nepali language with Devanagari script is the national language of Nepal with 44.6% speakers (National Population and Housing Census 2011). Though Nepal is a multi-cultural and multi-ethnic country, a single community has its domination in the society in terms of ethnic origin, religion and language.

The socio-cultural pattern of Nepal society shows that the country has its close affiliation with India and with her society and culture. The majority of the people in Nepal are the migrants who had voyaged from India in different periods. Hinduism is the dominant religion of both the countries. Indian society was always an inspiration to the people of Nepal. The people of Nepal got inspiration from India's freedom struggle to organize protest against the Ranas and to oust from power to establish democracy. The leaders of the democracy movement had organized their protest from India which was supported by the leaders of Indian freedom struggle. The people of Nepal in terms of their political perspective, social identity and cultural heritage are linking the country with India. Such level of linking definitely would have its influence in the foreign policy of both the countries. The socio-cultural linkage of Nepal with India has always been a matter of suspicion for China.

The economic condition of Nepal also has a major influence in the shaping of her foreign policy. Nepal is an economically poor performing country due to the prolonged condition of political instability. According to the IMF data, the GDP of Nepal in the year 2017 is just 23.824 billion US dollars. The HDI ranking of Nepal is 144 positions with an index of 0.558. The GDP and HDI data shows the overall poor performance of Nepal which confined to the country the status of a backward nation. The economically active population of Nepal is 54.8% and the

percentage of the employed population is 48.8% (National Population and Housing Census 2011). Nepal remains as an agrarian country with a large number of people depending and engaging in the primary sector for their livelihood. About two thirds of the country's population, i.e., 69% depends to the agriculture. But agriculture sector accounts for nearly one third of nation's Gross Domestic Product (GDP). The industrial sector accounts for one tenth of GDP and service sector accounts for half of the country's GDP (Asian Development Bank-Macroeconomic update- Nepal, 2018). So Nepal has an agrarian economy with less output contribution to national economy and is an industrially dwarf country struggling even to meet her own demands.

The economic backwardness of the country is compelling Nepal to depend on others particularly India and China to meet their basic economic demands. Economic dependence is a major factor putting restriction on following an independent foreign policy. Together it is a further serious question of independence in foreign policy when its economic survival is directly associated with one particular country. Both are true in the case of Nepal. Nepal's landlocked position and close economic interdependence (dependence) does not allow Nepal to be fully independent of policy decisions. Trust and confidence has to be generated between Nepal and other countries, especially neighbors, alone can complement to the efforts of development (Baral, 2012, p. 222). But there is a strategic competition between India and China to get upper hand in the economy of Nepal, the worst of its impact wanted to be endured by the poor Nepal. For both India and China it is a matter of strategic influence and prestige issue to get the buffer state under control, but for Nepal it is the matter of nation building and survival.

#### 4.2.2 Basic Principles

George Liska, in his book 'Alliance and the Third World', has poignantly described security, stability and status as three important attributes of foreign policy of the small and developing nations (Pradhan, 1996, p. 33). These three concepts of security, stability and status are particularly applicable in the case of Nepal's foreign policy. George Liska's concepts, when applying to Nepal, does mean the territorial security, political stability and economic status; the three longstanding desires of Nepali people. The establishment of democratic regime after overthrowing the monarchy is widely viewed as means to overcome the hurdles to establish a better Nepal. According to the Ministry of Foreign Affairs, Government of Nepal, the



fundamental objective of Nepal's foreign policy is to enhance the dignity of the nation by safeguarding sovereignty, territorial integrity, independence, and promoting economic well being and prosperity of Nepal (Nepal's foreign policy, n.d.). Being a landlocked country and a buffer between two big countries, protecting the sovereignty, territorial integrity and independence of the country are the highest objective and aspiration of Nepal.

In order to achieve the basic aspirations of the country, Nepal's foreign policy has accommodated certain basic principles to follow in her course of external relations. The Ministry of Foreign Affairs of Nepal has identified these basic principles as (i) mutual respect for each other's territorial integrity and sovereignty. (ii) non-interference in each other's internal affairs, (iii) respect for mutual equality, (iv) non-aggression and peaceful settlement of disputes, (v) co-operation for mutual benefit, (vi) abiding faith in the Charter of the United Nations, and (vii) value of world peace (Nepal's foreign policy, n.d.). Nepal is observing these principles as guidelines in her engagement with world nations. The Constitution of Nepal under Article 51 makes it as the state policy to conduct an independent foreign policy based on the Charter of the United Nations, Non-alignment, principles of Panchsheel, international law and the norms of world peace, taking into consideration of the overall interest of the nation, while remaining active in safeguarding the sovereignty, territorial integrity, independence and national interest of Nepal (Nepal's foreign policy, n.d.). It means that faith in the institution of UNO, NAM, Panchsheel and International Law are the major instruments to carry forward the basic principles of Nepal.

After the Second World War, the period in which an independent stature of Nepal's foreign policy started to begin, Nepal had joined with the movement of third world countries for independent existence at the international level namely the NAM. It was a right but brave decision of Nepal not to join with any of the power blocks, though Nepal had that option to overcome the influence of both India and China. But Nepal opted to be a part of the community of nations who wanted to stand against colonialism and imperialism for an independent foreign policy (Khanal, 2000). Nepal is thus a founder member of NAM and had actively engaged in the process of deliberations to form the international community of the third world countries. Addressing the first NAM Summit held at Belgrade in 1961, King Mahendra Bir Bikram Shah said that 'Nepal has striven to achieve this rapid economic growth through institutions and organizations which are in keeping with her national genius and tradition, and which are

competent enough to effect speedy development. As we are absorbed completely in this national development, we want to keep away from all sorts of military alliances and, so far as bloc formation is concerned, we are not in favour of forming even a neutral bloc. It is only in the last ten years that we have started to achieve contacts with international community, and in this short period we have done all we could to strengthen the forces of peace' (Nepal Institute of Foreign Affairs, 2011, p. 6).

Nepal's embarking to Non-alignment was actually both a political and moral obligation of the country. Nepal's pronouncement to be a part of NAM was out of her political concern of protecting the territorial integrity and sovereignty of the country. Being part of a bloc during the Cold War definitely would have resulted for an antagonism with India. So Nepal decided to follow NAM because it is an independent policy and politically against none of the countries. There was also a moral obligation to Nepal for opting NAM instead of being part of a super power. That moral obligation came from the tradition of Lord Buddha who preached peace and tolerance. Nepal's embracing of Panchsheel as the basic principle of her foreign policy also is bearing this tradition of morality. Panchsheel became an official part of Nepal's foreign policy when China signed an agreement with Nepal in July 1955 for the establishment of diplomatic relations to promote further development in the cultural and economic cooperation between the two states based on the five principles of Panchsheel (Thapliyal, 1998, p. 70). From then on, like India, Panchsheel became a regular gesture of Nepal's foreign policy.

In order to pursue her foreign policy principles of pacific settlement of disputes and perpetual world peace, Nepal is fully submitted to the United Nations in policy and action. Nepal became a member of the United Nations in 1955. Thereafter Nepal has active participation in the process of UNO for ensuring world peace and development. Nepal has an active involvement in the UN Peace Keeping Operations (UNPKO). Nepal's participation in the UNPKO for the first time was in 1974 as an observer in Egypt (Adhikari, 2015, p. 141). Since then Nepal forces participated in various missions of UNPKO and contributed 60,000 peacekeepers to 40 missions over the past fifty years. Nepal understood that United Nations as an international organization is necessary and is a guardian to protect the sovereignty and interest of small nations from the dangers of power politics. As that of the other member nations Nepal strongly believed that United Nations is the only effective mechanism to bring this world peaceful through disarmament and peaceful settlement of disputes. United Nations also played a significant role in

the peace process of Nepal especially to settle the Maoist insurgency and to establish constitutional democracy (Sotomayor, 2013). United Nations has thus a key role in the political transition of Nepal from monarchy to democratic republicanism.

Nepal's foreign policy has entered into a new phase of orientation with the establishment of democratic republicanism by overthrowing monarchy in 2008. The political transition in the country was welcomed by the world nations and looked forward for more enduring relationship with Nepal to contribute further for the national rebuilding of the country especially the economic reconstruction. The new political developments in the country are definitely a way forward for Nepal to overcome the political limitations as a landlocked buffer nation. The political instability prevailed in Nepal had paved way for a political intervention in the domestic affairs of the country by the external powers including both India and China. Now in the new political atmosphere Nepal can pursue a more independent and balanced policy towards her giant neighbours. The electoral victory of the Left Alliance in the 2017 General Election, riding on a wave of nationalist agendas, is expected to result in a stable government which has remained ever elusive. Nepal's new Prime Minister, KP Sharma Oli, has said Nepal would strive for an independent foreign policy and a balanced conduct of external relations with the motto of "Amity with all and enmity with none" (Thapa, 2018). It is a clear indication of the future course of Nepal's foreign policy which definitely will reorient her regional and extra regional relationships.

#### 4.2.3 Basic Objectives

The basic objectives of Nepal's foreign policy are closely associated with her geographical identity as a landlocked country and a buffer between the rival powers of India and China. As the case of any nation, Nepal also has a list of objectives to satisfy in her external relations and engagements. But the crucial and most important in the list are the protection of sovereign independent identity and the fulfillment of economic needs and demands. The geographical position and size is always a matter of challenge to Nepal's sovereignty and independence (Baral, 2012). By position Nepal is closer and opened to India and thus referred as India-locked. Since independence India perceived Nepal as the vital element of India's safety. India always maintained security surveillance over Nepal by declaring that any encroachment over Nepal by any external power is a security threat to India. Hence, even without considering

its sovereign identity India should intervene in Nepal if there is any occurrence of external encroachment. India's political approach towards Nepal, though it is in the name of security, is a major threat to Nepal's identity as an independent sovereign country. So Nepal always wanted to protect her individuality by means of demanding reciprocal engagement with India.

Nepal's effort for building relationship with China is part of balancing India's influence and control over Nepal. Hence it is part of Nepal's effort to claim her sovereign independent identity over Indian domination and security concerns (Destradi, 2013). In the past the China card was not effective to balance Indian influence and India tried to overcome the Chinese presence by exerting more pressure over Nepal by means of controlling the economic relationship. But today after the creation of new Nepal by means of the Constitution of 2015, Nepal is apparently trying to protect her political identity through greater engagement with the neighbours particularly China. Nepal has given clear message to India to recognize Nepal's sovereignty to engage with any nation according to her wish. Though landlocked, the new phase of global politics and interactions is giving more space to Nepal to protect her sovereignty and independence. The protection of the sovereignty and independence of Nepal is also related with fulfilling her priority of economic development and social transformation through free and fair engagement with the world nations in general and the Asian neighbours in particular.

Nepal is an economically under developed country. Nepal's under development is not only because of her political destiny in the past, but also due to her over dependence to India. Due to the geographical constraints to have access other than India, Nepal's economy largely depends to India for trade and transit. At the same time Nepal's dependence due to the geographical inability was exploited at large by India by making unequal economic treaties to save Indian interests (Mandal, 2014). Thus the protection of the economic needs and demands is one of the fundamental objectives of Nepal's foreign policy. Economic under development is the crucial problem of Nepal since the country lack infrastructure facilities and financial resource to promote economic growth. Any means of economic development in Nepal is possible only through the support of external powers. Making economic deal with foreign country is imperative for Nepal to satisfy her economic aspirations. It is an interesting fact that both protection of the sovereign independent identity and fulfillment economic needs and aspirations are intertwined in the case of Nepal due to her over dependence to India. Hence, achieving these

two fundamental objectives means India-Nepal bilateral relations are constructive and re-oriented to the greater advantage of Nepal.

### **4.3 India-Nepal Bilateral Engagements**

Though India's formal bilateral engagement with Nepal was started after the former's independence in 1947, India-Nepal relationship as an historical construct evolved through the times and people and nurtured through the forces of geography and culture. Thus the historical bases of relation between these two close neighbours are the geography and the culture. Geographically both the countries are inextricably intertwined with each other and that's a unique natural formation. Both share a border of over 1850 Kms in all directions except for the north. It is an important factor to a country like Nepal, where the total land area is just 147,181 Sq. Kms. The border is touching the five Indian states of Sikkim, West Bengal, Bihar, Uttar Pradesh and Uttarakhand on the three directions of east, south and west. Nepal shares a 1,439 kilometer border with China with natural obstruction whereas there is over a 1,850 kilometer long border with India that is open and porous. There is no natural obstacle on the southern border of Nepal (Shrestha, n.d.). Geographically Nepal is thus much close and dependent on India which obviously created a shared history of people who habitually migrated to both sides in the past.

The migration of people from India to the valleys of Nepal created a shared society and culture in both the countries. The migration of people from India to the Terai region was started in the ancient past. It continued throughout the history; before and during the British period in India and even after her independence. In the ancient past the migration from India was started mainly to seek political asylum in the Himalayan Valley. Thereafter there was migration seeking economic opportunities in the plain lands of Nepal. During the British period there was peaceful movement of people across the borders as part of an understanding between the two countries. Owing to the deep rooted socio-economic link between the people of two countries, after the independence of India both countries followed an open border system with no more restriction on the movement of people from both sides. The migration had established a strong cultural link between the two societies by way of their belief system, life style, language and festivals. Thus the maintenance of friendship and co-operation between the two nations is a natural compulsion and responsibility equally shared by both India and Nepal.

According to former Indian diplomat Rajiv Sikri India-Nepal bilateral relations have domestic and foreign policy dimensions for India owing to the factors which includes the extensive people-to-people, religious, cultural and economic links between the two countries; the open border and the resultant security problems for India; free Indian currency convertibility in Nepal; the presence of Gorkhas in the Indian army; the millions of Nepalis living and working in India and; the flow of major rivers from Nepal to India (Sikri, 2009, p. 81). Sikri's analysis of India-Nepal bilateral relations highlights the social, economic, political and security dimensions which is having critical impact and influence over India. So it is at the best interest of India's domestic and foreign policy to have friendship and co-operation with Nepal. These dimensions also highlight the opportunities of Nepal to make positive effects on the socio-economic and political system of the country for the creation of a new Nepal by fostering cordial relation with India. India very much realized these dimensions and importance of the relation with Nepal; but unfortunately India followed the path of coercion to make Nepal more related with none but India.

The base of the bilateral relation between India and Nepal is the 'Treaty of Peace and Friendship' signed in 1950. Though the treaty was signed on the basis of mutual consent, it has attracted severe criticism from the Nepalese side later. The criticism mainly was because of the content and nature of the treaty which providing ample space for Indian domination over the internal and external affairs of Nepal. The treaty got such kind of a character simply because it was driven from an Indian perspective of security considerations (Malone, 2011, p. 117). Though the treaty had given a sense of domination for India to safeguard her security interests in the wake of her border dispute with China, later on become an instrument for Nepal's animosity towards India. The Friendship Treaty of 1950 thus has an unfortunate role in the development of the anti-India sentiments in the minds of the Nepalis. Hence one of the major demands of Nepal is the re-consideration of the Treaty of 1950 to incorporate provisions to safeguard the sovereignty and independence of Nepal. The demand has become much strong that India can't ignore it anymore with the establishment of new Constitution based on democracy and republicanism in Nepal.

In 1950 India also signed the 'Treaty of Trade and Commerce' to facilitate the bilateral trade and commercial transit between India and Nepal. The treaty was intended to provide facilities for the economic activities of the landlocked country of Nepal. To enhance further the

economic relation between the two countries the 'Treaty of Trade and Transit' was signed in 1960 and in 1971. The two separate treaties for Trade and Transit were signed in the year 1978 which was revised into a new treaty in 1991. India's economic relation with Nepal to facilitate the trade and transit happened to be another area of trouble in the bilateral relationship between the two unequal political and economic powers of India and Nepal. The issue is mainly related with the separation of trade and transit treaties. Nepal wanted to separate trade and transit and made the argument that transit is the internationally accepted permanent right of a landlocked country. Though India accepted the demand of Nepal and signed separate trade and transit treaties in 1978, the provisions were mostly in favour of the economic and security interest of India. The inability of Nepal and India to organize each other's changing needs and legitimate concerns about trade and transit issues created an environment of mistrust between them (Parajulee, 2000, p. 188).

There were sufficient reasons for Nepali resentment of its unequal status, despite the emphasis put on the preferential trade system between India and Nepal, but the Indian policy makers continued to focus on the positive side of the treaty, saying that India had never obstructed the freedom of Nepal in its trade relations with third countries (Baral, 1992, p. 819). India never gave due respect to Nepal's concerns about Indian policy attitude which predominantly having the character of controlling Nepal to counter the powerful competitor China. Indian leadership was constantly guided by the feeling that the political and economic circumstances in Nepal would always coerce Nepal to follow India even by sacrificing her political interests. There is the allegation that India is undermining the natural rights of Nepal as an independent and sovereign state though geographically land-locked. An interesting fact is that being a vital part of the third world countries movement, India stands for the independence and sovereignty of the newly independent countries of Asia, Africa and Latin America; but diluted that spirit in the case of Nepal.

#### 4.3.1 Treaty of Peace and Friendship 1950

The legal frame work for India's official bilateral relation with Nepal was established through the Treaty of Peace and Friendship signed between the two countries. The treaty was signed on 31 July 1950 by Ambassador Chandreshwar Prasad Narain Singh and Prime Minister Mohun Shamsher Jang Bahadur Rana for the Government of India and Nepal respectively. The

treaty was an historic event in the sense that it marked the beginning of India's enduring tie with the buffer state of Nepal. The treaty became the first official treaty between the two countries as per the provision of the treaty under Article 8 which says, 'so far as matters dealt with herein are concerned, this Treaty cancels all previous treaties, agreements and arrangements entered on behalf of India between British Government and the Government of Nepal'(Treaty of Peace and Friendship, 1950). The treaty was based on the intention of creating an open border system between the two countries in order to sustain and maintain the traditional bond of the two societies which had all sorts of socio-economic and cultural relations and interactions.

The Treaty of 1950 is a brief but comprehensive document aiming to further the established relationship with a high preference on the twin objectives of peace and friendship. The Treaty consisted of 10 articles with a preface accompanied by an exchange of letters. The preface is introducing the treaty as the product of the recognition of the ancient ties which have happily existed between India and Nepal for centuries. It is the recognition to the spirit of the two societies which interacted and nurtured each other through coexistence in the past. It would be a great tragedy if the governments on both sides decided to maintain a strong political border in between the two societies. Hence the treaty should be considered as part of the rational political thinking of the leaders of the time. The ultimate objective of the treaty as declared in the preface is the perpetual peace which is inevitable for both countries to maintain domestic order and stability. It also upheld the mission of both India and Nepal during the time of the bloc politics to stand for the cause of peace through mutual co-operation and friendship not as a policy in bilateral engagement but as a basic principle and objective of their respective foreign policy.

In order to maintain perpetual peace and friendship, under Article 1 of the Treaty both countries mutually agreed to acknowledge and respect the complete sovereignty, territorial integrity and independence of each other (Treaty of Peace and Friendship, 1950). During the British rule in India, Nepal was under the political influence of India especially in the external affairs. Though the British granted the status of an independent country to Nepal in 1923, the country remained under the British influence till the end of the colonial rule in India. It was doubtful about the status of Nepal when the Britishers left India in 1947. But Indian leaders especially Jawaharlal Nehru supported Nepal even before independence to organize political movement for establishing democracy in the Himalayan state. The Treaty of 1950 thus upheld the spirit of mutual respect in the name of their acquired sovereignty, integrity and independence.



Being the geographically small buffer state, India's acceptance of Nepal's sovereignty and independence is a great gesture of true friendship that India wanted to maintain with Nepal. It also signifies that the concepts of sovereignty, integrity and independence accorded by both India and Nepal made them to stand together in international politics including in the platform of Non-alignment.

Article 2 of the treaty makes it obligatory for both the nations to inform each other of any serious friction or misunderstanding with any neighbouring state likely to cause any breach in the friendly relations subsisting between the two governments (Treaty of Peace and Friendship, 1950). This provision in the treaty implies the responsibility of both countries to contribute for the maintenance of the security of each other. It is to some extent the collective defence measures to apply in the bilateral relations. The territorial protection of both countries with this treaty is the collective responsibility of India and Nepal. So any kind of troubles that may cause from the part of any neighbouring countries over the security of India and Nepal shall be informed with each other in order to take necessary measures to overcome that security threat through joint efforts. The open border system necessitates that level of security collaboration between India and Nepal. Further the power politics in South Asia and the border dispute with China and Pakistan also coerce India to follow security co-operation with Nepal. Therefore according to the treaty the domestic and border security is a common subject and objective of both the countries and its protection is a common responsibility.

In order to enhance the security and defence of the small landlocked state of Nepal, the treaty has provided special emphasis. Article 5 of the Treaty granted permission to the Government of Nepal to import, from or through the territory of India, arms, ammunition or warlike material and equipment necessary for the security of Nepal (Treaty of Peace and Friendship, 1950). This provision in the treaty has several implications. Firstly, being a landlocked country and with limited access to the external world, it is the responsibility of India to facilitate to meet the defence requirement of Nepal. Secondly, being a buffer between India and her rival China, providing permission to use the territory of India for the movement of weapons, India shall exercise at least a moral control over Nepal and India's regional security concerns would be respected by Nepal. Thirdly, Nepal would not engage with the countries that are rivals with India for the security and defence support through providing arms and ammunitions. It also provides India the opportunity to engage with the domestic security and

defence of Nepal which are otherwise regarded as breach of the respect for the sovereignty of Nepal.

The traditional acquaintance among the people of India and Nepal through the socio-economic interactions is further strengthened by the Peace and Friendship Treaty of 1950. According to Article 6 of the treaty both countries agreed to give to the nationals of the other, in its territory, national treatment with regard to participation in the industrial and economic development and to give concession and grants to such development. Further Article 7 provides for the same privilege in the matters of residence, ownership of property, participation in trade and commerce, movement and other privileges of the same nature to the nationals of one country in the territories of the other on a reciprocal basis (Treaty of Peace and Friendship, 1950). The concept of equal treatment applied in the treaty is a significant element of India's bilateral relation with Nepal. The treaty provides for economic interdependence which is vital for the economic development of both, particularly of Nepal. The treaty also contributes for increasing the level of social interactions of the two societies by providing property rights and economic rights. The best part of the provisions under Article 6 and 7 is that the nationals of both countries could find better and appropriate economic and social opportunities in India and Nepal which have different economic and social status and opportunities.

