

3 CHAPTER

India and Nepal Relations

After reading the chapter, the reader will be able to develop an analytical understanding on the following:

- Historical background
- Nepalese struggle with democracy
- India–Nepal treaty of peace and friendship, 1950
- Critical issues in Indo–Nepal treaty
- India–Nepal border related issues
- Case Study on security threats at the border
- Hydropower diplomacy
- Commercial diplomacy
- China factor in India–Nepal relations
- Analysis of Indian PM visit 2014
- India–Nepal power trading agreement
- India and Nepali Constitution
- India and Madhesi Problem and the blockade
- BBIN–Motor vehicle agreement
- Analysis of visits from Nepal to India

HISTORICAL BACKGROUND

The relation between India and Nepal goes back to the times of rule of the Sakya clan and Gautama Buddha. Initially, Nepal was under tribal rule and only with the coming of Licchavi rule in Nepal did its feudal era truly begin. Feudalism in Nepali society owes its origin to Licchavis. From 750 to 1750 AD was a period when Nepal came under Newari rule and they consolidated their presence in Kathmandu. This time period also saw a shift from Buddhism to Hinduism in Nepal and witnessed widespread cultural diffusion. In the 12th century, during the Malla period and rule of Yakshamalla in Nepal, the two nations reached their cultural zenith. The early 1700s witnessed a change in the Nepalese power structure. The subsequent period witnesses both monarchical and prime ministerial rule. In 1846, Jung Bahadur Kunwar established a dynastic rule for the Prime Minister, known as the ‘Rana’. The Rana rule took hold and continued in Nepal till 1951. Though the Rana regime was not very efficient, it did contribute to social developments in the field of schools and education. In the 1920s, as the Indian freedom struggle progressed, many educated Nepalese people came to India and partook in the struggle. This gave the Nepalese elite an insight into nonviolent struggle. The Nepali elite subsequently launched a movement in Nepal and succeeded in ousting the Rana rule. The most instrumental role

in this movement was played by the Nepali Congress (NC).

NEPALESE STRUGGLE WITH DEMOCRACY

In 1951, after the ousting of the Rana rule, the monarchy continued to dominate Nepalese politics. Three important kings with respect to this period of Nepalese history are King Tribhuvan, Mahendra and Birendra. In the elections that were held in Nepal in 1951, Nepali Congress party (hereafter referred to as NC) won. The period of 1951 to 1959 witnessed the King, Tribhuvan Bir Bikram Shah, and thereafter, his successor, Mahendra Bir Bikram Shah, and the NC struggle to control Nepal. The situation was not stable due to the insecurity of the king as the king wanted to retain his power and was not keen on sharing power with new democratic elements like the NC. In 1959, the confrontation between the king, Mahendra Bir Bikram Shah, and the NC reached a level where the king declared NC as corrupt, removed it from power and subsequently installed a party-less Panchayat system.

This system was such where people would elect their representatives but actual power would be wielded by the King. Thus, a highly centralised rule began from 1960. The period of party-less Panchayat System witnessed protests from NC and other sections of society. The protests finally culminated in the First Jan Andolan in Nepal in 1990. During this time, the King Birendra Bir Bikram Shah, divested of any other options, brought back democracy and a new government under the NC was formed. During the rule of the NC in Nepal in the period after 1990, there was not much progress witnessed on the developmental front. In 1994, the Unified Marxist Leninist Party (UML) tried to generate an anti-India feeling in Nepal. The UML began to assert that the NC is in reality controlled by Congress party of India. This led to a perception amongst the Nepali people about India's control and interference over Nepal and its internal affairs through the NC. The anti-India plan worked in favour of UML and they succeeded in capturing power for a short period of 9 months in Nepal. The UML was removed and the NC assumed power again in 1994. The subsequent period not only saw civil unrest but also witnessed the development projects of Nepal suffer. The civil unrest, over a period of time, evolved into civil uprising and took an ideological turn to Maoism. The Maoist movement in Nepal became fully manifested by 2005. Perceiving the unrest and violence in society, King Gyanendra dissolved the Parliament again. This dissolution of the Parliament caused massive protests, ultimately leading to the second Jan Andolan in 2005. The Jan Andolan led to a signing of a Peace Accord in 2006. An interim constitution was prepared in 2007.