The Treaty of Peace and Friendship 1950 has engrossed political criticism from the part of leaders as well as policy analysts especially from Nepal. The first and foremost criticism is that the document is one sided and prepared by India to serve her own security and economic interests and obligated the Rana King to sign in the wake of the democratic movement directed against his autocracy. One frequently voiced criticism of the treaty has been that it is an unequal and imperialistic Treaty, titled in favour of India, and therefore, to the disadvantage of weaker and the smaller partner, Nepal (Muni, 1996, p. 32). The Treaty labeled as unequal in the sense that the defence and economic co-operation in the treaty is in great advantage of India in practical sense because of the low profile and status of Nepal both in terms of political stability and economic growth. It is referred to as imperialistic Treaty and the explanation for that criticism is, it is an extension of the Treaty of 1923 concluded between British India and Nepal though some provision were omitted corresponding to the independent status of both India and Nepal.

The security provisions of the Treaty are the most controversial part and attracted concerns from Nepal as well as from other parts of the world. The 1950 India-Nepal Treaty was signed against the backdrop of the impending Chinese invasion of Tibet after the Communists took over power in 1949. As India considered Nepal to be part of its security perimeter, it was keen to ensure that its security interests were protected in a new Treaty with Nepal (Sikri, 2009, p. 82). The provisions for collective defence and the use of Indian Territory for the movement of weapons are regarded as the security strategy of India to find an opportunity to intervene in the security and defence of Nepal to serve the lone political interest of India. The open border system and the economic concession given to the nationals of both India and Nepal in effect are in great advantage to India. Supplementing to this argument S. D. Muni wrote that, the Government of Nepal agreed to give first preference to the Government and Nationals of India in regard to the development of the natural resources or of any industrial project in Nepal, provided that Indian terms were not less favourable to Nepal than those offered by the third country government or foreign nationals. The Nepalese side did not seek any reciprocal preference for its participation in India's industrial and natural resources development since it was not in a position, either financially or technologically, to compete with foreign governments and agencies in India (Muni, 1996, p. 42).

The demand for revising the 1950 Treaty to accommodate and protect the interest of Nepal has been a growing demand from Nepal itself, especially from the Monarchy. The Maoists in Nepal is actually in demand to scrap the treaty. With the exception of King Tribhuvan, who escaped from Rana's custody, was given refuge by Nehru, and who actually suggested Nepal's merger with India, the monarchy in Nepal was actively engaged for several decades in undermining the treaty in letter, or spirit or both. King Birendra's Zone of Peace proposal was one such thinly disguised attempt (Rajan, 2016). But some compulsions were there in the past over Nepal to continue the bilateral relation with India on the basis of the 1950 Treaty especially on the backdrop of the political instability. But in the changed political scenario of Nepal, India will be compelled to acknowledge the sentiments and demands of Nepal for the revival of the treaty. The adoption of new Constitution based on democratic republicanism in 2015 has resolved the internal compulsion of Nepal to follow the much debated treaty. Another most striking political situation in Nepal which definitely will produce some measures to revive the treaty is the formation of new government in 2018 under the communist parties which including

the Maoists who were even demanded to scrap the treaty by describing it as unequal and irrelevant for Nepal.

#### 4.3.2 Trade and Transit Treaties

Several international conventions and as well as the non-aligned movement have accepted the principle that landlocked countries must be provided free access to and from the sea and freedom of transit in order to help them overcome their economic backwardness (Gupta, 1989, p. 853). The spirit of these principles to provide economic rights to the landlocked countries is the conception that the economic development of the landlocked countries is the accountability of the adjacent transit countries and should be ensured and protected by facilitating for the smooth functioning of the economy. The United Nations Convention on the Law of the Sea 1982 deals with the rights of the landlocked countries with regard to trade and transit. The Convention accepted the right of landlocked countries for access to and from sea and freedom of transit. The Convention also provided that the landlocked countries can enjoy the economic rights for trade and transit through the bilateral trade and transit agreements between the landlocked and the transit countries (Uprety, 2006). So the feasibility of the trade and transit rights of the landlocked countries is subject to the nature of bilateral relation and agreement signed with the transit countries.

India's economic relation with Nepal actually started in the historical past. Geographically the comparative easiness of Nepal to connect with India through hill routes which promoted migration from and to India and Nepal had established economic relation by way of transfer of goods between the people of two close neighbours. The economic relationship in those days was guided by the natural requirement of the people of both sides and was without the backing of any formal and binding treaties or agreements. The formal trade relationship between India and Nepal was started during the British period in India, specifically with the signing of the Treaty of Trade in 1792. The relationship was further enhanced through the Treaty of Friendship in 1923. Though it was a defence treaty, it included some provision for formalizing the trade relationship between India and Nepal. Article 5 of the Treaty of 1923 says that Nepal shall be free to import from or through British India into Nepal whatever arms, ammunition, machinery, warlike material or stores may be required or desired for the strength and welfare of Nepal. According to Article 6 of the Treaty, no customs duty shall be levied at British Indian

ports on goods imported on behalf of the Nepal Government of immediate transport to the country (Jha, 1995). The treaties during the British period were highly dominating to ensure British colonial supremacy and control over Nepal.

Independent India's formal economic relation with Nepal was opened up with the signing of the Treaty of Trade and Commerce in 1950. The Treaty was consisted of 10 articles to facilitate and further the trade and commerce between the two countries. Under Article 1 of the Treaty India has recognized the full and unrestricted right of Nepal to have commercial transit of all goods and manufactures through the territory and ports of India. Article 2 facilitated Nepal to import goods by using any Indian port and to re-export to Nepal without the payment of any duty at the Indian port. Article 3 granted the right for passage without payment of excise or import duties to goods of Nepalese origin in transit through the territories of India. Article 4 of the Treaty accepted the full and unrestricted commercial transit right of Nepal for the export of the goods and manufactures of Nepal to outside India through Indian territories and ports. By Article 5 Nepal agreed to levy customs duties on imports from and exports to countries outside India at rates not lower than those leviable in India (Treaty of Trade and Commerce, 1950).

Article 6 of the Treaty made it mandatory for both India and Nepal to assist each other to ensure the availability of commodities which are essential to the economy of the other. Article 7 of the Treaty provided for the promotion of contacts between Indian and Nepal to protect the trade interest of both and to ensure reasonable facilities for the import and export of commodities. The Treaty under Article 8 granted permission to the civil aircrafts of both India and Nepal to fly over the territory of each other subject to the normal international procedure. According to Article 9 of the Treaty all previous treaties, agreements and engagements concluded between British India and Nepal stands cancelled with the adoption of the Treaty of Trade and Commerce 1950. Article 10 of the Treaty fixed the enforcement period of the treaty as 10 years and also permitted to enforce the treaty for another 10 years unless terminated by either India or Nepal by giving notice of not less than one year in writing (Treaty of Trade and Commerce, 1950).

The Treaty of Trade and Commerce 1950 was the first formal endeavor of independent India to create cooperation in the field of trade and commerce based on mutual understanding and benefit. Though the treaty contained provisions for the protection and promotion of the

economic interest of the landlocked country of Nepal, it was subjected to severe criticism from the part of Nepal and its traders. The criticism was mainly against the provisions on imposing import and export duties. The argument was that the rate of duties imposed as per the treaty by both India and Nepal were against the interest of Nepalese traders and in favour of India. According to the treaty Nepal wanted impose import and export duties on products traded to the countries other than India and the rate of that import and export duties should not be less than the rate of duties imposed by India on similar products. In the same way Nepal wanted to impose high export duties on products intended to market in India. It was to prevent Nepali products sold in Indian market at lower price than Indian products. Hence Nepal was prohibited from competing effectively with Indian products either within India or Nepal or in foreign market (Grover, 2000 p. 552). The disparity in trade relation between India and Nepal had ignited open protest against India.

Even in the midst of the strong protest by the people of Nepal, the Treaty of 1950 had survived for ten years and was replaced by the Treaty of Trade and Transit in 1960. The introduction part of the Treaty of 1960 says that the new treaty was concluded between India and Nepal out of the desire to strengthen mutual economic cooperation and to establish common market system. The Treaty was divided into three sections in which Article 1 to 6 included provisions for trade; Article 7 to 11 included provisions for transit and; Article 12 to 14 included general provisions. The Treaty intended to promote the expansion of mutual trade to meet the commodity requirement of both the countries by taking care to avoid diversion of commercial traffic and deflection of trade (Art. 1). The goods produced in either India or Nepal for consumption was exempted from imposing customs duties and quantitative restrictions (Art. 2). The freedom of trade between India and Nepal were subject to reasonable restrictions on the grounds of public morality, protection of human, animal and plant life, safety of national treasures and the laws relating to the import and export of gold and silver bullion (Art. 3) (Treaty of Trade and Transit, 1960).

The new treaty made no more changes in the payment for goods and services between India and Nepal and provided to continue the existing situation in payment (Art. 4). The trade relation of both countries with other countries were restricted subject to the respective laws, rules and regulation relating to imports and exports made by India and Nepal at their own individual capacity (Art. 5). One remarkable aspect of the 1960 Treaty was the provision for the payment

for transactions with third countries on the basis of their respective foreign exchange laws, rules and regulations of India and Nepal (Art. 6). In the earlier Treaty of 1950 the payment for transaction was based on Indian foreign exchange rules and regulations and that was one of the hard raised contentions of Nepali traders. The Treaty also called for cooperation with each other for taking effective measures in order to prevent any contravention and circumvention in the respective foreign exchange laws, rules and regulations of either India or Nepal (Treaty of Trade and Transit, 1960).

The Treaty of 1960 was clearer with regard to the transit rights of Nepal comparing to the earlier Treaty of 1950. The Treaty granted freedom of transit through the territories of both India and Nepal for the goods intended for import or export without any distinction on the basis of flag of vessel, place of origin, departure, entry, exit, destination or ownership of goods (Art. 7). The new Treaty clearly defined 'traffic in transit' which was a matter of contention in the previous treaty. According to the new Treaty goods shall be deemed to be in transit across the territory India and Nepal which is only a portion of a complete journey beginning and terminating beyond the frontier of either whose territory the traffic passes (Art. 8). The article also included baggage within the meaning of goods. The customs duty and transit duties were exempted for such traffic in transit (Art. 9). The Treaty also established separate protocol which was annexed to the Treaty prescribing the procedure to be followed for transit of goods to or from third countries (Art. 10). The traffic in transit through either country was subject to the arrangements made in the transiting country on the basis of mutual agreement (Art. 11) (Treaty of Trade and Transit, 1960).

The Treaty had provided full freedom to both India and Nepal to follow general international conventions with regard to the transit, export or import of particular category of articles for instance opium or other dangerous drugs; or intended to prevent violation of industrial, literary or artistic property; or relating to false marks, false indications of origin or other methods of unfair competition (Art. 12). It was the duty of both the nations to resolve any hurdles in the effective implementation and maintenance of the treaty within no time by taking appropriate measures on the basis of periodic consultations (Art. 13). The treaty was concluded for a period of five years and otherwise not terminated it might be extended for another five years with or without modifications on the basis of mutual consent (Art. 14). The Treaty was signed by Ambassador Harishwar Dayal for India and Ram Narayan Mishra, Minister for

Commerce and Industries, for Nepal. A protocol and memorandum was also signed along with the treaty to facilitate the movement of goods from Nepal in transit through the territory of India.

The 1960 Treaty of Trade and Transit, while to some extent freeing Nepal's foreign trade from its control by India's international trade policies, nevertheless was based on India's policy at the time of working toward a common market of the two countries (Glassner, 2000, p. 552). Though the Treaty of 1960 not fully granted the trade and transit right of a landlocked country to Nepal, it was far better than the Treaty of 1950. It was better in the sense that it was much detailed and included separate provisions for trade and transit. But the transit right of Nepal was not fully granted and restricted the traders by establishing separate protocol for the movement of goods from and to Nepal. The Treaty expired in 1965 and was extended for another five years to expire on 31 October 1970. Nepal proposed and appealed India to continue the Treaty of 1960 even after the expiry of its extended term in 1970 to enable both countries to have more discussions and negotiations for a much better and mutually satisfactory new treaty. Nepal also proposed to negotiate separate treaties for trade and transit (Sarup, 1972). But India duly rejected both proposal of Nepal.

India and Nepal concluded a new Treaty of Trade and Transit on 13 August 1971 after the expiry of the Treaty of 1960. Before the formal establishment of the new treaty several treaty negotiations were held to consider the demands of both sides and to sort out the difference of opinion. Nepal's major demands in the treaty negotiations were: (1) separate treaties covering trade and transit; (2) a trade route to East Pakistan through India; (3) removal of qualitative and quantitative restrictions on Nepal's imports from third countries and its exports to India; (4) simplification of customs procedures; (5) additional warehouse space at Calcutta port under Nepali supervision; (6) the right to operate barges in Calcutta port and to utilize sealed truck containers in transporting goods between Calcutta and Nepal; and (7) equal treatment for ships under Nepali flags in Indian ports as that given to Indian ships (Shaha, 1972, p. 117). But India was not ready to accept the major demands of Nepal and the new treaty was adopted with some minor provisions in favour of the demands of Nepal. Hence Nepal's efforts to pressurize India by creating anti-India protests in Nepal for favourable position in the new treaty ended in vain.

The new treaty consisted of 19 articles with separate provisions for trade and transit as in the Treaty of 1960. One of the major changes in the new treaty was the omission of the provision



of 1960 Treaty to establish the common market system. It was on the basis of the realization that common market was not realistic due to the structural difference in the economy of India and Nepal. So in place of common market system the Treaty under Article 2 provided for the most favoured nation treatment to each other's goods (Sarup, 1972). According to Article 8 of the Treaty both India and Nepal have the right to take all indispensable measures to ensure that the freedom of transit accorded by the treaty on its territory does not in any way infringe its legitimate interest of any kind. Compared to the Treaty of 1960 the new Treaty thus limited the scope of Nepal's freedom of transit in the sense that it became subject to the legitimate interest of India.

Stricter Indian controls through the Treaty of 1971 over Nepal's imports and exports was the price Kathmandu had to pay for its deliberate policy of exploiting certain loopholes in the 1960 Treaty for short term, if lucrative for a small group of influential Nepalis and some Indian commercial interests (Shaha, 1972, p. 117). Hence Nepal's trepidation of Indian ascendancy over her trade and transit was not resolved in the new treaty and sustained without an enduring solution. Nepal's demand for more concession by considering her economic interest and the consultation with India over it was continued. In 1976 both the countries agreed to continue the Treaty of 1971 following its expiry until the implementation of a new treaty. As a result of the reciprocal negotiation initiated after the expiry of 1971 Treaty, India for the first time accepted the longstanding demand of Nepal for separate trade and transit treaties in 1978. In March 1978 both the countries signed two separate treaties for trade and transit. As per the demand from the Indian side an Agreement on Cooperation to Control Unauthorized Trade was also signed along with the new treaties (Batra, 2013). Thus the bilateral economic relations between the two countries entered into a new phase by fulfilling the venerable aspiration of Nepal.

The Trade Treaty of 1978 intended to explore all measures to promote, facilitate, expand and diversify trade between India and Nepal which included the provision for technical cooperation (Art. 1). Both the countries agreed to ensure the free flow of goods (Art. 2) and granted favourable nation status and treatment to each other for better customs and import policies (Art. 3). In order to facilitate better trade relations, the Treaty stands for the exemption of basic customs duty and quantitative restriction on primary products (Art. 4). The Treaty envisaged encouraging the industrial development of Nepal by providing better market facilities in India for the industrial products of Nepal by means of exemption of customs duty and

quantitative restrictions (Art. 5). Nepal also agreed to exempt customs duty and quantitative restrictions on imports from India subject to the development and protection of their industries (Art. 6). The new Treaty continued the previous treaty provisions with regard to payments for transactions, foreign exchange and trade, protection of security interests and the tenure of the treaty (Treaty of Trade, 1978).

The Transit Treaty of 1978 was the upshot of the recognition of the needs of Nepal as a landlocked country to conduct international trade through the territory of India. It was for the first time the transit was separated from the trade treaties by acknowledging the demand of Nepal. The Treaty was consisted of 11 articles. The primary purpose of the Treaty was to facilitate freedom of traffic in transit through the mutually identified routes without any distinction on the basis of the flag of vessels, place of origin, departure, entry, exit, destination or ownership (Art. 1). But the freedom of transit in any way was not definitive and was subjected to legitimate and essential security interests of both countries (Art. 2). The traffic in transit was made completely free from the customs and transit duties (Art. 4). Nepal's demand for more storage facilities in India for the storage of goods awaiting customs clearance was satisfied in the Treaty (Art. 5). Separate protocol was attached to the Treaty prescribing the procedure for the smooth conduct of transit (Art. 6) (Treaty of Trade, 1978).

In contrast to the earlier treaties, the Treaty of Transit 1978 was signed for a period of seven years with the provision to renew it for further seven years (Art. 11) (Treaty of Transit, 1978). The Trade and Transit Treaties signed between India and Nepal in 1978 was continued by extending the term until it was renewed in 1991. The Treaty of Trade 1991 was further renewed in 1996, 2002 and 2009. In 2016 both India and Nepal agreed to continue the revised Treaty of 2009 for further seven years without any changes (Acharya, 2016). The Transit Treaty of 1991 was renewed in 1999. In 2014 the Transit Treaty of 1999 was amended to facilitate traffic in transit for goods of third country origin exported from Nepal (IANS, 2014). Though Nepal constantly demanded better trade and transit negotiations between the two countries, India had been following the policy of negligence and domination towards the demand.

#### **4.4 India-Nepal Political Relation (1947-1990)**

The basic spirit of India's foreign policy after independence was the protection of the independence and sovereignty of India as well as the nations of third world. But in the case of

Nepal, even though India accepted and respected her independence and sovereignty, India never wanted to allow her to develop close relation with any other nation especially with China. India's bilateral relation with Nepal after the independence was thus essentially influenced by her suspicion over Communist China which seizure Tibet in 1950. It was because of India's security concerns in South Asia in general as well as in the Himalayan region in particular. Consequently India's relation with Nepal was started and guided all the time by her regional security perceptions and policies. In order to accomplish her security interests in Nepal, India wanted to bring Nepal under her close surveillance by means of unilateral engagements and negotiations (Orton, 2010). India had actually exploited the political economic and social situations of Nepal and made those situations as an opportunity and a way for India's informal intervention in the domestic affairs of independent Nepal. India had a firm intention that more than any other nation she should have an inevitable role in the state building of Nepal including the formalization of democracy, economic upliftment and social emancipation.

The fundamental orientation of India's foreign policy towards Nepal was expressed by Jawaharlal Nehru in two statements made in the Indian Parliament in 1950. On 17 March 1950 Nehru affirmed in the Parliament that 'it is clear that the interest of India and Nepal are inevitably joined up. It is not possible for any Indian Government to tolerate any invasion of Nepal from anywhere. It is not necessary for us to have a military alliance with Nepal. But apart from any pact or alliance, the fact remains that we cannot tolerate any invasion from any foreign country on any part of the Indian sub-continent or whatever you may like to call it. And any possible invasion of Nepal would inevitably involve the safety of India' (Roy, 2010, p. 66). Again on 6 December 1950 Nehru reiterated in the Parliament that 'from time immemorial the Himalayas have provided us with magnificent frontiers. We cannot allow that barrier to be penetrated because it is also the principal barrier to India. Therefore, as much as we appreciate the independence of Nepal, we cannot allow anything to go wrong in Nepal or permit that barrier to be crossed or weakened, because that would be a risk to our own country' (Kumar, 2011. P. 72). Thus Nepal became an instrumental part of India's geographical security as well as political power.

The movement India led against the British apparently influenced the people of Nepal to fight against the autocratic Ranas for their basic democratic rights. During that struggle the anti-Rana protesters were highly influenced by the Indian leaders. The movement for democracy in

Nepal was even organized from India by the young anti-Rana protesters who were in India either for their higher studies or as political refugees. They also supported and took part in India's freedom struggle since the Britishers were in support of the Rana rule in Nepal. So the freedom fighters from both India and Nepal united against the anti-democratic forces present in their respective countries. But after her independence in 1947, India's support towards Nepal for the cause of democracy become truly official and followed the policy of non-intervention in the domestic affairs of independent Nepal (Singh, 2014). Instead of giving support and help to the democratic forces in Nepal, Nehru followed the policy of persuading the Ranas to grant democratic rights to the people of Nepal. Nehru had well understood the power position of the Ranas after the departure of the British, the support base of Rana monocracy. So he sought to take advantage of the feeble political subsistence of the Ranas in favour of India and succeeded even to conclude the friendship and trade treaty in 1950 which was unilateral in many ways to defend the security interests of India.

Meanwhile the struggle for democracy was popularized and strengthened in Nepal and gathered international attention. Ranas had felt that India would support them as a courtesy to their subjugation to New Delhi and India was optimistic of a peaceful settlement through political persuasion. But when Ranas were not ready to respect people's call for democracy and anti-Rana protesters got wide momentum and started armed struggle, India had no other option but to stand for the cause of people's democracy in order to avoid the intervention of the regional and extra-regional powers and to uphold her ideological commitments to democracy. Thus under the political mediation of India the Ranas, the Nepali Congress Party and King Tribhuvan had reached into a mutual agreement in 1951, came to be known as the Delhi Accord. Through the verbal agreement the decision was for the restoration of monarchy under King Tribhuvan and for the formation of a ten member ministry with the equal participation of the Ranas and the Nepali Congress Party (Basu, 2010). It was also decided to conduct general election to form the constituent assembly to frame a new Constitution based on democracy within two years. The Nepali Congress Party was not pleased with the compromise agreement since they lost the opportunity for the establishment of people's democracy. But they were incompetent to disregard the Indian proposal to merge ancient order with democratic elements.

Though India played a role in the first ever political reformation in Nepal and succeeded to restrict the anti-Rana protest not leading to a major civil crisis, it hadn't produced any positive

impact in the Indo-Nepal relation. The involvement for peaceful settlement rather produced anti-India sentiments in Nepal rather than improving the neighbourhood friendly relationship (Josse, 1984). The Nepalis felt that it was a golden opportunity that they lost for transforming Nepal into a true democratic country by overthrowing all kinds of anti-democratic elements through the revolution started by the Nepali Congress. Their feeling had become profound when the first ever effort for installing democracy in Nepal unfortunately ended up in deadlock when the Nepali Congress Party left the coalition ministry over the disagreement with the Ranas. It was widely criticized India in Nepal that her unrealistic compromise proposal led to the political instability in the country. The instability caused by the resignation of the ministry was made in favour of him by King Tribhuvan to exhort his political power over the country's administration. The instability continued in the following years over forming democratic governments and by 1960 Nepal fell under the absolute control of monarchy. India had nothing to do but to regret on her role in re-installing monarchy in Nepal.