As mentioned, the 2006 Peace Accord planned that Nepal would establish the new constitution by 2010. However, by 2010, the constitution was not ready. It got delayed due to two key issues. The first related to the disagreement about the succeeding form of

government. Maoists favoured the Presidential system while others favoured Parliamentary system. The second issue related to federalism. Maoists favoured ethnic federalism while others rejected the idea. Another important factor that delayed the Constitutional development was Madhesi assertion. Madhesis are people living in South of Nepal in the region of Terai. They are people living close to the border of India. The Madhesis have always been discriminated against by Pahadis or the people living in the upper reaches of Nepal. In fact, the discrimination against Madhesis at one point of time, was so intense by Pahadis that if a Madhesi citizen wanted to visit Kathmandu, they had to apply for a permit. The Madhesis, through their representation, demanded rights in the new constitution. After tremendous delays, Nepal finally accepted a constitution in September 2015.



INDIA–NEPAL TREATY OF PEACE AND FRIENDSHIP, 1950

India and Nepal, on 31st July, 1950, signed a Treaty of Friendship and Peace. This treaty acts as the bedrock of the relation between the two nations. The treaty extends mutual peace, friendship and sovereignty to each other while it accepts non-interference in each other's territory. As per the treaty, Nepal would consult India whenever they undertake any arms imports from any nation other than India.

The treaty lets the nations extend national treatment to each other. The national treatment clause also extends for industrial and economic development. Basically, under Indo–Nepal national treatment, their citizens are empowered to the same privileges for property, trade and residence and movement in both countries. That means, a Nepali citizen can buy property in India while and Indian citizen can do so in Nepal if he/she so chooses. Also, an Indian citizen can reside anywhere in Nepal and a Nepali citizen too enjoys the right to residence in India under national treatment. Another important point of the treaty is open borders. As per this point, Indian citizens can move to Nepal without the need of a visa and vice versa. As per the Article X in the treaty, either party can ask for a change in the treaty whenever demanded.



Critical Issues in Indo–Nepal Treaty

The Treaty favours Nepal more than India, but Nepal still has certain issues with it. Nepal initially complained that when the treaty was concluded in 1950, India concluded the treaty with a Rana ruler. Nepal alleges that India signed the treaty with the Rana who had become unpopular. Certain sections in Nepal also alleged that the way treaty was signed signified that India considered Nepal as a small state and not an equal state. It was further alleged that the conclusion of the treaty by the Indian ambassador and Nehru himself not coming to sign the treaty signified an unequal

status of the countries. As mentioned earlier, in 1994, the UML had successfully generated an anti-India plank in the election. Since then, raising anti-India slogans and alleging that the Indo–Nepal Treaty of 1950 favours India more than Nepal has become a norm for gaining political mileage. Many times, Nepali political parties have demanded a change in the treaty. Under Article X of the treaty, Nepal can ask India to bring change and India has to establish a mechanism for the same. Whenever Nepal has asked for a change in the treaty, India has accepted the Nepali request, but, absence of consensus in Nepal on issues that need revision prevents any meaningful engagement about the issue. This demand for revision of the treaty was recently also raised during Indian the PM's visit to Nepal in 2014.

INDIA–NEPAL BORDER RELATED ISSUES

India and Nepal have an open border with each other—a practice that dates back to the British times. Even the British had continued to maintain an open border between India and Nepal. The British and Nepal, after the Anglo–Nepal wars in 1814, concluded the Treaty of Sagauli in 1816. The British had drafted the Treaty of Sagauli on 2nd December, 1815. The treaty was to be signed by Nepal by the deadline of 17th December 1815. Nepal refused to sign it by the date declared. The British subsequently threatened an invasion of Kathmandu and after a 92 days stalemate, a courtier, C S Upadhyay, signed the treaty. The Treaty of Sagauli was not signed by the King and thus led to troubles in later times but the Treaty established Mahakali River as a dividing line in the Western sector.