King Mahendra who occupied the throne after the death of King Tribhuvan in 1955 had the zeal for absolute power and engaged in political tactics to secure his royal control over Nepal. Mahendra was clever enough to develop friendly relations with both India and China so that, in his stratagem, in an adverse situation of crisis in his royal power he would ask for support from either side. In 1956 Nepal signed a treaty with China marked the official beginning of bilateral camaraderie. Through the treaty Nepal accepted Chinese sovereignty over the Tibet. In 1960 Nepal signed the Treaty of Peace and Friendship with China. The China-Nepal deal had put much pressure on Indian diplomacy to secure India's extra-territorial security interests. Mahendra had the greater ambition of making Nepal closer to China against the celebrated traditional bonds by means of the propagation of the anti-India sentiments to counter India's support to the Nepali Congress (Tripathi, 2011). But the Nepali Congress Party believed in the historical ties developed with India and took pro-India approach albeit they were despondent over India's previous democratic deal with the King.

India's strong protest against the dismissal of the Koirala Ministry in 1960 and the subsequent introduction of the partyless panchayat system in 1962 had created quandary in the Indo-Nepal relation in the 1960's. India's remonstrations were openly registered by Nehru in the Indian Parliament by saying "it is not for me to criticize the actions taken there but, obviously it is a matter of regret for all of us that a democratic experiment or practice that was going on has

suffered a setback” (Jha, 1975, p. 167). But King Mahendra had managed Indian displeasure by the political maneuver of making the enemy of India as Nepal’s friend. Mahendra had turned into more pro-Chinese and pro-Pakistan stance to counteract any Indian move to interfere in the domestic politics of Nepal in the name of democracy. An agreement on construction of highway connecting Kathmandu with Kodari in Tibet was signed between China and Nepal in 1961. The road was constructed in 1965 which had vast strategic importance since it provided easy access for China not only to Nepal but also to India (Thapliyal, 1998). Nepal also had taken a neutral position in the 1962 India-China open war over the territorial claim which was more than enough for attracting the great pleasure of China. The Trade Agreement between Nepal and Pakistan signed on 19 October 1962 was too strategically important for Mahendra to protect his domestic political interests.

The King Mahendra’s strategy to built strong bilateral relation with both China and Pakistan to counter India had worked out in a way that India’s security interests compelled to review her earlier position on the introduction of partyless panchayat system in Nepal. The compulsion was at the maximum when India-China border war broke out on 20 October 1962. Consequently India had no other option than to accept the political reforms of King Mahendra and persuaded the protesters who got Indian support including the Nepali Congress to end the violent protest which claimed many lives. On 8 November 1962 Nepali Congress officially suspended their violent agitation against the King (Whelpton, 2008). India’s defeat at the hand of China in the border dispute of 1962 had obligated New Delhi to take immediate steps for reconciliation with Nepal. Jawaharlal Nehru thus sent his Home Minister Lal Bahadur Shastri to Nepal on March 1963 to assure India’s support to King Mahendra and to his domestic political reforms (Jayapalan, 2000). India besides increased her economic assistance to Nepal to normalize the troubled relation.

Lal Bahadur Shastri’s reconciliation visit resulted in the frequent political visits by the leaders of both countries as the indication of improvement in the bilateral relationship. In return of India’s political support to his reforms, King Mahendra made his courtesy visit to India in August 1963. During the visit Mahendra assured Nehru that Nepal’s relation with any other nation including China would never be against India’s security interests and by no means having the intention to replace India from the status of Nepal’s most trusted friend (Pradhan, 1996). The visit of King Mahendra was in a while followed by the visit of Indian President S.

Radhakrishnan. During his visit in November 1963 President Radhakrishnan with King Mahendra issued a joint statement which said that “Nepal and India have a vital interest in each other’s well-being, independence and integrity, and that personal contacts at different levels should be maintained with a view to strengthening the traditional bonds of friendship between them” (Singh, 2009, p. 184). President Radhakrishnan moreover openly declared India’s new approach to King Mahendra by gratifying his introduction of partyless panchayat system as an experiment in democracy.

But the Indian policy of appeasement could not fully succeed in weaning Nepal away from its apparently increasing association with China (Jayapalan, 2000, p. 224). Nepal actually wanted to get out of Indian supremacy and influence especially in matters of trade and transit by means of decreasing economic dependence on India. Nepal had realized that it was possible only if Nepal had a second option to maintain economic relationship. For that they found China, the next immediate neighbour and a rival of India, as the best option. Nepal was well aware of the result of her new association with China. It was sure for them that India would never want to spoil her relation with Nepal because it was surely detrimental to India’s security interests. Instead India would be compelled to review her policy attitude towards Nepal. China was in fact looking for an opportunity to build up strong relation with Nepal which was strategic for them to counter India. Hence Nepal had planned to harvest the maximum benefit out of the relationship with India and China (Upadhya, 2015). Throughout the period of 1960’s Nepal had succeeded to implement the strategy of appeasing China for getting favours from India.

But the period of 1970’s was entirely different from the previous decade with regard to the nature and style of India’s relation with Nepal. In the 1970’s India under Indira Gandhi got some substantial power status in South Asia owing to her Friendship Treaty with Soviet Union and the victory over Pakistan which resulted in the creation of Bangladesh (Devi, 2011). Indira Gandhi wanted to substitute appeasement by mutuality in the relationship with Nepal. The change in India’s approach was evident when the time was come up to renew the Trade and Transit Treaty in 1970. It was renewed only in 1971 and that too without considering any demand of Nepal for concession in bilateral trade. India’s accession of Sikkim and nuclear explosion, both in 1974, had further reduced the negotiating power of Nepal. In 1975 King Birendra during his coronation ceremony had made the zone of peace proposition to counter any intention of India to impose further control over Nepal. India’s endorsement was mandatory for the proposal

to get international sanction. But India stubbornly refused to accept Birendra's proposal by saying that it was against the security provisions of the existing friendship treaty of 1950 (Singh, 2009). Thus Nepal's greater intention to override 1950 Friendship Treaty to free the country from India's security interest was ended up in failure.

The Janata Government, which came into power in India in 1977, considered the relation with the neighbours as the top most priority of the new government and decided to initiate steps for resolving outstanding issues and differences with neighbouring countries (Jayapalan, 2000, p. 226). Nepal had got the benefit of the new approach of the new government. Prime Minister Morarji Desai paid a goodwill visit to Nepal in December 1977 to strengthen the bilateral co-operation especially in the field of trade and commerce. During his visit Morarji Desai confirmed that the landlocked countries had the right to free and unrestricted access to and from the sea in order to carry on their trade (Thapliyal, 1998, p. 127). As a result of the generous approach of the Janata Government towards the neighbours, the longstanding aspiration of Nepal for separate trade and transit treaty was fulfilled in March 1978. Janata Government also extended financial assistance for the construction of hydro-electric and irrigation projects in Nepal which were vital for the flourishing of their agrarian and industrial economy. The Janata Government was quite successful in building confidence and understanding in the Indo-Nepal friendship and co-operation on the basis of beneficial bilateralism (Jayapalan, 2000). It never meant that all the issues including the zone of peace proposal was resolved but mooted for a while.

Nepal was largely left alone by India over the course of the 1980s. Indira Gandhi was not interested to take hard-line approach to Nepal since she was preoccupied by the demand of Khalistan and the revitalized opposition. When Rajiv Gandhi became the Prime Minister in 1984 after the assassination of Indira Gandhi, he too was concentrated more on to resolve the domestic issues as prerequisite for strong external policy (Ramachandran, 2003, p. 88). Hence the period was largely the continuation of the warmth created by the Janata Government with Nepal. But things had changed and deteriorated the bilateral relation in 1989. The Nepal strategy of counter balancing India by making deals with China led to a serious diplomatic imbroglio between India and Nepal over the trade and transit treaty in 1989 (Basu, 2010, p. 94). Severe tension was aroused out of the policies and actions of Nepal which provoked India to respond firmly. There were three major reasons for India's immediate provocation. First, in 1988 Nepal made negotiation with China for the purchase of \$20 million worth military equipments including light



arms, ammunition, and sixteen antiaircraft guns. Second, Nepal introduced work permit system by which Indian workers in Nepal wanted to obtain work permits. Third, Nepal awarded contracts to China to perform construction projects in strategic areas near the Indian border (Blanchard, 2013, p. 244). The act of Nepal was out of King Birendra's greater desire to be free from Indian influence.

India considered the act of Nepal as violation of the existing friendly relation based on the 1950 Treaty and reacted strongly when a chance occurred in the form of renewal of the Trade and Transit Treaty which expired in March 1989. India refused to renew the treaty in separate form and insisted that the existing separate Trade and Transit Treaty should be combined into a single treaty. Nepal refused to accept Indian demand which resulted in the closure of thirteen transit points between India and Nepal out of fifteen. The two transit points which remained open were made under rigorous inspection and permitted to carry only essential goods. The economic condition of Nepal was further affected and become severe when India limited the supply of petroleum and denied access to railway wagons from Bangladesh carrying goods to Nepal (Basu, 2010, p. 95). India's harsh economic blockade had totally disturbed and destructed Nepalese economy. King Birendra tried his level best to get support from China and also from international community to overcome Indian economic pressure but ended in failure due to the nature of Nepalese economy which depended largely on India.

The domestic political situation in Nepal was also worsened during the time when India openly challenged Nepal. There were growing level of protest under the support of the Nepali Congress and the Left parties against the royal regime and for the restoration of democracy over the partyless panchayat system. India's economic blockade had added fuel to the protests against the King and his autocratic regime. Finally democracy was restored in Nepal in 1990 after a country wide protest movement hosted by the Nepali Congress. An interim government under the prime-ministership of Nepali Congress leader K.P. Bhattarai was formed in April 1990. The new government after assuming the office straight away acted for the restoration of the cordial relation with India. Bhattarai visited India in June 1990 to pacify the issues. After consultation with the Indian Prime Minister V. P. Singh, Bhattarai affirmed to the media that "we tried to assure them that our own views would show and prove that we shall take care of their security perceptions and shall not allow Nepal to be used as a base by anyone- China or any other country" (Garver, 1991, p. 972). With the effort of the Bhattarai government India lifted the

virtual economic blockade and assured her commitment to the development of Nepal's economy. The Nepal internal economic crisis followed by the Indian economic blockade revealed the vulnerability of the landlocked country and the need for sensitiveness in India's approach towards Nepal.

#### **4.5 Conclusion**

The basic orientation of Indian foreign policy is entrenched in the twin obligations of ensuring national security and safeguarding the independence and sovereignty of the third world nations. Both these commitments were the offshoot of India's colonial experience and her determination to come out from those days of darkness. Before and after independence Indian leaders conceived India's transformation into a powerful nation as means for creating a better world order where the political and economic interest of the deprived nations are well preserved. The founders crafted the basic philosophy and objectives of Indian foreign policy to this end. India's endorsement of Panchsheel doctrine and Non-alignment were part of the effort to establish fairness in India's external relationship with the world nations. Indian foreign policy also desired to ensure regional security in South Asia by establishing cordial relation with the neighbouring countries. India conceived regional security as the pre-requisite for national security owing to her geographical position in South Asia.

But virtually to what extent India has succeeded to balance the twin obligations of national security and concern for the independence and sovereignty of others while making relation with Nepal is a matter of concern. India's geo-strategic position in South Asia and her political dispute with China and Pakistan compelled India to emphasize national security over the independence and sovereignty of Nepal. Nepal's geographical position between India and her rival China had induced India to impose extreme security concern in the bilateral relation with Nepal. India's stress on security concern was evident from the provisions of 1950 Friendship Treaty which made Nepal under India's security surveillance. It was also evident from the Trade and Transit Treaty which too wanted to make Nepal depend on India. India's over emphasizing on Security and the desire to impose indirect political and economic control is actually more than bearable for the landlocked Nepal. So India's effort to impose her hegemony over Nepal and Nepal's inability to counter Indian supremacy because of her geographical limitations is the story

of India-Nepal bilateral relation. But it is certain that India can maintain her hegemony over Nepal only until and unless there establish a strong political order in Nepal.

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## CHAPTER V

### INDIA AND NEPAL: BILATERAL RELATIONSHIP SINCE 1990

The bilateral relationship between India and Nepal entered into a new phase with the reinstallation of multi-party politics in Nepal by ending the thirty years long partyless Panchayat System through People's Movement for democracy organized in 1990. India too was transformed in terms of shift in her foreign policy orientation towards foreign trade and investment with the adoption of new economic policy based on neoliberal Structural Adjustment Programme in the year 1991. The reinstallation of multi-party politics was the starting point of greater political transformation in Nepal. The country subsequently witnessed violent protests and movements for democracy organized at different levels by the major political parties and the Maoists. It resulted for wide spread political unrest and deterioration of public life. The protests and movements were culminated in 2008 with the abolition of the century's long monarchy and the declaration of the country as democratic republic. But the abolition of monarchy and the establishment of true democracy led to another level of conflict in the country spearheaded by the Maoists who entered into the mainstream politics through Comprehensive Peace Agreement during the struggle against the King. The regional communities and groups who were disappointed in the new system and claimed more representation also engaged in violence. The result was that the Constituent Assembly took eight years to draft the Constitution in 2015.

India's relationship with Nepal was encouraging during the period of the struggle for democracy. India mediated for establishing an understanding between the King and the political parties at first level and between the political parties and the Maoists later in order to sustain democracy in the country stable and peaceful. India, as in the past, had supported the continuation of the authority of the King under parliamentary system. But when India realized that the King wanted to depose democracy for accumulation of political power and playing the China card, India vehemently supported the People's Movement to overthrow monarchy. India's role was crucial in the political mainstreaming of the Maoists by signing a peace deal with the seven major political parties of Nepal. It had resulted for a change in Maoist's political strategy of acute violence and anti-India sentiments. It was expected that Nepal would no longer remained unstable and the life would be safe and peaceful. Though there were regional protests organized especially by the Madheshi community, the election to the Constituent Assembly to

draft the new Constitution had boosted the hope. India also had a constructive role in the rebuilding of the country through financial assistance.

But India's engagement with Nepal after the election to the Constituent Assembly and till today has been disappointing and characterized by undue interference by undermining the democratic value and political morality. In the general election, the Maoists emerged as the single largest party in the Assembly and formed government under their leader Prachanda. The event was totally against the expectation of India who preferred and expected the Nepali Congress to lead new Nepal. It was due to the anti-India posture of the Maoists and the possibility of political understanding and influence over the Nepali Congress. Hence, when the Maoists formed the government, India tried to control the political events in Nepal by supporting the other political players to balance the Maoists inclination to hold control over the Nepalese polity and society. This had led severe political clashes between New Delhi and the Maoists and once in 2009 resulted for the resignation of Prachanda from the prime-ministership. The Maoist's allegation of India's undue political interference in the domestic affairs of Nepal was once again evident during the protest of Madheshi community after the promulgation of the new Constitution in 2015. India openly supported the violent Madheshi protest and it was regarded as India's retribution to the non-acceptance of her proposals in the new Constitution.

In the past India was able to apply her coercive diplomacy over Nepal and induced political control due to the deteriorated domestic situations. Both the King and the major political parties were in need of India's support for their domestic existence. This had made India capable of playing a major role in Nepal as a big brother. But today everything has changed in favour of the sovereign independence of Nepal. It does not remain as a politically fragile nation destined to external pressure and control. For Nepal, today India is a better option and not a lone destination. This has opened the possibilities and opportunities to China who always interested in Nepal to counter balance India's influence in the greater Himalaya. The new political dimension in Nepal especially the merger of the Communist party and the Maoists to form the Nepal Communist Party and its rule in Nepal today is definitely an alarming fact to India and her diplomatic officials who still living in the legacy of coercive diplomacy. Any attempt of India's political intervention or economic control in Nepal will be counter balanced by the Nepal Communist Party with China. Hence, it is high time for India to realize the fact that from the Himalayan

security perspective India has the single option of Nepal, but for Nepal from the perspective of political support and economic growth has the two options of India and China.

### **5.1 India-Nepal Relationship: 1990-2007**

The period from 1990 to 2007 was the period of political transition and governmental instability in Nepal. The period witnessed some striking developments in the domestic politics of Nepal. It was the crucial period of political agitation which later transformed the political and religious identity of the country. The period was featured by the restoration of multi-party democracy (1990), political instability due to frequent changes in government, emergence of the Communist Party into political power (1994), launching of people's war by the Maoists (1995), royal massacre (2001), re-emergence of royal despotism (2005), and the induction of the final struggle for true democracy (2007). Being an India-locked country and an imperative element of India's security interests in the Himalayan region, political developments in Nepal had a profound influence in the nature and character of India-Nepal bilateral relationship. According to J. N. Dixit, 'the impulses and pressures of Nepal's domestic politics influence her bilateral relationship with none of her Asian neighbours including China but India' (Dixit, 2001, p. 311). At the same time India had been accused of trying to influence and interfere in the domestic political developments of Nepal.

For Nepal, the year 1990 was remarkable in the domestic political history as well as in her bilateral relationship with India. In the domestic political history, the year 1990 marked the end of the thirty years long partyless panchayat system and the restoration of multi-party democracy after a violent people's agitation organized by the major political parties against the royal regime. In the context of Nepal's bilateral relation with India, the year 1990 opened up new doors of hope and friendship after a year's long virtual economic blockade imposed by India as a counter action to Nepal's intentional move to balance Indian influence over Nepal by means of political deal with China. The re-installation of multi-party democracy was the upshot of the long struggle fought by the people of Nepal against royal dictatorship and the beginning of the political reforms which in due course established republican democracy in 2008. The re-installation of democracy moreover resulted for the re-building of trust and confidence in India-Nepal bilateral relationship. The interim government formed under the Nepali Congress in 1990

took special care and effort to continue the special relationship with India by making a settlement to the burning issues emerged out of the pro-Chinese policy of the King.

The history of India-Nepal bilateral relationship shows that the democratic governments in Nepal took special attention to maintain friendly and co-operative relation with India. But under the royal regime Nepal had preferred China which constantly resulted for the emergence of tribulations in her bilateral relationship with India. When King Birendra played the China card against India in 1989 by making defence deal with China, the India-Nepal bilateral relationship entered into its worst part of history. India retorted strongly and refused to negotiate separate Treaties for trade and transit and insisted for a single treaty for both. The King refused to accept Indian proposal and the expiration of the treaty resulted for the closure of all but two entry points on the India-Nepal border. The closure of entry points resulted for the shortage of essential goods including the shortage of fuel. The economy of Nepal which closely inter-connected with India was by no means able to overcome the horrible situation of economic isolation. The King tried to overcome the situation with the help of China but realized that it is not possible in the long run due to the lack of easy access and huge financial burden. Under the trauma situation the King was busy in breeding the anti-India sentiments than resolving the issue which day by day deteriorated the economic condition of Nepal.

The trouble in India-Nepal bilateral relationship and the consequential economic deterioration was at a time when the pro-democracy forces including the Nepali Congress were organizing their struggle for democracy. The worst economic situation of the country due to the personal priority of the King towards China was an opportunity to the protestors to evoke their political propagation against the King and his partyless panchayat system. There were two different but dominant arguments concerning India's harsh policy towards Nepal during the time of pro-democracy movement in that country. It was argued that the tension was out of Nepal's natural intention to become a sovereign independent nation by breaking the string which tied Nepal over the years since 1950 Friendship Treaty. The other argument considered it as the Indian ploy to stimulate democratic sentiments by means of destabilizing the country after creating deep economic trouble (Parajulee, 2000, p. 198). Both arguments having its own claim of evidence since the relationship was normalized only after the withdrawal of the arms deal with China by the interim government formed after the restoration of democracy.

The normalization of India-Nepal bilateral relationship from the 1989 distress was happened after the formation of new governments in both countries. In December 1989 new government was formed after the general election in India under the prime-ministership of V. P. Singh of Janata Dal. In Nepal an interim government was formed in April 1990 under the prime-ministership of Nepali Congress President Krishna Prasad Bhattarai which marked the end of the panchayat system. Prime Minister V. P. Singh and his Foreign Affairs Minister I. K. Gujral were sympathetic towards Nepal. The new government considered Rajiv Gandhi's foreign policy towards Nepal as domineering and wanted to make the Himalayan neighbour friendlier to protect India's larger regional security interests. All together the new government in Nepal under the Nepali Congress also wanted to protect and promote the traditional acquaintance linking the two countries for securing the larger domestic interest of their country. The immediate objective of the interim government was to convince India that Nepal never wanted to reverse the 1950 Friendship Treaty and never wanted to establish relationship with any other country by destroying the special relationship with India.

K. P. Bhattarai, soon after assuming the office of prime minister, paid an official visit to India in June 1990. Before his visit, India's External Affairs Minister I. K. Gujral made a statement in the official news paper of Nepal that India is willing to accommodate the economic aspirations of the Nepalese people. He also added that India is disturbed about the security concerns and the discrimination of Indians in Nepal and that needed to be resolved for smooth bilateral co-operation (Singh, 2009, p. 263). The intention of Bhattarai's visit was to save his nation from the economic sufferings so that he came to India by repealing the decisions of the previous royal government which provoked India. Hence his negotiation with India was trouble-free and both countries agreed to resolve each other's concerns. India not only agreed to open all the existing trade and transit routes but also to open new entry points to Nepal for the purpose to promote tourism. Nepal on the other hand agreed to end discrimination to Indian labours and products by withdrawing the work permit system imposed for the Indians in Nepal and the discriminatory levies imposed on Indian goods. India also agreed to continue the special privilege given to some categories of Nepalese goods for the duty free access to Indian Market.

Bhattarai's visit and the afterward negotiation had once again proved that India and Nepal are indispensable and sensitive to each other's and desired special care and preference in their policies and actions. I. K. Gujral, who was a well wisher and good friend of Nepal, visited

Nepal in August 1990 to further enhance the bilateral relationship. Gujral emphasized on the need for more economic co-operation with India for the capacity building of Nepalese economy. To promote the tourism potential of Nepal he agreed to open three entry points from Uttar Pradesh for the foreign tourists. Gujral also highlighted the feasibility of co-operation for water resource management. When Chandra Shekhar became the Prime Minister he made his first official visit to Nepal in February 1991. Chandra Shekhar was a great advocate of democracy in Nepal who openly supported the movement for Nepalese democracy in 1990. During his visit discussions were held for co-operation in the field of health facilities, water resource, and transportation. It is a fact that in the past the Congress governments used coercive diplomacy to enforce India's security interests in Nepal and thus generated a sense of repression in the minds of the Nepalese. But the non-Congress governments in 1977, 1989, and 1990 were empathetic towards the cause of Nepal and in building the reciprocal relation with Nepal.

Nepal adopted a new Constitution on 9 November 1990 which established popular sovereignty by demolishing the power of the king. General election was held in May 1991 and the new government under the prime-ministership of G. P. Koirala was formed even though Nepali Congress secured seats less than the substantial majority. In India too new government was formed under P. V. Narasimha Rao of Indian National Congress in June 1991. Narasimha Rao, the chief architect of India's economic liberalization, focused on building strong bilateral relationship based on liberal economic co-operation and integration. Narasimha Rao had fundamental knowledge concerning the magnitude of India-Nepal relationship as he was the foreign affairs minister in the Rajiv Gandhi ministry. G. P. Koirala, a hardcore friend of India, too was aware of how India special for the state building of Nepal and believed in maintaining enduring friendship with India. Hence the year 1991 marked some substantial improvement in the India-Nepal relationship especially in the field of bilateral trade and commerce.

Prime Minister G. P. Koirala visited India in December 1991 with a mission to deal with India for separate treaties for trade and transit. After negotiation both countries signed two separate treaties for trade with a validity of five years and transit with a validity of seven years on 6 December 1991. Both the treaties to a certain extent accommodated some provisions to resolve the issues raised by Nepal. For duty free and quota free access to Indian market the amount of Nepalese or Indian material content in the goods manufactured in Nepal was reduced from 65% to 55% by the new treaty to facilitate market for more Nepalese products. The Treaty

also allowed duty free access to 14 primary products on a reciprocal basis. The treaty set on one of the longstanding demand of Nepal regarding the validity period of proforma clearance given by the Indian Embassy to the Nepalese exporters for duty free access by extending the validity period from two years to five years. The Transit Treaty provided to open two new transit routes from Calcutta to Panitanki and Sukhiapokhri. Narasimha Rao's vision of economic liberalization and free market system helped Nepal to secure economic concession for the revival of her deprived economy through the 1991 treaties.

During the visit of Koirala both countries also signed the Tanakpur Barrage Agreement which later resulted for higher criticism against Koirala and erected anti-India sentiments in Nepal. The agreement was for the construction of a Left Afflux Bund in the Tanakpur barrage project in 577 meters length inside the Nepalese terrain. For the construction activities Nepal agreed to provide 2.9 hectares of land to India, but retained sovereignty over the land. In return India agreed to provide 150 cusecs of water to irrigate nearly 50,000 hectares of agricultural land in Nepal. In addition India also agreed to supply 10 MW of electricity to Nepal annually at free of cost which was later increased to 20 MW per annum in 1992. But criticism was aroused in Nepal against Koirala by accusing him of submissive to India not only by the members of the opposition parties but also by some members of his own Nepali Congress. They mobilized public resentment against Koirala in the light of the experience of the 1929 Mahakali river agreement with India and had demanded that the Tanakpur agreement should be ratified by the Parliament. The opposition demand for the resignation of Koirala had become strong when the Supreme Court ruled that the agreement is a treaty and as per the provision of the 1990 Constitution it should be ratified by the Nepalese Parliament.

The Tanakpur project agreement had created wide spread speculation in Nepal that the project is an attempt of India to control the Nepalese territory to claim her regional hegemony over the Himalayan region. The communist parties and the pro-China groups had well utilized the situation as a political opportunity to propagate their anti-India sentiments and their demand for the abrogation of the 1950 Friendship Treaty. Political pressure was severe for the resignation of G. P. Koirala, but he disregarded all the demands and hung on power. Koirala even lost the support of his party that the members of his own party charged him of corruption and nepotism. But at last the Koirala ministry was resigned in July 1994 when his government lost a vote in the Parliament regarding budget due to the non-cooperation of his colleagues in the party (Adhikari,



2015, p. 187). After the resignation of Koirala, the King dissolved the Parliament and declared general election in November. Thus India in part had become a cause for the half way fall of the first democratically elected government after the great restoration of democracy in 1990.

The nature of Nepal's relation with India was a matter of debate during the general election of 1994. The Nepali Congress opted for reforming the multidimensional relation with India on the basis of reality and objectivity, but the Communist Party of Nepal, committed to developing relations with both India and China on the basis of equality, added that it would review all 'unequal treaties and agreements' including the 1950 Treaty of Peace and Friendship with India (Baral, 1995, p. 434). The general election result was in favour of the Communist Party of Nepal (Unified Marxist-Leninist) which got 88 seats with a vote share of 30.85%. The Nepali Congress, though left behind the CPN (UML) with 83 seats, had got the highest vote share of 33.38%. How the new government under the Communists is going to reorient Nepal's foreign policy towards India and China was a matter of genuine curiosity among the diplomatic circle. The general election of 1994 thus showed how the nature of India-Nepal relation influenced the domestic politics of Nepal and how the domestic politics in Nepal had polarized to alter the nature of India-Nepal bilateral relations.

The first communist government in the history of Nepal was formed under the prime-ministership of Man Mohan Adhikari on 30 November 1994. Before assuming office Adhikari stated that his government wants a review of the Indo-Nepal Treaty of Peace and Friendship of 1950, followed by the treaty of 1965 on security. Adhikari further added that India should not treat Nepal as part of its security umbrella, or mind Nepal buying necessary arms from third country, if that does not pose any threat to India's security. He further accused that the Indian Embassy directly involved for influencing the election mandate in favour of the Nepali Congress (Chakravarti, 1994). The entry of the communists in power was actually against India's expectation that the restoration of democracy would make Nepal manageable for securing India's sensitive security interests. The communist government under Adhikari who openly questioned the validity of 1950 friendship treaty in the new world order and wanted to establish independent foreign policy with an equal priority to both India and China was hence a challenge to India's coercive foreign policy orientation towards the small neighbours.

It was for the first time a strong official demand by a democratically elected government came from Nepal to review the relation with India to balance the benefit in favour of Nepal. The visit of Man Mohan Adhikari to India in April 1995 was thus crucial to determine the destiny of India-Nepal bilateral engagement. Before his official visit Adhikari sent his Deputy Prime Minister and Foreign Affairs Minister Madhav Nepal on February 1995 to create a platform for discussing the contentious issues raised by him. During the time of bilateral negotiation Adhikari was firm on his demand to review the relation according to the changed global and regional political scenario to make Nepal free from Indian security umbrella. He further raised the problem of social crisis caused by the uncontrolled movement of people from India to Nepal for employment. It was an indication to the future course of India-Nepal bilateral relation when the Nepalese Prime Minister undoubtedly declared that modern Nepal needed equal friendship with India and China. Indian Prime Minister Narasimha Rao had no other option than to accept the sentiments of the Nepali people and recommended for more political consultations to accommodate the demands of Nepal regarding equality in bilateral engagements.

Narasimha Rao was both politically and strategically clever enough to hide the contentious political issues raised by Nepal from lime light by providing more bilateral economic concession to Nepal. He took the first step to pacify the anti-India sentiments in Nepal by opening the Bombay and Kandla ports for the transit purpose of Nepal. It was additional to the existing Calcutta port and fairly enough to gratify the traders and business communities in Nepal. Agreements were also signed for the construction of bridges on the Kolhapur Mahakali sector, Raxaul Sirsya broad gauge rail link and joint survey of East-West Electric Railway (Ghosh, 2016, p. 441). Politically India was fortunate enough that the Communist government in Nepal had collapsed even before completing a year in power when a no confidence motion was passed in the Parliament in September 1995. The Nepali Congress formed a coalition government under the prime-ministership of Sher Bahadur Deuba instantaneously after the disposal of the Adhikari Government. India viewed the formation of new government in Nepal as a way forward for continuing the relation with Nepal without altering the security implications established under the 1950 Treaty.

India and Nepal entered into a new level of co-operation in the field of water resource management with the signing of the Treaty on Mahakali River. The Treaty was signed during the state visit of Nepalese Prime Minister Sher Bahadur Deuba in February 1996. The Treaty was for

the integrated development of the Mahakali River including Sarda Barrage, Tanakpur Barrage and Pancheshwar Project. It was intended to resolve the controversy and dispute between the two countries on water resource sharing emerged since the Kosi River Agreement of 1954. The Treaty was finalized for approval after a consensus among the major political parties in Nepal so as to avoid domestic criticism. The Treaty tried to overcome the mass apprehension of the Nepalese over the Tanakpur agreement by providing for 50 million units of electricity to Nepal from Tanakpur power house over and above the 20 million agreed between Narasimha Rao and G. P. Koirala (Gyawali, 1999, p. 558). The Treaty provided for 1000 cusecs water during rainy seasons and 300 cusecs of water during dry seasons, the construction of the 6,480 megawatt Pancheshwar Hydropower project, and the establishment of the Mahakali River Commission. The Treaty on Mahakali River underlined not only equal partnership but also the right of Nepal to the supply of substantial quantities of water throughout the year, and the duty of India to maintain and preserve the river ecosystem (Ray, 2011, p. 451). The Treaty was indeed a landmark engagement by Indian and Nepal in the field of water resource development.

The visit of Sher Bahadur Deuba also marked the engagement of India and Nepal in the field of electric power trade. Both countries signed an umbrella agreement which allows any governmental, semi-governmental or private enterprises in Nepal or India to buy and sell power to each other (Gyawali, 1999, p. 558). The agreement was designed to attract the foreign private investments in the field of power industries in India and Nepal to overcome their energy crisis with the participation of private enterprises. It was actually the manifestation of the liberalized economic policy of both countries which opened doors for new level of engagements in the field of trade and co-operation. Thus India was able to be more friendly and co-operative with the Deuba government which helped to remove the Indian anxiety on the political question raised by the Adhikari government on the credibility of India's engagement with Nepal particularly on the basis of the 1950 Friendship Treaty. But the feasible political atmosphere in Nepal was suddenly changed by the armed rebellion launched jointly by the Communist Party of Nepal- Maoist (CPN-M) and the United Peoples' Front (UPF).

The guerilla revolution was declared by the Maoists on 13 February 1996, the time the Nepalese Prime Minister was on state visit in India. They organized the revolutionary movement against the state with the support of the deprived peasants to establish Maoist people's democracy by abolishing the existing constitutional monarchy. They raised the question of the

backwardness of Nepal society and linked that with the Indian political domination over the landlocked Nepal. The Maoists submitted a forty-point demand to the government and the top three demands were directly related to India. Those top three demands included; the abrogation of the unequal Treaty of 1950; the nullification of the Tanakpur and the Mahakali River Agreements and; the implementation of strict monitoring and control over the India-Nepal border and to restrict the free movement of vehicles from India (Mishra, 2004, p. 634). Hence, in a sense, the Maoist insurgency was also directed against India. The anti-India element in the Maoist insurgency had actually posed a great security threat to India. India was suspicious of the operations of the ISI, LTTE, Kashmiri and Punjabi terrorists on Nepali soil and feared that at critical moments they could penetrate into India with the help of the Maoists to foment trouble (Ghosh, 2016, p. 170). India also feared of developing a link between the Maoists in India and Nepal to destabilize India's internal security. Thus the Maoist insurgency had added a new security dimension in India-Nepal relations.

The Maoist insurgency in Nepal and its potential threat to Indian security by way of creating the anti-India sentiments among the Nepalese made India cautious in her relation with Nepal. Under the security pressure India had no other option than to exhibit a friendly and supportive face to the Nepalese, the majority whom were under the psychosomatic influence of the hate-India campaign. The prevalence of the anti-India sentiments among the people in India's neighbourhood was well realized by I. K. Gujral, who again becomes the External Affairs Minister of India in 1996. I. K. Gujral developed a plan of action to avert India's negative image from the minds of the people in South Asia, popularly known as the Gujral Doctrine. The Gujral Doctrine, the policy of giving unilateral concession to neighbours and promoting people to people contact, is aimed at improving relations by friendly gestures. The Doctrine intended to present India's responsibility, as a big country, to provide unilateral help to the smaller countries (Khanna, 2007, p. 51). The new policy orientation of India based on trust and friendship produced constructive results in India-Nepal relations. The ratification of the Mahakali River Treaty in the joint session of the Nepalese Parliament by a substantial majority in September 1996 was Nepal's response to India's new neighbourhood initiative.

When I. K. Gujral becomes the Prime Minister of India in April 1997, he was dedicated to build strong bond with Nepal by eliminating the mutual mistrust. Gujral visited Nepal in June 1997 with the intention of making the India-Nepal border safe and secure for the promotion of

the economic and security interests of both countries. He wanted to regain the open border as a means to sustain the historical acquaintance by making it free from the illegal forces and activities. To check the illegal activities in the open border which included smuggling of arms and narcotics, permeation of terrorists, sex trafficking etc. both countries decided to execute joint border management system to intensify vigilance over the entire open border area. As part of the Gujral Doctrine, India had also opened a new transit route through Phulbari for facilitating the trade between Nepal and Bangladesh. Though Gujral had failed to settle the dispute over the revision of the 1950 Friendship Treaty, he was quite successful in winning the minds of the Nepalese by convincing them that India is not an opponent but an opportunity and the prevalence of peace and development in Nepal is partly the responsibility of India. Hence, for the people of Nepal, I. K. Gujral is a favorite among the prime ministers of India.

In the year 1998 new governments were formed in both India and Nepal under the prime-ministership of Atal Bihari Vajpayee and Girija Prasad Koirala respectively. Vajpayee, a pragmatic leader, was enthusiastic to create friendly neighbourhood for the economic prosperity and geographical security of India. At the same time he was dedicated to ensure the security and defence credentials of the country. Hence, his government went to the extreme of conducting underground nuclear bomb test explosions to ensure the credibility of India's nuclear deterrence. This had actually created panic and suspicion among the small neighbours including Nepal about India's role in regional security. The visit of Indian President K. R. Narayanan to Nepal in May 1998 was in effect an effort to console Nepal by explaining India's nuclear doctrine and deterrence policy. However the nuclear test definitely added vigour in India's regional domination which further antagonized the neighbours. It was out of this antagonism the CPN (ML) of Nepal organized the 'Kalapani March' to claim Nepal's sovereign authority over Kalapani. Kalapani, situated as part of the Pithoragarh district of Uttar Pradesh, is a 35 square km land at the tri-junction of the international boundaries of India, Nepal and China's Tibet Autonomous Region. India asserted that the old British surveys and maps showed Kalapani as part of India (Upadhyya, 2015, p. 126). But the Nepalese Communists rejected Indian claim and wanted to convert it into a tri-party issue to ensure the involvement of China against India.

The new Communist movement for Kalapani had got the backing of the ruling Nepali Congress since CPN (ML) provided support to the Government. Nepali Congress held the view that the border disputes between the two countries should be resolved as soon as possible on the

basis of the authentic historical documents. The Kalapani issue had brought the territorial claim once again in the mainstream political arguments of both India and Nepal. But the intensity of Nepal's claim over Kalapani was neutralized with the formation of the new government with clear majority under Krishna Prasad Bhattarai of the Nepali Congress in May 1999. Bhattarai's approach to India-Nepal bilateral relations was realistic that he wanted to focus more on the trade and transit issues to benefit the economic development of Nepal. On July 9 Bhattarai told in the Parliament that his government would fully implement the controversial 1997 Mahakali Treaty with India, which provided for bilateral cooperation in the development of Nepal's massive river system and the construction of several major hydropower projects that will provide power for much of Nepal as well as exports to India (Rose, 2000, p. 191). Bhattarai's conviction was genuine and was free from political compulsion since his party had clear majority in the House and major anti-India parties were failed to get representation in the House.

The India-Nepal relation was quite warm in the years from 1999 to 2001 despite some misapprehension over the hijacking of Indian Flight from Kathmandu to New Delhi by the Pakistani terrorists in December 1999. Serious questions were aroused both from the official and public side on the critical flaws in the airport security of Nepal since the militants were boarded from the Tribhuvan International Airport in Kathmandu. In this sensitive security matter the leaders and diplomats from both sides of India and Nepal had shown their maturity to limit the issue not to develop as a major bilateral argument. But the 2001 Palace massacre and further political developments in Nepal had put a shade of darkness over the expectations to maintain strong India-Nepal relations. In the tragic event on 1 June 2001 Crown Prince Dipendra had killed King Birendra, Queen Aishwarya and seven other members of his family during a monthly dinner party at the Narayanhiti Royal Palace. Dipendra who shot himself was later on died in the hospital. The death of Dipendra made Gyanendra as the next Monarch of Nepal. After the incident the Communist Party of Nepal (Maoist) that has been waging a People's War against the monarchy since 1996 was quick to predict an end to Nepal's monarchy. But other political parties favoured the continuity of constitutional monarchy but wanted to make it more transparent and democratic (Baral, 2002, p. 198).

The policy of King Gyanendra, who wanted to regain the actual political power, was intended to destabilize the efforts for the establishment of democracy in Nepal and so as created apprehension in India-Nepal relations. He ended Nepal's decade long experiment with

democracy in October 2002 by sacking the prime minister, assuming executive authority himself and postponing elections indefinitely (Dash, 2012, p. 73). The act of the King antagonized the Maoists and intensified their People's War against the monarchy. The political situation under the anti-democratic policy of King Gyanendra was in fact against India's security aspirations and beneficial to the anti-India forces including the Maoists and the Pakistan based outfits. The political chaos in Nepal provided space for the working of anti-India forces in the border region. Pakistan effectively utilized the situation for promoting cross border terrorism in India through the India-Nepal open border. During the state visit of Prime Minister Deuba in April 2002 and the King Gyanendra in June 2002 India strongly condemned the use of Nepalese territory for the ant-India activities and called for severe joint action against the illegal forces and their anti-peace activities (Jha, 2009). India agreed to provide all kinds of support to Nepal including military equipments for the cause of maintaining peace and security.

By 2004 the internal political situation in Nepal was worsened due to the extreme anti-democratic policy of the King on one side and the extremist activities of the Maoist to end monarchy on the other. Under the intense pressure of the Maoist movement, King Gyanendra had no other option than to pacify the democratic forces. So he again appointed Sher Bahadur Deuba as the prime minister in June 2004 for more effective effort to counter Maoism (Singh, 2008). In an attempt to get the greater support of India to deal the Maoist movement, Prime Minister Deuba visited India in September 2004. The main issues of talks was the Indian military aid, as Nepal was in dire need of financial aid and grant for purchasing Indian arms and ammunitions. Nepal also wanted to encourage Indian investment for the rebuilding of Nepalese economy and for that Deuba appealed Indian entrepreneurs for the support. But things had worsened when Gyanendra had dismissed the Deuba government in February 2005 and declared state emergency. The act of the King resulted for the world wide reaction against the monarchy. India withdrew all the military aid given to Nepal to express her strong disappointment over the deterioration of democracy (Roy, 2010, p. 72). It was an event which marked the beginning of Jan Andolan II which finally deposed the monarchy for the establishment of true democracy in Nepal.

The crisis of 2005-2006 in the form of the King's direct take-over and the response to this crisis in the form of Jan Andolan II were the culmination of a decade of political chaos and failure of governance in Nepal (Tripathi, 2011, p. 67). India had significant contribution towards

the convergence and consensus among the major political parties and the Maoists for the triumph of democracy in Nepal. The major political parties in Nepal united together against the absolutism of King Gyanendra and formed the Seven Party Alliance (SPA) to consolidate the fight for democracy. Later the Maoists also joined together with the SPA on the basis of the 'Twelve Point Understanding' to end the monarchy. At the initial stage India had made an effort to restore democracy in Nepal by protecting the institution of the monarchy. But later due to the non-cooperation of the King and the compulsion of the popular movement, India completely stood with the sentiments of the Nepalese. India felt that it was imperative to bring the Maoists into the mainstream political activities for enduring peace and democracy in Nepal. Thus India mediated for reaching an understanding between the SPA and the Maoists. The role of the Indian leftist political parties and the leaders particularly the Communist Party of India (Marxist) (CPI-M) and Sitaram Yechuri was significant for the entry of the Maoists into the mainstream (Upreti, 2009, p. 99).

India's decision to involve in the political crisis of Nepal and to mediate for the Maoists was because of three reasons. Firstly, India had lost the hope for a constitutional monarchy in Nepal after the decision of the King to dismiss the Deuba government in 2005. King Gyanendra not only ignored Indian appeal for preserving the democratic institutions in Nepal but also sought the support of China and Pakistan to protect his absolutism. Secondly, Nepal is an imperative element of India's security strategy. Getting Nepal democratic and peaceful was India's greatest aspiration. The anti-India posture of the Maoists who were leading a bloody revolution in Nepal since 1996 was a big headache for India. After 2005 the violent political situation in Nepal due to the anti-democratic policy of the King created unparalleled chaos in Nepal and posed severe security threat to India. Further the Maoists got substantial strength and influence in Nepal after the vicious act of the King using the army against the rebellion. Thirdly, the violent political situation in Nepal had created fear among the people which resulted for higher level of Nepalese migration to India. India viewed Nepalese migration in large number as a serious social and security issue and urgent preventive measures was necessary (Upreti, 2008). Shift in India's political support from constitutional monarchy to the abolition of monarchy was well received by the Maoists and helped to pacify the ant-India approach of the Maoists. The decision of the Manmohan Singh government under the influence of CPI (M), who were defending the UPA government, to support the Maoists in their struggle for abolition of monarchy was decisive not



only for the entry of the Maoists into the mainstream but also for a change in their perspective towards India.

Jan Andolan II was concluded with the proclamation of King Gyanendra in April 2006 for the restoration of democracy. An interim government was formed under G. P. Koirala. The Maoists joined in the interim government in April 2007 and the process was begun for conducting general election to the Constituent Assembly for drafting the new Constitution in order to fulfill the understanding on the basis of the November 2006 Peace Accord between the interim government and the Maoists. India provided wholehearted support to the interim government in their mission to conduct general election and to draft new Constitution. Traditionally India identified two pillars of multi-party democracy and constitutional monarchy for stability in Nepal (Mishra, 2004, p. 639). But it was only later that India realized the fact that democracy and monarchy are mutually suspicious in Nepal. India's preference to constitutional democracy over constitutional monarchy in Nepal had produced some profound results in Nepal and strategic victory to Indian foreign policy. With the establishment of democratic order in Nepal, the anti-India sentiments were diluted to certain extent and the backdoor influence of external powers including China and Pakistan in the domestic politics of Nepal was curtailed. Both were in favour of India's security aspirations. India's strategic involvement for the establishment of democracy in Nepal had actually won the hearts and minds of the Nepalese.