After Independence, India continued with the tradition of an open border and it was noted under the Indo–Nepal Friendship Treaty of 1950. The open border has helped domestic Nepalese people to take advantage. The people of Nepal, through the open border, also entered into India for economic opportunities. The Nepalis who come to India for work are well accepted in India and are not treated as aliens. Nepali citizens have important contribution in India's security setup as well.

The entire border is demarcated by border pillars but at various stretches, due to natural calamities and lack of maintenance, the border pillars have gone missing, necessitating a proper demarcation of the border to ensure that an absence of the same doesn't lead to escalation of tensions. In 1981, India and Nepal established a Joint Technical level Boundary Committee to survey the boundary again. The committee in 2007 submitted 182 strip maps which were to be ratified by both nations. The ratification of the 182 strip maps is still pending as of 2017. In July, 2014, both countries established a Boundary Working Group (BWG) to resolve the Kalapani and Susta issues. The main issue related to the border management between India and Nepal is that the borders have been demarcated on the basis of a flowing river. The problem is that the rivers shift their courses over a period of time. This impacts the border which gets affected due to shifting rivers. No doubt the boundary of the river is also based on a principled fixed border but if the river shifts, it results in creation of adverse possessions. The shifting of the rivers has led to the destruction of boundary pillars. The BWG will use GPS observations and generate data. The data will be used by the foreign secretaries of both nations to solve pending border issues. The BWG is also to look into the Kalapani issue. The origin of the Kalapani issue goes back to Treaty of Sagauli. As per the treaty, Kali river is designated as the western part of the boundary. In between the two streams of the Kali river lies

Kalapani. The issue arises as the segments to the West of Kalapani of Kali river are claimed by Nepal while India claims segments to the East of Kalapani of Kali river area, thereby making a claim to entire Kalapani. In the 1962 Indo–China war, Kalapani was occupied by Indian forces and India considers it strategically important.