## **5.2 India-Nepal Relationship: 2008-2018**

In the political history of Nepal, the year 2008 marked the end of the longstanding political turmoil and the beginning of a new political life. Nepal entered into the new phase of political transition by abolishing the centuries old monarchical system. New Nepal was established with the declaration of Nepal as a federal democratic republic by the newly elected Constituent Assembly in its historic first meeting on 28 May 2008. However political instability continued in Nepal due to the disagreement among the major political parties over the provisions of the draft Constitution. The political instability caused for the failure of the Constituent Assembly elected in 2008 to draft the new Constitution even after extending its original term of two years four times and was finally dissolved in May 2012. Among the minor and major issues, the issue of federalism caused for severe disagreement among the political parties in the Constituent Assembly, resulted for failure to draft the new Constitution within the stipulated time

limit. The dispute in the Constituent Assembly also caused for frequent change of prime ministers and within four years Nepal had five prime ministers. The second Constituent Assembly elected in November 2013 finally drafted the new Constitution and was passed by the Nepalese Parliament in September 2015. The celebration of the long waiting moment was some way disrupted by the protests organized by the small parties of Tharu and Madheshi communities against the provisions for the creation of constituencies on the basis of population alone.

India had an obvious and substantial contribution to end the political conflict between the monarchical institution and the democratic forces for the making of new Nepal. Though India supported monarchy in Nepal since 1950, India changed her two pillar policy in favour of the common sentiments of the Nepalese articulated through the 2006 People's Movement for democracy. India's expectations were high when Nepal becomes a Republic and the entry of the Maoists into the mainstream politics with the political support and persuasion of India. But the political transition and the development of new political atmosphere in Nepal demanded a transition in India's old perspective on Nepal. The efforts of new Nepal towards developing an independent identity in her foreign relations with the world nations in general and India in particular were contrary to India's larger expectations. Though the Maoists renounced the anti-India stand after their entry into the mainstream, they were highly critical of India's involvement in Nepal and wanted to make Nepal not a destination for India but an equal partner for mutual benefit. Hence India-Nepal relationship since the creation of new Nepal highlighted Nepal's thirst for the creation of an independent geo-political identity and the stipulation for a reorientation in India's political and security perception towards Nepal to sustain the natural friendship historically nurtured by the geo-cultural and economic consanguinity.

The historic first Constituent Assembly election in Nepal after the success of 2006 democracy movement was held on 10 April 2008. It was originally scheduled to conduct in April 2007 but the process delayed for one year due to the disagreement between Seven Party Alliance and the CPN (M) particularly on future of monarchy, structure of federalism, security sector reform and the management of arms. The protest organized by the Madheshi and Janajati ethnic groups for better political representation in the new system on the basis of their population was also contributed for the delay in the process (Levit, 2008). The election result was in favour of the CPN (M) and the Maoists formed the government under Prachanda. With these political developments a decade long bloodshed civil war and political uncertainty came to an end. India

welcomed the new government and officially stated it as the historic step towards realizing the aspirations of the people of Nepal for a democratic future.

In fact India had never even dreamt of the victory of the Maoists as the single largest party in the Constituent Assembly and the formation of new government under Prachanda. It was absolutely against India's larger political expectations. India's greetings to the new government were thus with the suspicion over the anti-India rhetoric of Prachanda in the past. Even if the new political orientation of the Maoists had given little hope for India, there has been a general impression that the Maoists would have a leaning towards China. India becomes more skeptical when Prachanda had made his first foreign visit to China, against the tradition of visiting India first by the Nepalese prime minister, and met the Chinese president and the prime minister. Prachanda's visit was actually to attend the closing ceremony of the Olympic Games. But the Indian media had projected that as Prachanda's natural tilt towards China (Upreti, 2012, p. 174). Although it was an unintentional visit and happened to be the first official foreign tour of Prachanda, it had served the purpose of giving a clear and strong message to New Delhi that Beijing is not much a long way from Kathmandu.

The discussion over the China visit of Prachanda ended when he finally landed in India in September 2008. The visit was at the height of India's trepidation over Prachanda's new economic and foreign policy perspective and his preceding anti-India rhetoric. The policy analysts in the diplomatic and academic fields were eagerly waiting for Prachanda's diplomatic visit since it was sure that the Maoist leader certainly should raise the issue of unequal bilateral treaty and the visible trade imbalance. How India would respond to the Maoists demand for revising the base, a justifiable concern of a sovereign but dependent country, also had increased their enthusiasm. But Prachanda as the Prime Minister had showed the political maturity to make a balance between the demands for the revision of the friendship treaty and the necessity for greater economic co-operation with India. India also reacted positively to the demand and need of the Nepalese prime minister. India agreed to review, adjust and update the 1950 Treaty, but reserved for further high level consultation by highlighting the special and strategic features of the bilateral relationship.

The visit was cordial than expected since Nepal's concerns got an attention and India agreed to continue her assistance for Nepal's peaceful, democratic transition and her economic

development and reconstruction. The joint statement issued at the end of the visit emphasized the need to inject new dynamism into the relations between the two countries for a forward looking change, in tune with the realities of the time as well as the wishes and aspirations of the people of both the countries. Special assistance was agreed to provide in the development of infrastructure, human resource, health and education. For supporting the economic rebuilding India agreed to provide Rupees 20 crore for flood relief and rehabilitation and a credit of Rupees 150 crore to overcome the shortage of petroleum products. A three-tier mechanism at the ministerial, secretary and technical levels was also proposed for comprehensive water resource management including hydro-power generation, irrigation, flood control etc. The apprehension over the approach of Prachanda towards India was melted when he stated during the visit that 'due to our specific cultural, historical proximity and tradition of economic interdependence, relation with India are crucial and vital and cannot be compared with China' (Roy, 2010, 89). But his intention to build a new era of friendship with India was short lived and political contention soon emerged between Prachanda and New Delhi.

Nepal once again plunged into political turmoil when Prachanda, the first prime minister of the Federal Democratic Republic of Nepal, just after eight months in office resigned on 4 May 2009. The resignation was after registering difference of opinion between Prachanda and President Ram Baran Yadav over the removal of the Army Chief Rookmangud Katawal. Prachanda sought explanation from the Army Chief on three issues of the recruitment of 3000 soldiers in the army, extension of the tenure of eight retired army brigadiers, and the army's withdrawal from the National Games as to protest Maoists participation. The government found the explanation of Katawal as unsatisfactory and consequently dismissed him from the post. But President negated the decision of the Prime Minister and asked Katawal to remain, resulted for the resignation of Prachanda (Sharma, 2011). While announcing his resignation through the televised address to the nation Prachanda said that, 'I will quit the government rather than remain in power by bowing down to the foreign elements and reactionary forces.' He further added that 'his party is ready to maintain cordial relations with neighbouring countries but will not accept any intervention' (Bagchi, 2009). Prachanda's reference of accusation was definitely about India and her alleged support to the Army Chief and the President to destabilize the Maoist government.

The Maoist leader and the then Finance Minister Baburam Bhattarai went to the extreme of condemning India by saying that, ‘the so called democratic forces specially headed by the so called democrats in New Delhi have been dictating their patrons in Kathmandu to side with the army and fight against the democratic forces’ (Cherian, 2009). India’s External Affairs Minister Pranab Mukherjee while responding to the allegations against India by the Maoist leaders said that ‘what is happening in Nepal is internal to Nepal.’ But it was certain that what was happening in Nepal was not so internal since India had clear awareness and influence in the incident. India had obvious objection to the Maoists plan for the democratization of Nepalese army by integrating the Maoist soldiers in the National Army, a Maoist demand accommodated in the 2006 Comprehensive Peace Agreement. When the Maoist leader said he would strive for political consensus before taking the drastic step of dismissing Gen. Katawal, New Delhi queered the pitch by sending clear signals to parties like the CPN (UML) and the Nepali Congress that they should oppose the Maoists (Varadarajan, 2009). The action of the Nepalese President was strictly against the spirit of parliamentary democracy in all sense. Under the Parliamentary system the head of the state required to exercise the authority in accordance with the advice given by the cabinet. By influencing the Nepalese President to stand against the advice of the Cabinet, India not only destabilized the democracy and peace process in Nepal but also acted by undermining the cardinal principle of democracy.

After two weeks of the resignation of Prachanda a new coalition government was formed in Nepal under Madhav Kumar Nepal, a moderate communist from CPN (UML). The new government was formed with the support of the 351 members from the 22 parties representing the Constituent Assembly. The Maoists accused of an external play in the formation of new government by indirectly referring India and her involvement in the internal political affairs of Nepal. The feeling of India’s unwarranted interference in Nepal was not an illusionary condemnation of the Maoists. The extend of India’s involvement in the political play led to the resignation of Prachanda became even more apparent in the formation of a successor government when India used its influence among various parties to back CPN (UML) leader Madhav Kumar Nepal as prime minister (Jha, 2012, p. 342). The formation of a coalition government with 22 parties and the stern opposition of the Maoists, the largest party in the Constituent Assembly, against the government made the internal politics and peace process worse and stagnated. Soon after, the Maoists had launched their campaign against both the Indian and Nepalese

governments. They started an anti-India campaign by the name 'national independence' to underscore the unequal bilateral treaty and relationship, economic coercion, trade disparity, domestic interference and the border infringement. The Maoists even openly sought the support of China against India. They also organized wide spread political protest against the government alleging that it is not a national government but an externally induced system.

The survival of Madhav Kumar Nepal's government thus had become the political responsibility and requirement of India to resist the Maoist advancement to power. As part of the efforts frequent bilateral official visits more than ever were paid by the leaders and diplomatic officials of both the countries. Nepal's Defence Minister Bidya Bhandari (in July 2009), Foreign Minister Sujata Koirala (in August 2009) and Prime Minister Madhav Kumar Nepal (in August 2009) made official visits to India for close consultation and discussion on the matters of border security and domestic peace. During the visit of the Prime Minister it was decided to direct the foreign secretaries of both countries to discuss and review the 1950 Treaty in order to resist the Maoist campaign. Home Minister Bhim Bahadur Rawal and President Ram Baran Yadav visited India in January 2010 and February 2010 respectively. President Yadav's visit marked the signing of four MoU's/Agreements regarding Air Services, extension of Railway lines and the establishment of Nepal-Bharat Maitri Polytechnic and Nepal-Bharat Maitri Sabha Griha. India announced 250 million US Dollars Line of Credit to facilitate the economic and infrastructure development of Nepal and an ample supply of food items to ensure food security in the country.

To extend India's firm support to the new government Foreign Secretary Shiv Shankar Menon visited Nepal in June 2009. He met the leaders of major political parties and conveyed them India's commitment and assistance to the building of new Nepal. He urged for revitalizing the existing border management mechanism and proposed for a 'low-level mechanism at the local level' for practical solution to border disputes. Foreign Secretary Nirupama Rao visited Nepal in September 2009 to further the bilateral co-operation with the Nepal government on the basis of the understanding made during the visit of Nepalese Prime Minister in the previous month. Mrs. Rao raised the issue of newly triggered anti-India activities in Nepal and expressed deep concern in the attack of Indian priests of Pashupatinath Temple by the Maoists. During the press conference she said that 'politicization of the bilateral issue would not be conducive to the atmosphere of the good relations between the two countries.' Nirupama Rao also visited the Maoist leaders and held discussion for creating a peaceful political atmosphere for the effectual

working of the Constituent Assembly and the framing of the new Constitution in time since the Maoists boycotted the Assembly by demanding discussion in the House on the unconstitutional action of the President (Jha, 2009). The visit was also intended for making the ground work preparation for the revision of the Treaty of Trade and Agreement of Co-operation to Control Unauthorized Trade.

The Treaty of Trade and Agreement of Co-operation to Control Unauthorized Trade signed in 1991 was again revised during the visit of Indian Commerce and Industry Minister Anand Sharma in October 2009. The new trade treaty was signed for a period of seven years with the provision for extension for further seven years. As per the treaty India wanted to assist Nepal to increase its capacity to trade with India through improvement in technical standards, quarantine and testing facilities and related human resource capacities. It stands to facilitate cross border flow of trade through simplification, standardization and harmonization of customs, transport and other trade related procedures and development of border infrastructure. The treaty ended the complicated mechanism of tax refunds by equalizing the trade with Indian rupees and convertible currency regarding tax rebates and other benefits. It also reduced the price of the imported items from India for sale or manufacture in Nepal. India accommodated the demand of Nepal to include new items to the list of primary products for export from Nepal to India which would get duty-free access without quantitative restriction. India increased the time limit from three to ten years for temporary import of equipments and machinery into India for maintenance and repair (Sen, 2009).

India had provided much concession to Nepal in the new trade treaty in order to create a new image among the Nepalese against the Maoists' anti-India rhetoric. India granted Most Favoured Nation (MFN) status to Nepalese products which were not included in the preferential product list. For facilitating the easy bilateral trade movement India opened four additional land customs stations including Maheshpur-Thutibari, Sikta-Bhiswabazar, Laukha-Thadi, and Guleria-Murtia. The four airports of Delhi, Kolkata, Mumbai and Chennai were connected by direct flight with Kathmandu for bilateral air trade. The 2009 treaty permitted the export of goods imported by Nepal from India to third countries without the requirement for any manufacturing activity in the country. It was intended to boost the exports from Nepal to third countries where it has a better market access than India (Marasini, 2009). The trade treaty of 2009 had thus accommodated most of the demands made by Nepal and the vital concerns raised

by the Nepalese exporters except the long-standing demand of the Nepalese government for the removal of quota restrictions on specified products.

By the end of 2009, the Maoists had reinforced their protest against the government and paralyzed public life through general strikes. There were frequent clashes between the protesters and the police and the public feeling of uncertainty persisted all over the country. During the protests Maoists shouted slogans against India and the Nepalese government by dubbing it as the puppets of the Indian ruling class. It was at a time when the Maoist sponsored anti-India feeling is at an all time high, India's External Affairs Minister S. M. Krishna arrived in Nepal for a three day visit from January 15 to 17, 2010. Krishna had expressed his satisfaction over his visit, as he had meeting with all high ranking dignitaries, discussed political issues with his Nepalese counterpart, signed five Memoranda of Understanding and the joint communiqué at the end of his visit accepted terrorism and extremism as common threats for both the countries apart from dwelling on ways to enhance security measures to control smuggling of fake currency notes, cross border crimes etc. (Mishra, 2010). He also met Prachanda who in the meeting demanded the cessation of the 1950 treaty and sought the support of India for the reinstatement of the illegally ousted Maoists in power. Krishna's visit barely produced any effect to resolve the turmoil in Nepal.

The visit of S. M. Krishna was otherwise beneficial for the infrastructure development of Nepal. During the visit four MoU's including strengthening of Terai roads, construction of a Science Learning Centre, establishment of a Central Depository System and the electrification of five different VDC's were signed. The construction of Terai roads for better connectivity with India was at a cost of Rs. 805 crores. The construction of the Bharat Nepal Maitri Science Learning Centre was at Lalitpur for an estimated cost of Rs. 16.6 crores. The establishment of Central Depository System for Rs. 9.2 crores was intended for the development financial markets in Nepal. The electrification of the five Nepalese villages at a cost of Rs. 6.3 crores was part of India's assistance for growth and development in Nepal at grassroots level. The Primary understanding for the construction of the Nepalese Police Academy at Panauti with the financial support of India was also reached (Mandal, 2014, p. 107). India urged Nepal to take necessary measures for the creation of an investor-friendly business environment to attract the public and private sector investment from India.



The internal political trauma in Nepal once again provided the due political space for China to play a role in Nepal. It was India's political attitude during the political crisis followed by the rift between the President and Prime Minister pressurized the Maoists to seek the support of China. While giving an interview after his resignation, Prachanda accused that his appeal to Indian Ambassador Rakesh Sood to request New Delhi to send Foreign Secretary Shiv Shankar Menon to Nepal to make a settlement was not taken with due respect and urgency. Instead India encouraged other political parties in Nepal to stand with the President and the Army Chief. He further added that several Chinese officials had visited Nepal but not a single delegation had come on his invitation (Varadarajan, 2009). It shows the difference in the political attitude of both India and China towards Nepal. Chinese influence in Nepal against India was not only in terms of increasing political contacts, but also by using Chinese study centers and business firms with retired Chinese army officers as heads of operation set up in Nepal for spy work. As per the report of India's external intelligence agency RAW (Research and Analysis Wing) 24 of such Nepal-China study centers, mostly located close to India-Nepal open border, were used for collecting information on Indian activities (Parashar, 2009). Nepal's tilt towards China was once again induced by India through her irrational and unwarranted involvement in the internal political crisis of Nepal.

The Maoists non-cooperation with the Constituent Assembly blocked the constitution making process within the extended stipulated time period. Finally the Maoists allowed extending the term of Constituent Assembly for further one year after reaching an agreement on power sharing government by the UCPN (M), Nepali Congress and CPN (UML) on 28 May 2010, by which Prime Minister Madhav Kumar Nepal had agreed to step down. He resigned in June 2010, but failed to find a successor instantaneously. It was after almost eight months, Jhala Nath Khanal from the CPN (UML) with the support of the Maoists sworn in power as the next prime minister of the country in February 2011. But the new government was short lived and resigned within six months in August 2011. It paved the way for the Maoists to return in power and formed the government under the leadership of its vice chairman Baburam Bhattarai (Pettigrew, 2013). The selection of the moderate Maoist Baburam Bhattarai as the new Prime Minister was acceptable to both India and the major political parties of Nepal. He had improved the Maoists relations with India to certain extent which were deteriorated after the resignation of Prachanda from the premiership.

India's firm support to the government of Baburam Bhattarai was widely analyzed as part of India's political realization that supporting or opposing certain actor against the other in Nepal having had a destabilizing effect, which is not conducive for India and her strategic ambition on Nepal in the transformed domestic political atmosphere of the country (Anderson, 2014). To bridge the gap between India and the Maoists, Bhattarai visited New Delhi in October 2011. While speaking to the media, Bhattarai said that 'there have been suspicions between the Maoists and Indian establishment in the past. The visit has created trust and the positive reaction and support from the civil society is important for improving the bilateral ties between India and Nepal' (Jha, 2011). The visit was indeed helpful to promote the routine bilateral co-operation between the two nations. But the expectations of removing the misunderstanding between the Maoists and India were in vain. The visit was even paved way for another level of controversy between the Maoists and India. The new controversy was over the Bilateral Investment Promotion and Protection Agreement (BIPPA) signed by Bhattarai during his visit. It had even created rift within the Maoist party.

The Bilateral Investment Promotion and Protection Agreement were intended to create better background and conveniences for bilateral investment in India and Nepal. It was a legal measure for providing national treatment and most favoured nation treatment for investment from either India or Nepal in the territory of the other country. It moreover included the dispute resolution mechanism for resolving the dispute between the investors and the government and also between the governments (Jha, 2011). The controversy was first emerged within the Maoist party when its Standing Committee meeting viewed the matter as without sufficient discussions within the party. It was generally regarded within the party as to promote Indian monopoly in the Nepalese economy and hence as anti-national and a wrong decision. Though Nepal had similar agreements with other countries, the base of the Maoists criticism to BIPPA with India was their general perception towards India as a dominator of small neighbours. Bhattarai left alone in his party and thus his mission to smoothen the relation between the Maoists and India ended in failure (Jha, 2012). It was India's failure of dealing Bhattarai as a loyal man to India than a Maoists second level leader cum prime minister. India should have considered while dealing with Bhattarai, there should be a prior understanding with the Maoist party and its supremo Prachanda for avoiding any instance of misgiving in the future over the economic pacts since the

Maoists having a negative perception towards India especially in matters of economic engagements.

The second tenure of the Manmohan Singh government (2009-2014) hardly produced any outcome in resolving the outstanding issues between India and Nepal rooted in the criticism of unequal character of the political and economic interactions, most profoundly including the revision of the 1950 Treaty. He failed to make an official visit to Nepal even once in a decade long tenure in power from 2004 to 2014. The so-called 'Manmohan Doctrine' on Indian foreign policy, which stands for the recognition that India's relation with the major powers as well as the Asian neighbours is increasingly shaped by India's developmental priorities, was a road map for bringing the South Asian neighbours close to India, but lapsed in political application and hence failed to produce any commendable outcome (Baru, 2013). The failure was not only because of the internal state of affairs in Nepal troubled by the Maoists once again after 2009, but also due to the lack of prioritization and concentration in dealing with the small and fragile neighbours while concentrating on the big deals with the big powers. The occasional interference and power play gave dominance to the Maoist allegation of 'India factor' within the Nepalese polity even though her role was otherwise constructive to the rebuilding of infrastructure facilities in the feeble state of Nepal.

The sweeping electoral victory of the Bharatiya Janata Party (BJP) in India in the May 2014 general election and the formation of new government under Narendra Modi have created positive vibes among the nations in South Asia. His invitation to the SAARC member nation's head of governments to attend his swearing-in ceremony was a new political but friendly gesture towards the neighbours. The big invitation to the official function in India gave new sense of confidence among the small neighbours. Narendra Modi's first official statement on India's foreign policy was about strengthening the bilateral co-operation and friendship with Nepal. His second official visit to a foreign country was also to the small country of Nepal. It was after a long seventeen years that an Indian Prime Minister visited the geographically too close neighbour of India. During the visit, he made an official address in the Nepalese Parliament, happened to be for the first time by a foreign leader (Jaiswal, 2017). Hence, the initial political and diplomatic efforts to bring Nepal close to India generated a feeling that Narendra Modi is going to make difference from his predecessors both in terms of his individual priority as well as in his government's political conviction.

Narendra Modi visited Nepal in August 2014 with a political mission focused on 4 Cs including Co-operation, Connectivity, Culture and Constitution. Modi assured the Nepali leaders that 'India has no intent to dictate anything to Nepal which should choose its own course in its endeavour to build a stable and prosperous democratic republic.' He further added while addressing the Constituent Assembly that 'Nepal is truly a sovereign nation and we have always believed that it is not our job to interfere in what you do but to support you in the path you decide to take' (Chatterjee, 2018 p. 94). During his visit, Modi assured Nepal that India acknowledge the long standing demand of Nepal to review, adjust and update the 1950 Treaty of Peace and Friendship to enhance mutual trust and co-operation. He also reactivated India-Nepal Joint Commission at the foreign ministerial level after twenty three years to enhance co-operation in the economic, trade, transit sectors and water management. Soon after, he made his second visit to Nepal in November 2014 in order to attend the SAARC Summit and to stimulate South Asian fraternity and his 'neighbourhood first' policy. In the sideline of the Summit, Modi inaugurated the Emergency Trauma Centre built by India at Kathmandu and handed over one Dhruv Advanced Light Helicopter to the Nepal army (Jaiswal, 2017). India's new policy orientation towards Nepal under Modi had attracted high expectations regarding the new phase of bilateral engagements, but short lived and later proved futile.