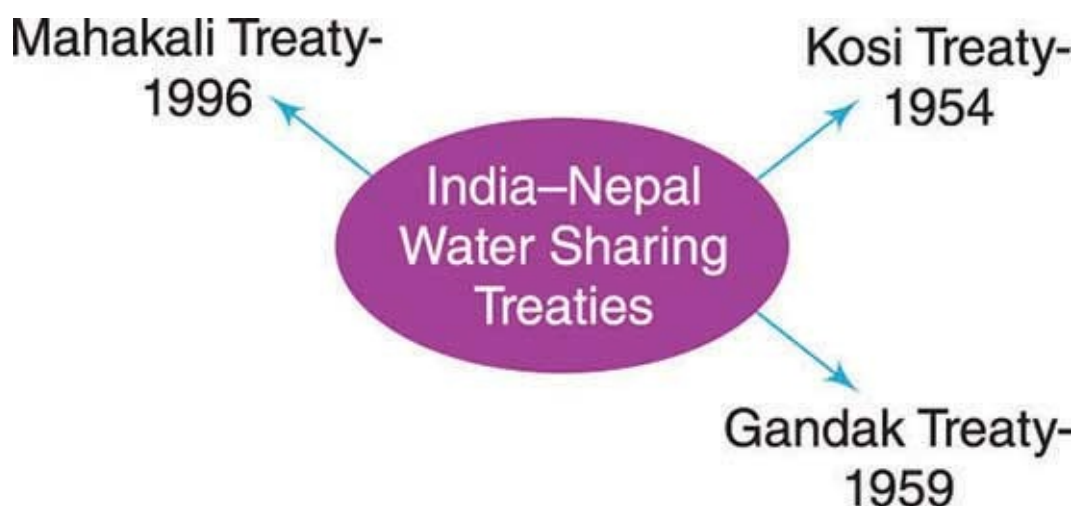


Security Threats at the Border

The open border has fostered socio economic linkages between the two nations and India also provides national treatment to Nepali citizens. However, since the end of the Cold War, the border has created some concerns. Intelligence reports today suggest that Pakistan has been taking advantage of the open border to infiltrate into India and that it uses the Nepal border route to pump fake currency into India with an intention to destabilise the Indian economy. The open border has given rise to criminality. Today, criminals of both nations use each other's territory for refuge making it tough for law enforcement agencies to track and catch criminals. There have been numerous cases of drug trafficking, gold smuggling, human trafficking and illegal arms trade that have been reported. Though closing the border is no solution, better management of the border areas are required. A Cross Border Crime Control Action Plan can be prepared and jointly enforced. Shashastra Seema Bal (SSB) can be empowered with modern technology and also empowered under the Passport Act to arrest criminals. (In July 2017, the Government of India has given the approval to SSB to establish its own intelligence wing).

INDIA–NEPAL HYDROPOWER DIPLOMACY

Nepal is an upper riparian state and has a hydropower generation potential of around 80,000 Megawatts power. However, it has installed a capacity of around 800 Megawatts only. On an average, 15 to 18 hours of power cuts are common throughout the country. Unfortunately, Nepal has not developed its hydropower potential due to a fear that if they undertake hydropower generation, India will assert dominance over the generated hydroelectricity. Despite the fact that India always cites the example of Bhutan–India hydro diplomacy as a successful case to Nepal, Nepal is still reluctant to improve its generation capacity. There are three treaties to regulate our water sharing today.



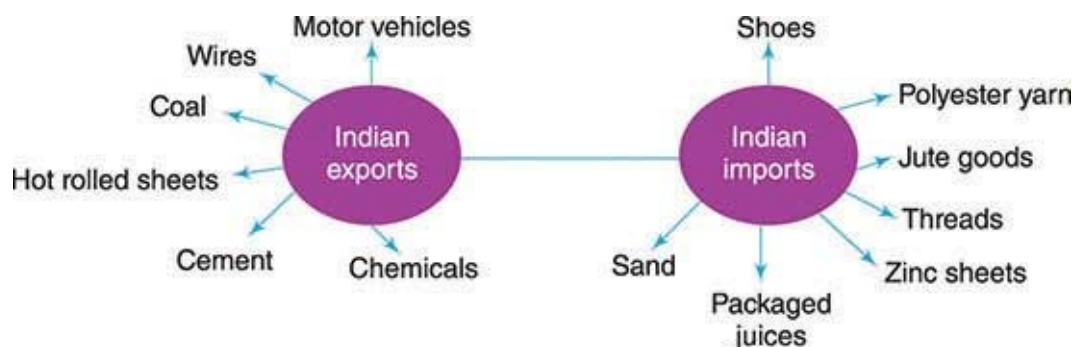
Let us examine each treaty individually. In 1954, India and Nepal signed the Kosi

treaty. Kosi river causes tremendous flooding and has been also called the Sorrow of Bihar. As per the treaty, the two sides agreed to cooperate to manage Kosi flooding. India, under the treaty, committed to create a low head diversion or a barrage dam which, through gates, can regulate Kosi's water flow. India constructed the barrage in Nepal and Nepal agreed to give its management rights to India for 99 years. Over a period of time, certain sections in Nepal have brought up some issues pertaining to the Kosi treaty. A section in Nepal feels that barrages have a normal life of 50 years and India getting a lease of 99 years has given India rights to control it for long beyond the need. Certain sections in Nepal also allege that India, while managing the barrage, does not release adequate water for irrigation and during floods, opens the gates, leading to many villages getting submerged completely. A solution to this issue may come forth if both sides undertake a multi-stakeholder negotiation and resolve the issues.