India's commitment to the people of Nepal was exposed through 'Operation Maitri', the rescue and relief operation in Nepal, started just after the 7.9 magnitude earthquake in the country on 25 April 2015 which took thousands of lives and devastated the entire nation. India's aid diplomacy in Nepal was quick and started within fifteen minutes of the worst disaster. India's assistance, which reached Nepal within six hours of the earthquake, included 16 NDRF teams, 39 IAF aircraft sorties with 571 tons of relief material including rescue equipment, medical supplies, food, water, tents, blankets and tarpaulin. India provides the relief assistance of 67 million US Dollars to Nepal. India also announced a post-earthquake reconstruction package of one billion US Dollars including 250 million grants and 750 million Dollars concessional line of credit (Shastri & Bhatt, 2018). Prime Minister Narendra Modi coordinated the rescue and relief operations. It was widely perceived that Modi has got a chance to highlight his leadership role in the South Asian sub-continent which was pronounced at the time of the 2014 SAARC Summit. India also got the opportunity to reveal her disaster management potential by an active engagement in Nepal than any other country came for rescue and relief operation (Roy, 2015).

Modi's new policy initiatives towards Nepal in 2014 and the extensive support and assistance after the distressing earthquake in 2015 had created high level expectations of a new beginning among the people and policy makers of both India and Nepal. But everything overturned suddenly subsequent to the promulgation of the new Constitution of Nepal on 20 September 2015. The new Constitution caused for wide spread protest by the ethnic groups of the Madheshis and Tharus who constitute nearly 70 per cent of the population in the Terai region. The violent Madheshi protest resulted for severe apprehension in the India-Nepal border region. The movement of essential supplies from India through the open border was stopped due to the Madheshi blockade. The blockade led to the shortage in fuel, civil supplies, essential foods and subsequent social crisis. Nepal blamed India for the crisis in the border by supporting the Madheshi protests and by urging the postponement of the Constitution instead of extending her political support to the Constituent Assembly (Haidar, 2015). It was widely regarded as India's political immaturity and senselessness since the new Constitution was promulgated after a prolonged process and the displeasure of the Madheshi and Tharu communities over some provisions should not be considered as a reason to discredit the merit of the whole Constitution.

There were three vital reasons for India's objection to the new Constitution which are obvious and open. Firstly, the new Constitution excluded the aspirations and the sensitivities of the ethnic communities, tribal groups and women. It was against the spirit of Jan Andolan II and the assurance given to the Madheshis during their agitation in 2007 by the G. P. Koirala government. The dominant hill social groups overlooked the sentiments of the people in the Terai, the Nepalese open border region between India and Nepal. Secondly, the open border was giving the possibility of spreading the violence from the Terai region to the bordering Indian states. Narendra Modi felt that, any such instance of spreading the violence to the Indian region would have big political impact and a set back to the Bharatiya Janata Party (BJP) in the Bihar Legislative Assembly election, the process to the election were already begun by that time. Thirdly, Narendra Modi felt that he was ignored in the constitutional process and was unresponsive to Indian concerns. Modi consulted with the top leaders of Nepal during the process and got an assurance to incorporate India's concerns over marginalized groups. But nothing was adopted in the Constitution to satisfy the Madheshis and Tharus as well as India (Muni, 2015).

Another part of the displeasure of Narendra Modi government was religious. The Hindutva forces which are having a dominant role in the BJP and in the government, wanted to make Nepal a Hindu state and reinstate the institution of Hindu monarchy. The Modi government, through the back channel, provided material support to the Nepali monarchists and Hindutva forces for mobilizing political understanding in favour of the re-establishment of monarchy in the new Constitution or at least in the future political transformation. But India was able to coerce to incorporate some peripheral demands of the Hindutva forces such as making the cow a national animal, discouraging cow slaughter and respect and protection of all religions including Hinduism. India's displeasure was also due to the fact that the interests and influence of China as well as the European Union with regard to the provisions for federalism and religion were accommodated in the Constitution (Muni, 2015). Though the concerns of India regarding the protection of the sensitive interests of the marginalized section of the society was factual, the way India reacted to the issue was totally against the larger political interest of the Nepalese to establish a stable polity and governance system. India actually wanted to utilize the option of political mediation rather than fuelling unrest in Nepal. Hence, India's blind and irrational contention to the 2015 Constitution of Nepal and the demand for its abrogation was purely an outrage of the legacy of coercive diplomacy that had been applied for securing India's purposeful interests in Nepal.

India's protest to Nepal's historic Constitution has further prompted anti-India sentiments among the political parties cutting across ideological differences. The allegation of India's intervention in the domestic affairs of Nepal was once regarded as the political rhetoric of the Maoists. India was able to overcome such allegations in the past with the support of other political parties, especially the Nepali Congress. But the tragic events after the promulgation of the new Constitution revealed India's devious role and attempt for unethical political interference. During a public meeting in Kathmandu in November 2015, Nepal Prime Minister K. P. Sharma Oli strictly warned India not to interfere in its political affairs. He added that, as a sovereign nation it was the sole responsibility of Nepal to address the concerns of agitating groups and not a matter of India's undue interference. Sharma Oli actually echoed the basic feeling of the Nepalese towards India. The statement of Oli was an evidence of the fact that the sense of sovereignty among the people and the political parties has naturally augmented with the adoption of the Constitution. India's claim of non-intervention in Nepal was essentially an

assertion of ‘we won’t interfere as long as you do what we say’ (Arora, 2015). The Prime Minister’s statement was hence a clear message to India that it is not going to be so anymore.

The political development in Nepal since 2015 has not been conducive for India to follow the traditional unilateral and coercive approach. Though India’s relation with Nepal was normalized after the formation of new government under K. P. Sharma Oli and high level visits were exchanged, India perpetually lost her momentum in Nepal as the big brother. It was evident in the local election of Nepal, held from June 2017 onwards, in which India advised the Madheshi leaders to participate in the election when they threatened to boycott the election since their demands were not incorporated in the Constitution. The local election had marked Nepal’s shift from being a partly sovereign country, where India had role in domestic political management, to an almost fully sovereign country, where Indian leverage in Nepal’s internal politics has shrunk to its most negligible. The loss of political control in Nepal is because of India’s shrinking leverage with a new generation of Nepali politicians, civil society and opinion makers who are either exposed to the western world or are rooted in the Nepali speaking world and have little emotional investment in the bonds with India (Jha, 2017). The loss of Indian influence has mostly been at the political advantage of China, who has been waiting for a better opportunity in Nepal.

India’s political downfall in Nepal was completed first with the landslide victory of the Left Alliance in the 2017 provincial and federal elections and then with the merger of CPN (UML) and CPN (MC) in 2018. The Alliance won six out of seven provinces and 116 seats out of 165 in the National Assembly. The sweeping victory of the Left Alliance and the formation of new government under K. P. Sharma Oli, who had a hard time with India in the previous term, was not at all good news for New Delhi from Kathmandu. Another worrying part for India is the reality that China was behind the left alliance in Nepal, which will definitely enlarge Chinese influence in the Indian periphery (Sinha, 2017). The Left merger in May 2018 to form the Nepal Communist Party also has been a clear message to India on the future of India-Nepal foreign policy and bilateral engagements based on 1950 Friendship Treaty. When Narendra Modi visited Nepal for the third time in May 2018, he received a bitter welcome from the Nepalese youth who campaigned against him through the twitter hashtags reading ‘#BlockadewasCrimeMrModi’ and ‘#Modinotwelcome’. The students from the Tribhuvan University organized 36 hours hunger strike and other protestors appealed to switch off lights at 8 pm to represent the darkness of the

blockade (Sharma, 2018). Consequently Nepal happened to be the first casualty of Narendra Modi's much celebrated 'Neighbourhood First' policy.

### **5.3 India–Nepal–China: Triangular Altercations**

China is the most prominent external factor capable of exerting influence in the nature and character of India's bilateral relationship with Nepal. Being the two dominant political actors in the region and having a history of political competition for power domination in the Himalaya, India and China influencing each other in their neighbourhood policy. Both India and China are well interested in the internal and external affairs of the small Himalayan nation of Nepal since the country geographically lies in between those two rival powers as a buffer. The long open border existing between India and Nepal makes Nepal more significant for India on strategic and security terms. Simultaneously the presence in Nepal is also imperative for China to pose a strategic threat to India's power ambitions in the region. Hence, circumscription by two mega states and their strategic aspirations have resulted in Nepal's vulnerability in defining its foreign policy options (Adhikari, 2012, p. 83). For India, the Chinese presence is always a matter of worry and caution about Nepal and therefore followed the policy of political and economic coercion to get the country in close surveillance and control. For Nepal, India's over emphasized concern and attempt of interference is a matter of questioning her sovereignty and thus playing the 'China card' to balance India's effort for exerting her domination. And for China, Nepal is a great political and economic opportunity to exert high level strategic pressure up on India as well as to establish her economic and market domination in the least developed country.

China's economic growth and military capability made her a dominant power in Asia and a partner of the Asian countries. The small nations in South Asia including Nepal perceived China as a potential economic option to overcome their economic redressal. China also emerged as a potential political option of these nations against India's undue influence and strategic power play in South Asia. The China-Nepal relationship was formalized in the year 1955 by establishing diplomatic relations. Both countries signed the Treaty of Peace and Friendship on 28 April 1960 to reinforce their bilateral bonds and engagements. There was a steady development and increase in China-Nepal relationship in the past. Both countries viewed their bilateral relationship not only as matter of mutual engagement but also a crucial strategy for balancing Indian influence in the Himalayan region. Asymmetric in size and power and with different



political system, Nepalese see China as a friendly neighbour ready to help whenever it can and a benign power maintaining a 'hands off' policy in its internal affairs (Simkhada, 2016). The nature of India's neighbourhood policy and the diplomatic style towards Nepal made China a favourite among the Nepalese against India.

In the past, whenever there was an effort for close co-operation between China and Nepal, India exerted her high political and economic pressure over Nepal which were not so bearable for the little Himalayan nation due to her domestic political instability first and her economic dependence to India next. However such kind of instances becomes a history after the political transformation of Nepal in 2008. After that there has been a steady increase of Chinese influence and a steady decline of Indian influence in Nepal. The enlargement of Chinese influence in Nepal is actually at the expense of India's attempt for undue interference in the domestic affairs of Nepal even after the establishment of a base for stable political system. After 2008 the foreign policy perception of Nepal has changed in favour of protecting and sustaining her sovereign political identity by balancing her over dependence to India. By considering China as a powerful balance against India, the Maoist government under Prachanda adopted a pro-China approach. Though India had a constructive role in Nepal during the Peoples' Movement in 2006 and also in bringing the Maoists into the mainstream, the undue interference in the internal affairs of Nepal in 2009 which resulted for the resignation of Prachanda ministry has given a negative representation of India not only among the Maoists but also among the common people who were striving for a better and stable political life.

During the devastating earthquake in Nepal, India has quickly reached Nepal and leads the rescue and relief operations which won the minds of the Nepalese. But things overturned against India within few months. Nepal has gone to favour China absolutely over India after the promulgation of her new Constitution in 2015. It was because the adoption of new Constitution and the following agitation of Madheshis with the external support of India made Nepal and the Left parties' in particular, highly inimical to India. The India induced blockade during the Madheshi struggle was highly critical and resulted for the spread of anti-India sentiments everywhere in Nepal more than ever. The blockade just after the tragic earthquake, which made the life largely miserable, was inconceivable for the Nepalese at any level. Prime Minister K. P. Sharma Oli has treated it a bit differently, and secured China's commitment to come in Nepal's aid. Since then, there has been a consistent shift in Chinese diplomacy in Nepal from 'quiet

diplomacy' to 'vocal diplomacy' (Soni, 2019, p. 278). Subsequently bilateral engagements and high level interactions were significantly increased between China and Nepal to counter India. The Left parties' consolidation in Nepal and their political victory in the general election further left India behind China as close political and economic partner.

China's effort is to make high concentration and contribution in the economic and defence sector of Nepal. The domination in the economic and defence sector was India's major strength in Nepal. Nepal's dispute and displeasure with India was also largely because of India's unequal economic partnership and defence surveillance. Hence, China's involvement in the economic and defence sector is highly influential to both India and Nepal. For India, it is a major setback to her traditional foreign policy objectives in Nepal. For Nepal, it is major step towards claiming her sovereign identity over India's geo-political control. Nepalese Prime Minister K. P. Oli signed the Transit and Transport Agreement with China in March 2016, following the India blockade during the Madheshi protests of 2015. The text of the protocol to the Transit and Transport Agreement was agreed in September 2018 by which Nepal is now enabled to access Chinese sea and land ports and ended her dependence solely on India for goods and trade. The agreement provides more concession to Nepal to overcome her heavy dependence on India. Nepal can choose viable paths for transport since the agreement does not specify the routes. Moreover, at Nepal's choice more ports and dry ports can be added according to the convenience without making amendments in the Treaty (Mohan, 2018). The Transit and Transport Agreement which reduced the dependence on Indian ports for Nepal's transit has been a severe blow to India's economic interests in Nepal.

Nepal is also part of China's Belt and Road Initiative (BRI). The BRI is a Chinese campaign for global ascendancy, stimulus economic package for developing and under developed countries and a widespread marketing campaign for Chinese investment all over the world (Mayer, 2017). The Memorandum for Understanding on co-operation under the Belt and Road initiative was signed between Nepal and China in May 2017 to advance Nepal's vital infrastructure, increase cross-border connectivity and people to people relations. By this MoU, both countries agreed to promote mutually beneficial co-operation in the fields of economy, environment, technology and culture. The promotion of co-operation in policy exchanges, trade connectivity, financial integration and connectivity of people are the vital focus of the MoU (Mohan 2018). The new partnership between China and Nepal paved the way for huge level of

Chinese Foreign Direct Investment (FDI) in Nepal. Today China becomes the largest source of investment in Nepal which makes India stands behind China in terms of her FDI in Nepal. During the period of 2017-2018, Nepal received 505 million US Dollars in FDI from China, which accounts 84 percent of the total FDI in Nepal. At the same time, Nepal received 46 million US Dollars FDI from India during the period. The decline of Indian FDI in Nepal was started since 2015.

The new Chinese partnership with Nepal has resulted for the termination of Indian monopoly one by one in different fields in Nepal. In January 2018 the China Telecom Global (CTG) and Nepal Telecom (NT) has teamed up to provide alternate cyber connectivity to Nepal. The new terrestrial fiber cable connection between China and Nepal ended India's internet monopoly in Nepal. Now Nepal becomes part of China's Hong Kong Data Center, one of Asia's largest global data centers. The new digital co-operation with China has provided additional physical and digital connectivity to landlocked Nepal (Aneja, 2018). With that mission to end Indian monopoly, Prime Minister K. P. Oli made a six-day visit to China in June 2018. During the visit both nations signed 14 agreements, most prominently includes the agreements on railways, energy, transportation, infrastructure development and tourism. The agreement on railways is to connect the Gyirong trading port in the Xigaze in Tibet with the Nepal capital Kathmandu. After the visit Oli said to the media that 'the visit was a history making since both the countries signed the pact for the expansion of land and air connectivity between the two countries, north south connectivity and construction of Koshi, Gandaki and Karnali economic corridors (Bhattarai, 2018). For Oli and his people it is a 'history making' since it end the history of Indian monopoly in Nepal.

Apart from China's constructive involvement in Nepal economy, another tormenting part of co-operation between China and Nepal is in the defence sector. China extensively provides financial assistance to enhance the professionalism and capacity of Nepali soldiers. In April 2017 China and Nepal hold 10-day-long joint military exercise 'Sagarmatha Friendship 2017' with special focus on combating terrorism and disaster management. The joint training of Chinese People's Liberation Army and Nepal's National Army marked the new beginning of military diplomacy between the two countries (Rajagopalan, 2018). Again in September 2018 both the countries organized the second joint military exercise 'Sagarmatha Friendship-2'. It is interesting to note that days before the China-Nepal joint exercise, Nepal cancelled the BIMSTEC joint

military exercise organized in India at the last minute by citing procedural failure. Nepal's increasing level of involvement with China for military cooperation wanted to be viewed from Nepal's longstanding efforts to come out of Indian defence surveillance. One of the major contentions of Nepal on the India-Nepal Friendship Treaty is India's domination over Nepal on defence terms in the name of India's security concerns. Now Nepal finds China as the fine option to counter balance India's defence control over Nepal.

#### **5.4 India-Nepal: Outstanding Issues**

India and Nepal are the two countries which are inter-connected with each other on an idealistic parlance but always inconsistent in realistic sense. The legacy of shared geography, history, culture and language are not standing over the political concerns of both countries to maintain mutuality in their engagements. It is not the similarity but the differences among them counted on in their bilateral relationships. If truth be told the disparity has been largely exploited by India in her favour to protect the extra-territorial interests. It is India's attitude, shaped by the overwhelming political desires over the small neighbours, spoil the vibrancy of friendship that would have been established among the two proximate neighbours of India and Nepal. It is the huge contrast between India and Nepal in their respective territorial spans, demographic dimensions, economic sizes and diversity, and thrust of comprehensive national power which has weighed heavily on the way India has pursued her interests and Nepal has responded and reacted to them (Muni, 2015, p. 399). Thus the history of more than six and half decades of India-Nepal bilateral relationship is mostly telling the story of confrontation flanked by India's efforts to protect her extra-territorial interests and Nepal's efforts to protect her own sovereign identity.

Independent India's foreign policy towards the neighbours was preconceived by her territorial and extra-territorial security interests developed in the context of the power rivalry in the post second world war international system. The security concerns in the neighbourhood thus become part of India's national interest and so as the basic objective of India's foreign policy. At the same time the landlocked Nepal which lived under the external suzerainty of the mighty British wanted to preserve her independence and sovereign identity. However the domestic political crisis and the geographical limitations made Nepal irresistible to the Indian political pressure and subjugated to Indian security interests. Therefore the root cause of the issues between India and Nepal lays on the reality that the success of India's security interests in Nepal

was completely not because of the potential power of India but because of the geo-political inability of Nepal (Nayak, 2012). Thus whenever India succeeded over Nepal by means of her geo-political potential, the reactions in the form of anti-India sentiments were emerged in Nepal. As long as the anti-India sentiments persist in Nepal, India can't build an enduring friendship with Nepal. As long as India undermines the contentions of Nepal, the anti-India sentiments will persist in Nepal. An analysis of the various contentions raised by Nepal would reveal the fact that these are central to the political and economic identity of Nepal.

#### 5.4.1 India's Defence and Security Umbrella

The base of India-Nepal bilateral relationship is the Treaty of Peace and Friendship signed in 1950. The Treaty which was formulated at the initial stage of India-Nepal bilateral engagement is still in force even without a periodic revision or an amendment of a single clause. The major contention of Nepal with India is based on the fact that, though the world order and bilateral relations among the nations has thoroughly changed to cope with emerging situations and opportunities, India-Nepal bilateral relation is still outdated. Whenever Nepal raises the question of the revision of the Treaty, India vehemently argue that it is still valid and nothing has changed to think about a revision. It is the failure of Indian foreign policy and diplomacy to repeat the same answer for the last sixty eight years. One of the major reasons for Nepal's demand to revise the Treaty is the provision for India's defence surveillance and control to get Nepal under her security umbrella. In defence and security related issues, the Treaty made India and Nepal allies of each other in a specific context of neighbourhood, though the term alliance was not used because such relationship involving military aspects was antithetical to Nehru's approach to Asian security problems (Muni, 1996, p. 36). Article 2 of the Treaty and the corresponding clause in the letters exchanged provides for mutual consultation and joint counter measures in the event of a misunderstanding and dispute with any other neighbouring country. Thus India effectively established the concept of common security threat and common defence strategy to advance her control over the security and military of Nepal.

Article 5 of the Treaty permitted Nepal to import arms, ammunitions or warlike material and equipments from or through the territory of India for ensuring her security requirements. But as per the letters exchanged, the freedom that given to Nepal as per article 5 is subjected to the assistance and agreement of India for its smooth and prompt transfer through the territory of

India. It was a clever clause since Nepal had no other option than India for transit at the time of 1950 and thus, the defence import of Nepal were subject to the close verification of India (Muni, 1996). Consequently India had become the sole provider of arms, ammunition and equipments to Nepal. But later on when Nepal got the option other than India for defence co-operation and arms import, India extended her defence and security verification though as per the Treaty it is applicable only for the import of defence material through India. In 1989 India imposed economic blockade over Nepal when Nepal made an agreement with China for arms import and defence co-operation without consulting India. Though as per the Treaty, it was not mandatory for Nepal to have prior consultation with India, the blockade was justified by India by citing it as the serious violation of the Treaty. In 1989 Nepal had no other option than to cancel her defence co-operation with China since the economic blockade created wide spread chaos in Nepal due to her heavy economic dependence to India for fuel and other essential commodities. The incident shows that, India made it her self-claimed right to decide what Nepal needed or not needed for defence and security.

The provision for the recruitment of Gurkha soldiers in Indian Army and the presence of Indian military personnel in Nepal for mutually agreed job is another instrument which made Nepal under the defence control of India (Muni, 1996, p. 40). This has provided India to play a decisive role in Nepalese Army by way of training its officials and designing its defence strategies. India's special relation with Nepal in terms of defence and security is actually a burden to Nepal and her sovereign identity. Hence India's security umbrella over Nepal remains as one of the most relevant part of Nepal's contention to India. In the past Nepal never had the courage to take steps to abrogate the treaty of 1950 to broken India's defence control, though a one year notice was sufficient for that as per the provision of the treaty. India's unwillingness to change her security orientation towards Nepal and her over emphasized security threat perception in the Himalaya made Nepalese as anti-Indian and was waiting for a political opportunity to break the surveillance. The new vigour of Nepal after the political transformation in general and the promulgation of the new Constitution in particular, compelled Nepal to re-orient her defence co-operation and security partnership and placed China as the most favourite against India. Today China is the largest defence partner of Nepal which posing a serious security threat to India not only in the Himalayan region but also in the South Asian region as a whole.

#### 5.4.2 Domestic Political Interference

India's undue interference in the domestic political affairs of Nepal is a serious bilateral issue often raised by Nepal. The history of the bilateral relationship between India and Nepal shows that India's unwarranted intervention in Nepal was habitual and even claimed that as her political right for somehow. The regional and domestic political situations at the time of the beginning of India-Nepal bilateral engagements compelled Nepal to allow some space for India's political intervention in the country's internal affairs. During that time both India and Nepal faced the possible China threat with the advancement of Tibet by China. Together, internally Nepal was experiencing serious political dispute between the King and the political parties over the establishment of democracy. Both cases were exploited by India to ensure her political control in the domestic affairs to safeguard her regional security interests. In the initial phase both the King and the Nepali Congress, the most dominant political party, needed the support of India to protect their political space and interests. So that India's involvement at that time was not felt as the intervention by the King and the Nepali Congress. Later on India made the involvement regular and the Nepalese started felt that as unwarranted since the regional political situation had changed much. So they began to question India-Nepal bilateral engagement established on the basis of the 1950 Friendship Treaty.

Until 1990 India's involvement in Nepal was viewed as part of her support to the cause of democracy and political stability. But there were occasions in which India's role criticized at the domestic platforms in Nepal. India played the double role during the period to save both Panchayat system and the democracy aspirations of the people in the name of political consensus for peace and stability. It was India's interest to have both monarchy and democracy present in Nepal, since both needed the support of India and thus India could effectively balance their approach towards India. However, India's undue interference in Nepal becomes a major political allegation after 1990 when the Maoists emerged as a competent force and started guerilla warfare against the monarchy. During the Maoist insurgency they were highly critical of the role of both the King and India in Nepal. The anti-India rhetoric of the Maoists highly influenced the Nepalese and resulted for the negative representation of India in Nepal. The Maoists regarded the

1950 Friendship Treaty as the reason for India's unwarranted interference and hence demanded for the termination of the 'unequal treaty'.

India's interference and Nepal's objection become harder after the political transformation in 2008. India's involvement in the internal politics and constitution making process were regarded as India's effort to continue her traditional policy of exerting influence in the internal political affairs of Nepal. India's attempt to influence the political process in Nepal is widely viewed as an attempt to establish India's authority in Nepal to safeguard her security interests in the Himalayan region. Nepal is now perfectly capable of deciding her course of foreign policy and relations. India perceived the new political situations in Nepal as a strategic threat to India since China is a dominant player in Nepal now. Hence, more than having a creative role in developing mutual trust and friendship with new Nepal, India using the option of getting the political actors in Nepal under her control by means of coercion. But Nepal conceived Indian strategy as the biggest threat to her sovereign identity and openly stated to India that whatever happening in Nepal is her internal issue and India has no more role or sanction to make involvement in the internal affairs of the country.

#### 5.4.3 Unequal Economic Dependence

The geographical constraints as well as convenience had a great role in the development of India-Nepal bilateral relations, especially in the field of economic interactions. Geographically, Nepal is more open to India and closed to other neighbours until the recent time. So more than a landlocked country, Nepal perfectly remained as an India-locked country. The bilateral economic relations between the countries were formalized through the Treaty of Trade and Commerce signed in 1950. The treaty provided for the full and unrestricted right of Nepal to commercial transit of all goods and manufactures through the territory and ports of India. As per article 2 of the treaty, the government of India agreed to allow all goods imported at any Indian port and intended to be re-exported to Nepal to be transmitted to such place in Nepal as approved by the two governments, without breaking enroute and without payment of any duty at any Indian port. On practical experience these provisions were proved as unequal and unfavourable for Nepal and consequently viewed as an instrument for Indian domination. Tanka Prasad Acharya was the first prime minister of Nepal to describe these provisions as economically disadvantageous to Nepal and contrary to her independence and sovereignty (Singh & Singh,



1999, p. 996). Thereafter India's economic domination over Nepal through the instruments of trade and transit treaties becomes the factual allegation and criticism of Nepal, which continuing even today.

Because of its own economic strength fuelled by its geographical size and availability of resource capital, India does obviously have the comparative advantage over its smaller and weaker neighbours (Goel, 2004, p. 409). The trade imbalance between India and Nepal has always been a matter of economic disparity and confrontation between the two countries. The economic disparity in advantage to India and to her private entrepreneurs is a major issue faced by Nepal in her effort for economic re-building. It is because of Nepal's sole economic dependence to India. For India, Nepal is the largest market for Indian exports and investments. But for Nepal, though there are duty concessions to increase her export, India has not become a viable market for Nepalese goods. Nepal's export-import ratio with India always remained as higher than its export-import ratio with the rest of the world due to her heavy dependence on India, especially for petroleum products. The Nepali exporters and the business men are highly critical of Nepal's sole dependence to India even though India is having a unilateral trade policy and undermining the economic aspirations of the poor Nepal. The thorough revision of the bilateral trade treaty to balance the mutual advantage is thus the demand of the business community as well as the common people of Nepal.

Over the past decade, Nepal's trade deficit with India has been increasing at a distressing rate. It not only causing disadvantage to the high profile traders but even to the local agricultural producers As per the existing trade treaty Nepal is allowed for the export of agricultural products to India at zero or nominal customs duty. But the agricultural products from Nepal are not in the favourite list of Indian trades and customers, adding more trouble to the local farmers. Nepal traders are also subject to the non-tariff barriers from the Indian authorities by way of not permitting open transit access for Nepalese agricultural goods and medicinal products (Taneja, 2018). Indian authorities are also troubling the Nepalese by imposing restriction to the Nepali trucks in the border in the name of quality check, though they are carrying quality certificates issued in Nepal. These kinds of hurdles are not a single incident or issue, but the Nepalese traders are experiencing it frequently, nurturing anti-India sentiments. India always assures the protection of the Nepali exporters and producers, but remain silent in feasible action. Nepal has frequently made constructive demands for improving the bilateral economic relations by means

of allowing additional sea ports, construction of integrated check points in Biratnagar, Bhairahawa and Nepalgunj, establishment of energy bank, construction of expressways and Butwal-Gorakhpur transmission line. However, India has not fully broken her silence yet.

#### 5.4.4 Open Border System

The existence of long open border is one of the peculiar features of India-Nepal bilateral relationship. Geographically, the Tarai region which border with the Indian states of Uttar Pradesh and Bihar is the transitional region between the Hills of Nepal and the Gangetic plains of India. The entire border region is covered by agricultural fields, forests, rivers and streams. Due to the intensity of the socio-economic interaction of people from both sides in the border region, it remained as open even after the independence of India. The in-land movement of people from both sides is not restricted here with passport, visa or any other documents (Baral & Pyakurel, 2015). Though the open border is for the benefit of the people from both sides, it is not devoid of issues and controversies. The border area is not perfectly demarcated and causing for border claims by both India and Nepal. The prominent among them are associated with the Tanakpur and Kalapani area. The matter has been raised by the Communist parties in Nepal as major political allegation against India. Nepal's claim over these areas is still alive and is a matter of severe contention between the two countries.

The free movement of people is causing for some serious social issues particularly for Nepal. The open border facility is used by the people for illegal migration and settlement. The impact of illegal migration is severe in Nepal since it is a geographically small country with least performing economy. The worst impact is the increase of population in the Tarai region and the surfacing of social tension out of it. One of the major arguments of Nepal is, India encouraging its people in the border region for settlement in the Tarai region to Indianize the region. It is perceived as an effort of India to induce pressure over Nepal by using these people to facilitate Indian interests in the country (Warikoo, 2012). It was a major allegation of Nepal during the protest organized by the people in the Tarai region against the new Constitution in 2015. The ill-treatment of Nepalis in the border region is also a major allegation of Nepal. The people in the Tarai region, though they are Nepalese, with their Indian origin causing for the trouble. The domination of Indians in the Tarai market regions is also causing for the dispute among the people of both countries. These are sensitive issues since the border is not separated as two

independent countries in a social perspective. However both the countries failed to have a viable settlement to solve the issues associated with the open social living in the border.

The open border system also causes for some general but severe problems such as human trafficking, cross-border crime, smuggling and illegal trade and anti-India drive. The smuggling of arms and ammunitions by illegal forces along the India-Nepal open border is a serious issue faced by both India and Nepal on internal as well regional security perspectives. Though both the nations devised higher security mechanism in the border, the border is still notorious for illegal weapon trade and smuggling of narcotics. For drug trafficking, Nepal is considered as safe place by the illicit forces to reach India. India has accused of serious security lapse in Nepal and in the Nepal border region which is used by the terrorist forces targeting India. Though it is difficult to control these activities in the border due to its porous nature, India alleged Nepal for using the country by the Pakistani terrorist groups for easy entry to India. The large amount of aid coming to the Tarai region from the terrorism promoting Islamic countries has prompted the extremist activities which are further aggravating the situation and the security problems for India (Warikoo, 2012, p. 129). Thus the open border system is also playing a part for mutual accusation and conflict not only among the two governments of India and Nepal but also among the people of both countries.

#### 5.4.5 River Water Management

River water management is another fundamental base of Nepal's serious contention with India. Nepal is the richest country in terms of water resources. Nepal has more than six thousand rivers with a combined run-off of about 200 billion cubic meters. If properly harnessed, this resource could make substantial contribution to the socio-economic development not only of the people of Nepal but also of millions of people living in the countries of South Asia (Dhungel, 2009, p. 11). But it is the misfortune of Nepal that, being a poor country, she lacks the financial resources or technological advancement to manage the water resources for power generation and irrigation. Hence, even though water resource is abundant, Nepal facing the scarcity of electricity and irrigation facilities. India was the only country geographically able to involve in the water management of Nepal. India's involvement in the water resource management of Nepal was not simply because of her interest to contribute in the economic development of Nepal, but to effectively utilize the opportunity to satisfy her power demands and irrigation requirements.

India's involvement in the construction of water projects greatly helped Nepal to develop the primary infrastructure for the management of water resources. At the same time there has been a strong feeling among the Nepalese that India's involvements were not so constructive and the water management agreements between the two countries lacks equitable benefit sharing.

The disputes over India's water projects in Nepal are not new and were there even before India's independence. The 1920 Sarada Treaty signed between Nepal and the British India to construct the Sarada barrage on Mahakali River for an exchange of 4,000 acres of land to India was the starting point of the dispute. After independence India signed agreements with Nepal to build the Kosi barrage in 1954 and Gandak barrage in 1959. But both were regarded as the continuation of British policy of annexation of Nepalese territory and natural resources, therefore subject to severe public protest in Nepal. Thereafter India-involved water projects in Nepal have been viewed by its people by suspicion and received popular protests (Swain, 2018). The popular protest has resulted for the pending of the construction of Indian water projects in Nepal. India and Nepal already signed four large scale hydroelectric and irrigation projects for the construction of dam/barrage on major rivers of Kosi, Gandaki, Karnali and Mahakali. The disturbing fact is that, so far none of these projects except Kosi barrage has been completed in Nepal due to the political allegation of India's 'resource plunder' in Nepal.

The unwillingness and untrustworthiness of Nepalese towards India water projects made Nepal to think about alternatives, led to India's displeasure and serious bilateral dispute. India's unofficial economic blockade of Nepal after the promulgation of her new Constitution in 2015, created unprecedented energy crisis in the country and the growing anger against India ignited Nepal's desire water co-operation with China. But India's pressure over Nepal against the closer ties with China has been severe. In 2017, under Indian pressure, Nepal had cancelled her agreement with China for the construction of the Budhi Gandaki Hydro Electric Project. The action of the Nepalese government invited serious social protest against India. By accommodating the spirit of the protest, Nepalese Prime Minister K. P. Oli in 2018 promised the Nepalese to restart the project with China. But India again threatened Nepal by expressing her reluctance to buy the electricity from the China built project (Swain, 2018). Making threat is not a remedy to the growing interest of China to involve in Nepal's water projects. If India really wants to keep away China from Nepal, India should come forward to formulate a grant strategy of water projects in Nepal which the Nepalese should feel as reasonable and honest.

## **5.5 India-Nepal: Need for Re-defining the Relationship**

In the first General Election in Nepal on the basis of the new Constitution of 2015, the Left Alliance of CPN (UML) and CPN (MC) got a historic victory with substantial majority in the National Parliament and in six out of seven Provincial Assemblies. The Left Alliance victory was equally on account of the formation of a credible Left alliance and the displeasure of the Nepalese towards the Nepali Congress and other major/minor political parties. The Left Alliance victory was against the Nepali Congress, Madhes-Tharu community based parties and the pro-Hindu/Monarchy parties. The electoral defeats of these parties were not only because of their organizational weakness but also due to their pro-India stance. It would be a mistake to read the emergence of the Left Alliance as Nepal's preference for communism. In their vote for the Alliance, Nepali voters have clearly expressed their new nationalism which has three key components including the search for political stability and peace, the demand for fast and comprehensive development and assertion against India (Muni, 2017). It is a clear indication that with the inauguration of new political order in Nepal, anti-India sentiments got momentum more than ever in the country and its base is truly in the allegation that Nepal is a victim of India's coercive economic diplomacy and India is acting to paralyze the country's peace process and political stability.

Now Nepal is politically transformed and that transformation is not going to let the country to live under India's 'big brother' approach any more. Today Nepal has the political courage to openly declare her newly conceived notion that her foreign policy is no longer remaining a victim of her geographical constraints and historical legacy. It is a clear message to both India and China. The message to India is, no country and its people really want to live under external domination and its Nepal's helplessness compels to accept dependence. For China the message is, Nepal is now politically more open and needs new external associates for her rebuilding on the basis fair and just partnership. Nepal's intention to build new phase of relation with China is not the 'China card' which Nepal played in the past to balance Indian coercion. But it is Nepal's sincere effort to open the landlocked country to explore new opportunities to fulfill the aspirations of its people who have been living under deprivation. India must understand the needs and demands of Nepal under the new political circumstances. It should not be perceived as Nepal's latest political strategy to counter balance India. If India failed to conceive Nepal in that

way and intended to follow the traditional policy of intimidation to get her back from China, Indian neighbourhood policy towards Nepal will add a new chapter of failure.

Nepal's foreign policy now has more than one option and the option of India is definitely not the least. Simultaneously, India has no more option than Nepal in the Himalaya as a friend and partner who share everything with India. The China option is not primary for Nepal, but the better in comparison with India. Subsequently, the comparison in terms of mutual benefit sharing and mutual respect matters in Nepal's preference. Now the question is how India wanted to re-orient her foreign policy to convince Nepal that India is a better option and opportunity and not a threat to her newly acquired identity. Nepal's part was cleared by Prime Minister K. P. Oli through the statement during his April 2018 visit to India that, 'I have come to India with a mission to enhance our relations to newer heights commensurate with the realities of the 21<sup>st</sup> century.' He further added that, 'inter-dependence takes many forms between our countries. Relations between neighbours are different than others. They rest on principles of equality and justice' (Hariharan, 2018). Oli came to India to refresh the historic ties between India and Nepal through the accomplishment of mutual economic desires. At the same time his language was clear to dictate Nepal's firm message to India to build trust and respect Nepal's sovereignty to establish co-operation with all of its neighbours to exploit the neighbourhood opportunity at the maximum possible range.

K. P. Oli, though much interested in China relation, didn't break the convention of opting India for the new Prime Minister's first foreign visit. During the visit of K. P. Oli, India also showed some positive signs of change in her Nepal orientation. Oli was received at the Airport by Indian Home Minister Rajnath Singh against the past protocol. Oli was accommodated in the Rashtrapati Bhavan and offered a ceremonial guard of honour, seemed as the recognition of Nepal as the high priority nation. But Oli intentionally skip over the term 'special relationship' though Narendra Modi repeated it during the joint address session. Instead Oli stressed the words 'equality, mutual trust, respect and benefit' (Muni, 2018). Hence, for India, it is definitely high time to realize and recognize that the future of India-Nepal bilateral should be based on equality of concerns, mutual trust, respect to sovereignty and integrity and equal benefit sharing. Narendra Modi's return visit in May 2018, the third visit in four years, was conceived at least in the political circle as India's endorsement of Nepal's new Constitution, the matter of acute controversy in the recent past.

Dealing new Nepal is so sensitive and therefore Indian leaders and the diplomatic officials should have the sense and sensibility to address and resolve the crucial concerns of Nepal in relation with India. Nepal's concerns are not out of the box questions and need the sincere efforts of the permanent and high/local level consultation mechanism to resolve the issues one by one on reciprocal basis. The open border, the basic feature of India-Nepal bilateral engagements, should be hurdle free for the smooth flow of commercial relationship and security bound to check the illegal activities. The high priority should be given to revise the Friendship Treaty and all other economic treaties to make them more democratic and advanced. The crucial part is to resolve the water issue to re-schedule/complete the inked projects struck down by local/political protests. With high level political consensus, it is also preferred to have a framework agreement to provide space for community decisions and engagements to build confidence among the local people who depend on these water sources. Above all India should not regard Nepal only on the basis of her security concerns and interests since the conventional and non-conventional security issues in today's world order can best be resolved through friendship and mutual consultation and not by war or weapons.

## **5.6 Conclusion**

India has played both constructive and destructive role in Nepal since the establishment of multi-party democracy in 1990. India's role and engagement was constructive during the period of Nepal's struggle to abolish monarchy and to establish true democracy. India provided extensive economic and political support to Nepal during the period of transition. India revised the trade and transit treaty to accommodate the basic economic aspiration of Nepal. India also extended financial support to the infrastructure development of Nepal. India's role was decisive in the political transition of Nepal. It was India who mediated for the entry of the Maoists into the political mainstream, which was crucial for the consolidation of the democratic movement against the monarchy. But after the abolition of monarchy and the establishment of democracy in 2008, India's self-emphasize and interference in the domestic affairs of Nepal was highly critical both in Nepal and in the external world. India with her traditional mindset and diplomatic style spoiled the opportunity for a creative role in the political re-building of Nepal. With India's unwarranted interference in the political dispute between the Nepalese President and the Prime Minister in 2009, the anti-India rhetoric of the Maoists has become the common sentiments of

the Nepali people. Gradually India lost its friendly posture in Nepal, the biggest failure of India's neighbourhood diplomacy.

After the promulgation of Nepal's new Constitution in 2015, India absolutely lost her credibility in Nepal. The protest which was organized after the promulgation of the new Constitution by the Madheshi and Tharu communities against the Constitution and India's support to the protest by means of blockade in the border resulted for the emergence of widespread hate India campaign and sentiments in Nepal despite the domestic political differences. All the major political parties including the Nepali Congress, who traditionally followed the pro-India stance, made India isolated in Nepal. The Left parties' consolidation and their electoral victory in Nepal further made India away from the primary concern of Nepal in terms of economic co-operation and defence alliance. Nepal foreign policy completely re-oriented after 2015, which made China to become the primary partner of Nepal by making India aside. China's ambition for greater partnership with Nepal through economic assistance, foreign direct investment and defence co-operation has actualized and accelerated since 2015. Hence Nepal has become the casualty of the failure of India's unilateral and coercive neighbourhood policy. Now India has no more option than to re-orient her traditional neighbourhood policy. If India is not ready to change her foreign policy approach towards Nepal and respect the sovereign independent identity of Nepal above her security concerns, Nepal will remain and pose greater strategic threat to India.

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## CHAPTER VI

### CONCLUSION

In the modern world system no nation can remain isolated and self-confined. Every nation is interacting with the rest of the world through a well defined and designed policy called foreign policy. Foreign policy shows the character and behaviour of a nation towards the external world. It defines the basic principles and objectives of a nation in its engagement with the world nations. It is designed to fulfill the political, economic and other prominent aspirations of a given nation. In total the foreign policy of a nation is the representation of its national interest shaped by the geographical position, historical identity, political targets, economic status, and military potential. In that perspective due to the divergence over the national interests there exist major or minor differences among the nations in terms of the principles and objectives of their foreign policy. Hence the international system is the space of interaction by the world nations in terms of their divergent foreign policies. The foreign policy interactions are therefore creating a sense of co-operation on identical terms and conflict on diverse terms in international relations.

Indian foreign policy, emerged from the British colonial past, has registered the glory and success in terms of her wider collaboration and friendship with the world nations. The emergence was from the perished third world country to a regional strategical player with the potential to exert influence in world politics. The emergence was as the leader of the deprived nations of Asia, Africa and Latin America through the platform of Non-Aligned Movement. Later on India established her association with the big global players. The domestic emergence of India in the field of security capability, sustainable economy and social progress are definitely because of her association and engagement with the world countries and regional organizations. Today India is a potential economic player having its presence in the world forums and also seeking admission in the United Nations Security Council as a permanent member. India's role is active and somewhat accepted at international level to resolve the major global problems. All these are the contribution of India's capable and powerful political leaders as well as the victory of Indian foreign policy and diplomacy.

Though India's foreign policy has succeeded to place India in the global platform as the potential political/economic player, it is unfortunate that the contribution of India's neighbourhood policy towards her emergence is very little and sometimes had a negative

influence. It is because of India's failure in managing her neighbourhood through comprehensive strategy and policy. Despite the historical legacy, India's neighbourhood policy was greatly influenced by her domestic as well as regional security concerns. Security was projected as the primary concern and all other possibilities of engagements were over shadowed by India's intense caution and emphasis of security management. Though security is a matter of everyone's concern, India's over emphasis made the things to go on a wrong way. It has been conceived by the neighbours as India's agenda and attempt to exert domination over the less advantaged nations of South Asia. The result was the creation of a tough neighbourhood around India with the anti-India sentiments and its open manifestation. None of the neighbours in South Asia thus remained as the trustworthy partner of India and challenge India's security oriented perception towards them by open rhetoric or with an external balancer. The case of India-Nepal bilateral relationship is a typical example.

South Asia is regarded as one of the least integrated region in the world. It is definitely an impact of South Asian countries perception towards their central neighbour, 'big India'. India's greater advantage in comparison with the conditions of other South Asian nations and in terms of geographical size, political stability, economic capacity, social integrity and security credentials, highly influence them to look India with suspicion and fear. Hence, India is the least regionally integrated country, projected as the potential super power. The socio-political and economic conditions of India and her neighbours naturally provide an opportunity for India to have a constructive involvement with her regional friends. But, unfortunately India envisaged the neighbours as the biggest challenge to her domestic as well as regional security. Due to that conviction India's neighbourhood policy has been dominated by threat perception which spoiled the natural identity and opportunity of India. India's reserved attitude and coercive approach made the sensitive neighbours and its people anti-India and militant actions are directed against the country. The South Asian neighbour's negative perception towards India is attributed to their historical link with India as well as their domestic political/economic conditions. India's seven South Asian neighbours- Afghanistan, Bangladesh, Bhutan, Maldives, Nepal, Pakistan, and Sri Lanka- are famished nations due to the situation of chronic political turmoil, economic deprivation, and social anarchy. The endurance of democracy is a long perceived dream of these nations as a consequence of the dominant presence and infiltration of anti-democratic/military forces in their political process.