In 1959, India and Nepal also signed the Gandak River treaty. The treaty has 13 articles and under the treaty, both sides are to utilise water from the Gandak river to generate twenty thousand megawatts electricity. In 1996, both concluded Mahakali treaty. Under the treaty, India has agreed to undertake the creation of three dams at Sarda, Tanakpur and Pancheshwar. Both sides have agreed to share costs. However there has been no progress on these projects owing to pending social and environmental impact assessment.

INDIA–NEPAL COMMERCIAL DIPLOMACY

India and Nepal signed a trade treaty in 1996 which was later revised in 2009. Ninety five per cent of Nepali trade happens with India. Open border and twenty-two transit routes facilitate the trade. Raxaul, Tanakpur and Bratmandandi are prominent transit routes. There are more than 150+ Indian firms in Nepal working in manufacturing and services sectors. In 2013, both sides agreed to an Inter-Governmental Commission on Trade under which India has allowed the use of Kolkata port by Nepal for third country trade and designated customs points have been established. The trade is imbalanced as India exports a majority of things ranging from food products to petroleum products while imports, being negligible, primarily include wood and traditional medicines. There have been instances when some sections in Nepal have created a perception of a trade flood by India.



CHINA FACTOR IN INDO–NEPAL RELATIONS

The basic reason of Chinese presence in Nepal is to ensure that Nepalese territory is not used by Tibetans for breeding of discontent. In the initial years, from 1950s to 1980s, the Chinese tried to build an economic presence in Nepal, which got enhanced tremendously post 1990s. China has increased participation with Nepal at the economic front. In the last decade, Chinese engagement with Nepal has got strengthened at soft policy level. For that

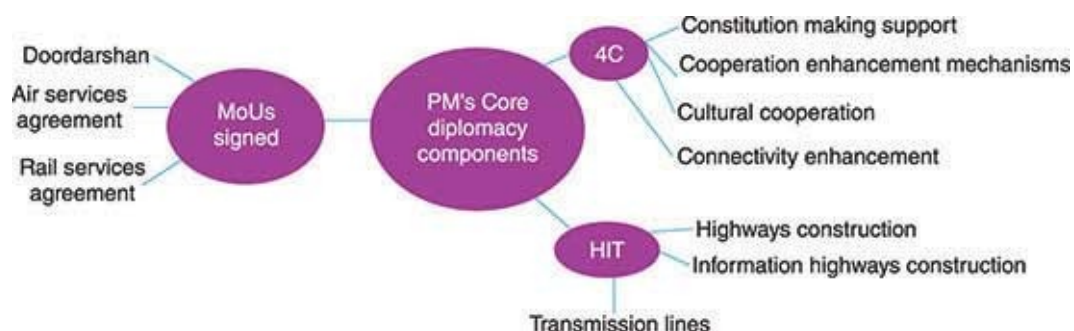
matter, China has opened up many Mandarin language training schools in the Terai region. Chinese are providing Mandarin language training to Madhesis to ensure that in the near future, the Madhesis emerge as potential labours to work in the ever-expanding Chinese economy. China has made inroads into Nepal in infrastructure, education and health sectors. India feels that the Chinese inroads into Nepal is necessarily to counterbalance the Indian influence in Nepal. Certain sections in the Indian security establishment feel that Maoism in Nepal has been encouraged by China and they have potential links with the Indian Naxalite movement, though this is not an officially accepted view by the Indian government today.

In the recent times, Nepal has made a tilt towards China. China is helping Nepal to fill the infrastructure gap. Nepal wants to take advantage of the rail infrastructure built by China in Tibet. Nepal has asserted that its relationship with China is purely economic and will not be hurting the Indian strategic interests in any way. The rising Nepal and China cooperation also signals that Himalayas are not a barrier anymore and for India, a strategy to check the Chinese engagements is required rather than reactions. Chinese strategy is to directly engage with the Nepali politicians and this has led China to build more trust. The China-Nepal relations can be judged from the following facts:

1. Nepal-China Agreement on Transit and Trade
2. Nepal-China Rail link agreement
3. Joint Military Exercise Pact
4. Rasawagadi-Syabrubesi Road link
5. Nepal is a part of Chinese Belt and Road Initiative with a SEZ promised
6. 1200 MW project on Budhi river by Gezhouba group