India's negative perception among the neighbours made them to think about an alternative force to balance India's coercion and attempt of regional domination. It has provided ample opportunity for China, the rival power of India in Asia who want to establish domination over the region as part of the effort to enhance her global presence through economic connectivity and financial assistance. The South Asian countries mostly welcome the helping hand of China not only to check Indian ambition but also for constructive contribution to re-build their regressed economy. The preference of China over India is definitely due to their antagonism towards India and their desire for a reciprocal partner. The advance of China in South Asia through building economic bridge around India is the real threat to India on regional security terms. It is high time for India to realize that the real threat is not the neighbours but her own neighbourhood perception which vandalized South Asia. By cutting road for China in South Asia, India challenged her own security and regional power status. Nothing adds glory to India's foreign policy until her neighbours' perception is changed to accept India as a big friend of them. It is not the sole need and responsibility of the neighbours, but the strategical imperative of India to get back the neighbours.

A re-orientation in India's neighbourhood policy and perception is need of the day to revamp peace and friendship in South Asia. One of the major issues of India's neighbours is definitely their limited economic opportunity and access. India should transform the region by means of an integrated economic system. India should be developed as an economic hub for connecting each nation in South Asia through trade relations. By being an economic India can contribute to overcome the infrastructure deficiency of neighbours for engaging in trade relations. For effective co-ordination of the trade and allied activities in South Asia, India should play a decisive role to make South Asian Association for Regional Co-operation and South Asian Free Trade Area more pro-active and effective. Once the situation is changed in favour of creating trust in the region through economic partnership, it will be easy to sort out the existing traditional/non-traditional issues of the neighbours with India. If India thinks in a reverse order, waiting to resolve all the existing issues for greater integration and partnership, the greatest challenge to India's regional/global power emergence will be from the South Asian neighbourhood.

Nepal is a country which politically evolved through the constant struggle against the monarchical forces to establish a democratic space. The modern history of Nepal is the story of



militant armed conflicts and the military counter actions in which thousands of its people lost their lives. For centuries Nepal's political system was dominated by the Rana rulers and then by the Shah rulers. The basic rights of Nepalese were denied and neglected by these autocratic rulers. Popular agitations were organized by the political parties' at large scale against the autocracy and as a result some democratic concessions were attained. Militant agitations were further organized by the Maoists for larger democratic space. The Maoist insurgency was a great impetus to the democracy movement in Nepal. However, Nepal experienced constant political instability and turmoil which had shrunk the scope of economic growth and social upliftment of the country. The continuous struggles organized by the major political parties and the Maoists against the centuries old monarchical order was finally ended in 2008 with the abolition of the system of monarchy to pave way for the establishment of democracy with secularism and republicanism as its base. But even after the establishment of democracy, the political parties failed to create consensus to contribute for political stability in Nepal. The promulgation of new Constitution in 2015 marked the beginning of new Nepal with new vigour in domestic as well as foreign policy. The new Constitution becomes the manifestation of the democracy movement with the making of Nepal as the secular, federal, democratic republic and opened the doors of landlocked Nepal towards greater political identity as a sovereign independent country in the internal and external world.

The India-Nepal bilateral engagement is a product of history, attributed to geographical proximity, economic bond, social sharing, cultural exchange, and religious affinity. The geographical position of Nepal and its large opening to India along India's northern border perfectly makes India and Nepal the close associates. The geographical opening facilitated for the migration of people from both countries to each other from the ancient time onwards. Such level of social interactions developed in history contributed for greater social interactions and via for cultural and religious exchange. Hence, both the countries have similarity of identity in terms of way of life, economic activity, social customs, cultural practices, and religious rituals. However, the reciprocal identity between India and Nepal unfortunately not represented in their political engagements. The bilateral engagement between the two close neighbours since India's independence proved challenging due to India's over emphasis on security and coercive means to control the neighbourhood. It is definitely India's diplomatic failure to articulate a

comprehensive and sustainable policy to maintain the tradition of acquaintance with Nepal by accommodating the concerns of the India-locked and impoverished Nepal.

The foreign policy of both India and Nepal are similar in terms of its basic principles and objectives. The foreign policy of both countries accommodates the doctrine of Non-alignment, Panchsheel, resistance to colonialism, imperialism and racism, pacific settlement of disputes, and support to international organizations as the guiding principles. Both countries are working together in the platform of Non-Aligned Movement for the realization of these basic principles. In terms of basic objectives too, the foreign policy of both India and Nepal stands for sovereignty and territorial integrity, economic development, and global peace and security. Being part of the category of third world nations, the basic aspirations of India and Nepal are the same and the difference is in terms of its actualization. That disparity with regard to the actualization of foreign policy goals is due to the difference among both in terms of the determining factors of foreign policy. In terms of their geographical size, political capability, population potential, social configuration, economic status and military capability, there is no comparison between India and Nepal. This has been making direct influence in the realization of the foreign policy goals. Even more, in terms of foreign policy, Nepal is subject to Indian influence due to these differences in determinants.

The base of the bilateral relationship between India and Nepal is the Treaty of Peace and Friendship signed in 1950. The treaty envisaged to establish intense strategic co-operation between India and Nepal. Specific importance has been given to develop borderless engagement between the two countries in order to establish close collaboration in the field of trade, transit, defence and foreign affairs for ensuring everlasting peace and friendship. The treaty started with the provision for mutual respect to sovereignty, independence and territorial integrity among the Himalayan neighbours. To ensure the defence and security of Nepal, the treaty granted permission to Nepal for the free import of arms, ammunitions or warlike materials and equipments from or through India. The treaty was signed at the time of the absolute monarchy of Ranas. Hence, soon after the restoration of democracy and Shah Monarchy, there were demands to abrogate/revise the 1950 friendship treaty to include the larger interest of democratic Nepal.

The demand for the revision of the friendship treaty has got momentum in Nepal, especially when the Communist party had taken the matter as their major political allegation

against India. There are four bases for Nepal's demand for the revision of the treaty including; it is a treaty signed with a non-democratic government and hence the treaty is also non-democratic; the treaty made the defence and security of Nepal under the close surveillance and supervision of India since Nepal wanted to consult India before purchasing anything related with defence and security of Nepal; the open border and the reciprocal treatment to the nationals are at the larger interest and benefit of India; and being a landlocked/India-locked country, Nepal has the natural right to get more concessions from India. The demand always remained as the top agenda in India-Nepal bilateral discussions. But India never heard Nepal with due respect and responsibility. The treaty of 1950 thus has become a matter of bilateral dispute between India and Nepal. The demand for the revision of the treaty has got new face with the formation of the government by the Communist Party of Nepal in 2018, who took the matter as prime agenda of dealing with India.

Another fundamental base of India-Nepal bilateral relationship is trade and transit. Being a landlocked country, trade and transit remained as the life of Nepal. The economic relation between India and Nepal was formalized in 1950 through the Treaty of Trade and Transit. The treaty granted full and unrestricted right to Nepal for the commercial trade and transit. But the treaty provisions were insufficient to the economically starving Nepal since India's concern while making the economic treaty with Nepal was more guided by her security concerns and the strategy for getting Nepal under Indian control, than satisfying the economic demands and aspirations of Nepal. So whenever the time comes for the renewal of the treaty, Nepal repeatedly made her request to make it more reciprocal and beneficial to the economic development of Nepal. Nepal's demand for a balanced economic engagement with India is justifiable since Nepal is a geographically landlocked and economically backward country and the economic rights of the landlocked countries for trade and transit are genuine and internationally accepted. India undermines the fact that the economic backwardness of Nepal not only affects the people of that country but also India since the border is open and the people are given national treatment.

India-Nepal bilateral political relationship during the period from 1947 to 1990 was dominated by India's political effort for getting Nepal under control and Nepal's resistance to India's effort for domination by means of 'China card'. The period was not so peaceful, yet made some substantial contribution towards creating the base for India-Nepal bilateral engagements. Jawaharlal Nehru perceived Nepal as a genuine interest of India and an imperative element of the

security of India. Nehru was instrumental for the establishment of democracy in Nepal through the first democracy movement of 1950. He was also credited the signing of the friendship treaty as well as treaty of trade and transit, the base of India Nepal bilateral engagement. The basic orientation of India towards Nepal based on the security concerns and interests was laid down by Nehru, effectively followed by his successors.

Under Nehru, India's relation with Nepal was somewhat stable and less problematic. The issue in bilateral engagement developed after the promulgation of new Constitution in Nepal in 1962 by king Mahendra after dismissing the democratically elected Koirala government. To overcome the Indian displeasure, King Mahindra successfully played the China card against India. It was a time when India-China relation was worst and waged an open war. Under pressure, India had no other option than to accept the action of the king to introduce the partyless panchayat system. But the story in the 1970s was entirely different. Indira Gandhi and her charismatic leadership had effectively counter balanced the China threat by making new friendship with Soviet Union. The victory of India over Pakistan in 1971, nuclear test and accession of Sikkim in 1974 had reduced Nepal's attempt of eliminating Indian influence. During the period India had taken strong policy approach towards Nepal. When the trade and transit treaty was expired in 1970, Indira Gandhi renewed it only in 1971 and that was too without accepting any single demand of Nepal. In 1975, when King Birendra made the zone of peace proposal to counter Indian domination, Indian approach was strong and negative. Since the proposal needed Indian sanction, India played the zero-sum game.

The intense tension between India and Nepal under Indira Gandhi was relaxed when the Janata government came into power in 1977. The approach of Janata government towards the neighbours were positive and reciprocal, Nepal also got its advantage. The greatest advantage was the separation of trade and transit treaty, the longstanding demand of Nepal but rejected by India in the past. The Janata government thus helped to pacify the bilateral tension between India and Nepal. When Indira Gandhi returned to power in 1980 she was not much interested in Nepal but concentrated on domestic issues. Rajiv Gandhi became the prime minister after the death of Indira Gandhi in 1984 and he too was not interested in the neighbourhood in general and in Nepal in particular. Due to the lack of India's much involvement in Nepal during the 1980s, Nepal got the courage to engage more with China by means of agreement for the purchase of war equipments. India's reaction was severe, neither expected nor bearable for Nepal. It was at time

the transit treaty expired and wanted to be renewed. India refused to renew the trade and transit treaty separately. When Nepal refused Indian demand, India imposed economic blockade by closing all thirteen transit point but two to carry essential goods. India's economic blockade had made the Nepal economy completely disturbed and destructed. Nepal's effort to overcome Indian pressure with China was ended in failure due to the lack of access from china to Nepal. China also take the position of not to antagonize India much. India's economic blockade had helped the pro-democracy movement in Nepal and the king was compelled to restore the multi-party democracy. India lifted the economic blockade only when the interim government formed under K. P. Bhattarai in 1990 cancelled the agreement with China for the purchase of war equipments.

During the period from 1990, India-Nepal bilateral relationship entered into a new phase of engagement parallel to the political transformation in Nepal. India's role in Nepal during the period from 1990 to 2018 was both constructive and destructive in terms of the nature of involvement. India signed separate treaty for trade and transit with an extended validity of seven years by accommodating the need and demand of Nepal. Nepal largely benefited from the new economic policy adopted by India in 1991. When the Communist Party of Nepal formed the government for the first time in the history of Nepal in 1994, Nepal's approach towards India changed in favour of demanding reciprocity in bilateral engagements. The Communist Prime Minister Man Mohan Adhikari openly demanded the review of India-Nepal friendship treaty on the basis of equality and justice in bilateral relationships. The Communist government wanted to free Nepal from India's security umbrella. But none of these demands were accepted by India. In order to pacify the anti-India sentiments in Nepal, Narasimha Rao government granted more economic concessions to Nepal. However, strong anti-India sentiments were escalated in Nepal during the time.

India-Nepal bilateral engagement reached to its zenith when I. K. Gujral became India's external affairs minister in 1996 and then the prime minister in 1997. He developed a plan of action, popularly known as Gujral Doctrine, to present India's responsibility towards small neighbours by means of unilateral concessions. Gujral's emphasis was on making the open border trouble free for the smooth conduct of bilateral trade and transit. He wanted to get the open border free from illegal activities which pose greater security threat to both India and Nepal. Gujral's reciprocal approach greatly helped to eliminate the anti-India sentiments in

Nepal. His policy towards Nepal was well received by the Nepalese. Though Gujral was succeeded to revamp the friendship, he failed to accommodate the longstanding demand of Nepal to revise the friendship treaty.

India's contribution and role during the Maoist insurgency from 1996 to 2006 for the abolition of monarchy has two phases. In the first phase India vehemently supported to counter the Maoist danger by means of providing political support and defence equipments. It was part of India's interest in Nepal to save the institution of monarchy as well as democracy. So India mediated for a compromise between the monarchy and pro-democracy forces. But when India failed to influence the king to accommodate the demands for democracy, India extended her full support to the people's movement for democracy. In the second phase, India played a crucial role to consolidate the movement for democracy organized by the major political parties and the Maoists separately. India's mediation was crucial for the signing of the twelve point agreement between the Maoists and the Seven Party Alliance for the joint plan of action to abolish monarchy.

India's involvement in Nepal since the establishment of democracy in 2008 has been highly illogical and attracted severe criticism from both Nepal and India. The things happened in Nepal after 2008 were out of India's expectations and hence India's concerns compelled to play a role to establish her influence in Nepal. In the first general election to the constituent assembly, the Maoists emerged as the single largest party and formed the government under the Maoist leader Prachanda. The new development in Nepal was viewed by India with speculation of the possibility of Maoist domination in Nepal, against India's calculations and interests. India was waiting for an opportunity to reduce the Maoist influence in the neighbouring country. When there was dispute between Prachanda and the president over the removal of army chief, India taken the opportunity to exert pressure to destabilize Maoist government. India openly supported the president and coerced the Nepali Congress and other parties to stand against the Maoists. The unnecessary political situation had lead to the resignation of Prachanda from the prime-ministership, a blow to Nepal's effort for political stability after the abolition of monarchy. India's involvement in the issue once again caused for severe criticism and anti-India sentiments has become dominant in Nepal.

Since 2008, Nepal foreign policy has been reoriented to claim her sovereign independent identity in bilateral engagement, especially with India. Nepal has demanded sovereignty, equality, justice and security as the primary concern of her independent foreign policy. In the past Nepal was politically handicapped to claim her sovereignty in bilateral relations. The political situation in Nepal was effectively exploited by India to exert her domination to secure her security aspirations. But Nepal got new political strength after 2008 and its manifestation reached maximum with the promulgation of the new democratic Constitution in 2015. The promulgation of the new Constitution resulted for further deterioration of India's neighbourhood policy towards Nepal. India was dissatisfied with the new Constitution since Nepal was not ready to accommodate Indian demands in the new Constitution. India had some specific demands and interest to accommodate in the new Constitution which was political and also religious. Politically India felt that due respect was not given to Indian proposal of federal system to save the interest of the people in the Terai border region. India was also ignored while including the provision for the protection of the marginalized communities. On religious ground, the BJP government in India had some interest due to the pressure from the Hindutva forces. It was at the interest of these groups to sustain Nepal as a Hindu state with Hindu monarchy. India tried maximum to create a public response in favour of the Hindu identity of Nepal.

India's material support to the protests organized in Nepal after the promulgation of the new Constitution, especially by the Madheshi and Tharu communities, isolated India in Nepal. India demanded Nepal not to promulgate the Constitution without accommodating the demands of the protestors. When Nepal exercised her sovereignty to promulgate the Constitution, India reacted with the border blockade to coerce Nepal. The blockade definitely created troubles in Nepal. But instead of getting Nepal under control, the blockade resulted for generating severe anger and animosity against India, cutting across the political difference. The blockade was the great blunder and failure of Narendra Modi's neighbourhood policy towards Nepal. The political development thereafter in Nepal has been devastating for India. In the first general election according to the new Constitution, the Left Alliance got the majority and formed the government. The new government under K. P. Sharma Oli has taken hard-line policy approach towards India. All disputing issues between India and Nepal have become a matter of prime concern of Nepal now. Oli vehemently declared that Nepal want a reciprocal partner and not a dominator to fulfill her political and economic ambitions. The merger of CPN (UML) and CPN

(MC) in 2018 to form the Communist Party of Nepal has provided new vigour to Nepal to pursue an independent foreign policy.

The advantage of India's setback in Nepal due to her domineering policy is to China who has been looking for an opportunity to have greater access in Nepal. The new Communist government prefers partnership with China, not only to balance Indian influence but also to claim her independence in foreign policy and bilateral engagements. Now Nepal is part of China's Belt and Road Initiative to advance Nepal's infrastructure facilities and cross-border connectivity. Today China is the largest source of foreign direct investment in Nepal in the field of defence, commerce, power, technology, tourism, road and rail. With Chinese collaboration Nepal feels that the country can effectively manage her deprived economy to facilitate for more employment generation and infrastructure development. The collaboration in the field of road-rail connectivity has vital importance since it will provide an alternative access for Nepal's trade and transit. The net result of Nepal's new engagement with China is the failure of Indian foreign policy and diplomacy by spoiling the opportunity for larger constructive role in new Nepal.

Though Nepal repeats the importance of India in her bilateral relationship on an historical perspective, Nepal has also giving a clear message to accept Nepal's sovereignty and independence, if India aspires to have a better relation with Nepal in the future. Without accepting and securing Nepal's interest, India can no longer continue her bilateral engagement and special friendship with Nepal. The primary target of Nepal is to create equality and justice in bilateral relationship. Hence, the primary concern is to revise the decade old friendship treaty and the treaty for trade and transit to accommodate the aspirations of new Nepal. Revising friendship treaty means making Nepal free from India's acute surveillance over the security and defence of Nepal. It also means the acceptance of Nepal as an equal partner of India above her geographical constraints. Revising the treaty of trade and transit definitely means giving Nepal the confidence to opt India for better trade and investment. It also does means making the border smooth and peaceful for encouraging bilateral trade relations. India also should concentrate on managing the water resource of Nepal as means to rebuild Nepal's starving economy and to create confidence among the Nepalese over India. India should not regard China's involvement in Nepal as against India or Nepal's strategy to build alliance, but consider it as Nepal's second option when India fails in Nepal.



Regarding Nepal, now India has the two options of whether want to continue as a big brother or reorient as a big friend. But Nepal now prefers the single option of getting India as her big friend. If anyone is asking about the future of India-Nepal bilateral relationship, the answer is, it depends to what extend India able to understand the 'new Nepal'. An analysis of India-Nepal relationship shows that there are three basic factors in their bilateral relationships; India's policy of coercion to get Nepal under control; Nepal's China card to balance Indian influence; and the vulnerability of Nepal as a landlocked country. These three factors are strong enough and capable of influencing the nature and potential of India-Nepal neighbourly relationship. As long as these factors are dominant, India-Nepal bilateral relations will remain problematic.

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## APPENDIX A

### POLITICAL MAP OF SOUTH ASIA



Source: [www.mapsofindia.com](http://www.mapsofindia.com)



## APPENDIX B

### TREATY OF PEACE AND FRIENDSHIP BETWEEN THE GOVERNMENT OF INDIA AND THE GOVERNMENT OF NEPAL

**Kathmandu,**

**31 July 1950**

The Government of India and the Government of Nepal, recognizing 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, MOHUN SHAMSHER JANG BAHADUR RANA, Maharaja, 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 1*

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 2*

The two Governments hereby undertake to inform each other of any serious friction or misunderstanding with any neighbouring State likely to cause any breach in the friendly relations subsisting between the two Governments.

#### *Article 3*

In order to establish and maintain the relations referred to in Article 1 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.

#### *Article 4*

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 5*

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 6*

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 7*

The Governments of India and Nepal agree to grant, on 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 8*

So far as matters dealt with herein are concerned, this Treaty: cancels all previous Treaties, agreements, and engagements entered into on behalf of India between the British Government and the Government of Nepal.

*Article 9*

This Treaty shall come into force from the date of signature by both Governments.

*Article 10*

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 RAN  
For the Government of Nepal

## APPENDIX C

### TREATY OF TRADE AND COMMERCE BETWEEN THE GOVERNMENTS OF INDIA AND NEPAL

**Kathmandu,**

**31 JULY 1950**

The Government of India and the Government of Nepal being desirous of facilitating and furthering trade and commerce between their respective territories have resolved to conclude a treaty of Trade and Commerce 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, MOHUN SHAMSHER JANG BAHADUR RANA, Maharaja, 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 1*

The Government of India recognize in favour of the Government of Nepal full and unrestricted right of commercial transit of all goods and manufactures through the territory and ports of India as provided in Articles 2, 3 and 4 below.

#### *Article 2*

Subject to such arrangements as may be agreed upon between the two Governments, the Government of India agree to allow all goods imported at any Indian port and intended for re-export to Nepal to be transmitted to such place or places in Nepal as may be approved by the two Governments, without breaking bulk en route and without payment of any duty at any Indian port.

#### *Article 3*

Subject to such arrangements as may be agreed upon between the two Governments the right of passage without payment of excise or import duties shall similarly extend also to goods of Nepalese origin in transit through Indian territory from one approved place to another within the territories of the Kingdom of Nepal.

***Article 4***

Subject to such arrangements as may be agreed upon between the two Governments, the Government of Nepal shall enjoy full and unrestricted right of commercial transit, from approved place or places in Nepalese territory, through the territories and ports of India, of all goods and manufactures of Nepalese origin for export outside India.

***Article 5***

The Government of Nepal agree to levy at rates not lower than those leviable, for the time being, in India customs duties on imports from and exports to countries outside India. The Government of Nepal also agree to levy on goods produced or manufactured in Nepal, which are exported to India, export duty at rates sufficient to prevent their sale in India at prices more favourable than those of goods produced or manufactured in India which are subject to central excise duty.

***Article 6***

The Government of India and the Government of Nepal agree to assist each other, by making available, to the maximum extent possible, commodities which are essential to the economy of the other.

***Article 7***

The two Governments agree to promote contacts between the trade interests of the two countries and undertake to give every reasonable facility for the import and export of commodities, and in particular to facilitate the use of the routes and methods of transportation which are most economical and convenient.

***Article 8***

Civil aircraft of either State shall be permitted to fly over the territory of the other in accordance with normal international procedure.

***Article 9***

So far as matters dealt with herein are concerned this Treaty cancels all previous treaties, agreements or engagements concluded between the British Government on behalf of India and the Government of Nepal.

*Article 10*

This Treaty shall come into force three months after the date of signature by both parties. It shall remain in force for a period of 10 years, in the first instance, and shall unless terminated by either party by giving notice of not less than one year in writing, continue in force for a further period of 10 years.

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 RAN  
For the Government of Nepal