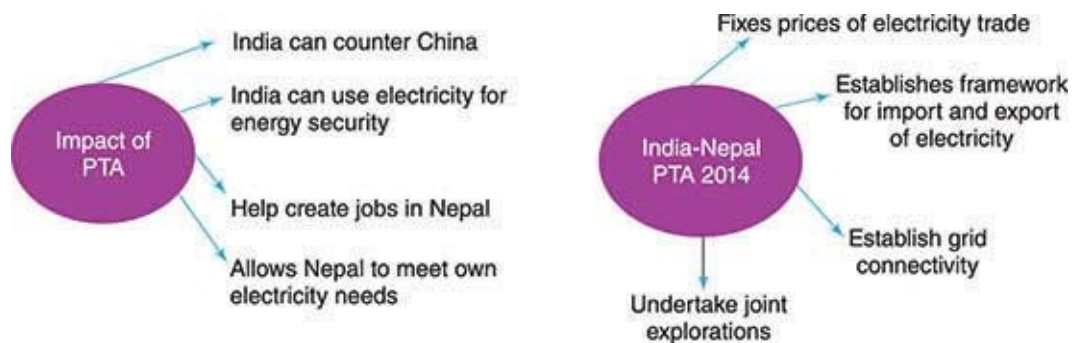
ANALYSIS OF INDIAN PRIME MINISTERIAL VISIT IN 2014 TO NEPAL

The Indian PM visited Nepal in 2014. During the visit, the PM paid a visit to Pashupatinath temple and even donated Sandalwood. The PM announced one billion dollars credit for Nepal and committed an immediate rise in scholarships for Nepali students for education in India from then 180 to the present 250. Nepal has agreed to complete a Detailed Project Report for the Pancheshwar project. Both sides have agreed to establish a Joint Commission to review Indo–Nepal Treaty of 1950. A new Track-II initiative called Expert Persons Group—Nepal India Relations has been established. India has agreed to provide assistance to Nepal on goitre control and also concluded various MoUs.



India–Nepal Power Trading Agreement (PTA)

Before the Indian Prime Minister's visit to Nepal, Indian Foreign Minister Sushma Swaraj paid a visit to Nepal and agreed to negotiate a Power Cooperation Agreement. During her visit, the draft was agreed to. It was believed that during the visit of the PM, the PTA would be signed. However, during the PM's visit, the PTA negotiations could not be concluded. It was decided that within the next 45 days after PM's visit, the PTA would be signed. The PTA between India and Nepal was finally signed in September 2014. Under the PTA, nine articles are concluded and it has been decided to have a review of PTA after 10 years. The agreement shall be valid for 50 years. Under the PTA, Nepal would give licence to Indian firms to undertake 28 surveys in Nepal to explore 8000 MW power generation. By 2021, GMR will establish a plant in Karnali to export 900 MW electricity to India.



INDIA AND NEPALI CONSTITUTION, 2015 AND MADHESI PROBLEM, 2016

Nepal is governed according to the Constitution of Nepal, which came into effect on September 20, 2015, replacing the Interim Constitution of 2007. The Constitution was drafted by the Second Constituent Assembly following the failure of the First Constituent Assembly to produce a constitution in its mandated period. The present constitution, which is its seventh, took almost nine years in the making. Nepal has alleged that India did not “welcome” the Nepali Constitution promulgated by the Constituent Assembly but merely “noted” it.

What makes this constitution different from previous six¹ constitutions is that old constitutions were written by monarchs and this seventh one is written by an elected Constituent Assembly (CA). The new Constitution has been written by politicians and not by Jurists and legal luminaries. It has adopted a rights based framework which is high on promises. The CA mechanism was adopted to ensure that the diverse social and ethnic groups of Nepal come together on a platform and work on rules to be made for the entire society. The CA aimed to have an inclusive order with all groups on board. However, the idea of a collective ownership to a constitution has not evolved. The Constitution has not given representation to the Madhesis on the basis of population. In the Pahadi region, there is one representative for every 5000 people while in the Terai region, it is one representative for every one lakh people. In the new constitution, the Madhesis and Tharus (who constitute 70% of the population of Terai) were left out. Madhesis consist of Maithili, Bhojpuri, Avadhi, Hindi and Urdu speaking people. The people in the hills or Pahadis consist of Limbus, Khambus, Magurs, Gurungs, Tamangs, Khasas and Nepali

Aryans. Nepal has faced severe problems in accommodating people of South Terai. The Pahadis, in the new constitution, have reasserted their dominant role. The new constitution does not have equal representation of all groups in the Parliament. The total number of seats planned for the Parliament is 165. More than 50% of the Nepali population lives in the Terai region. The total seats allotted to people of Terai are just 65 in number. The Pahadi region has got 100 seats at a time when they had less than fifty percent of the population. India has requested Nepal to go for an inclusive constitution with equal representation. The Madhesis argue that by demarcating the Terai region differently, the Pahadis intend to destroy the *roti-beti* character. Under the *roti-beti* characteristic concept, women from UP and Bihar states of India who marry a Madhesi will be treated as a foreigner for upto five years from now. The Madhesis protests this and want Ek Madhesh, Ek Pradesh.

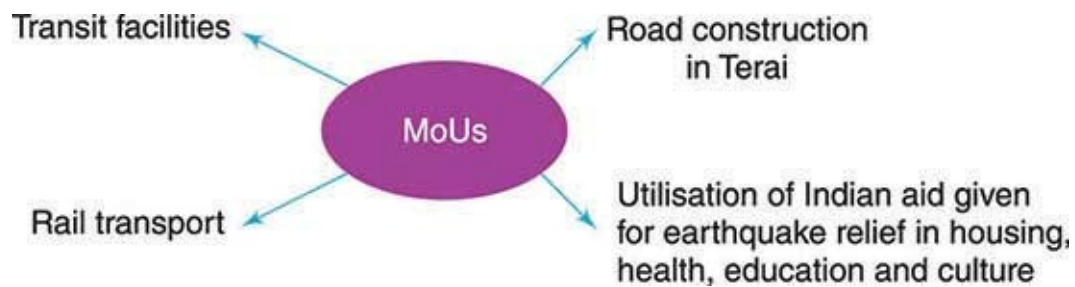
As mentioned, in 2007, there was an interim constitution that had, since then, been governing Nepal. In the interim constitution, as per Article 63(3), it was stated that geographical position and special characteristics would guide the electoral constitution. The Article 63(3) also stated that Madhesis would be given representation as per their population. In the new constitution, Article 84, which talks of representation, has dropped the point related to Madhesis. The interim constitution, under Article 21, had advocated that various Nepali groups will participate in state structure on the basis of the proportional inclusion principle, while under Article 42 of the new constitution, is dropped, something that which India is asserting be reinserted.

Citizenship issues are also at the forefront. Many Madhesis have acquired citizenship by birth or naturalisation. As per the new constitution under Article 282, it mandates that the posts of President, VicePresident and Prime Minister of Nepal and so forth, are to be reserved exclusively for those with citizenship by descent. India has been pitching for the addition of citizens who have acquired citizenship by birth and naturalisation also to be considered for higher posts. Over a period of time, some amendments were made by Nepal in Articles 42, 84 and 286 (dealing with the delimitation process). Some sections of Nepali groups in Southern Nepal for long undertook a blockade of Birgunj border in Raxaul. As a result of this, basic supplies could not reach Nepal. There was subsequently a severe shortage of commodities, including LPG cylinders. The Nepali people have a perception that through the blockade (in which India categorically denies any role), India has imposed its own version of economic sanctions in Nepal. The blockade has affected the people in the Pahadi region a lot. Even in case of the Terai region, due to the blockade, there was a strong anti-India sentiment. The major businessmen community in the Terai region consists of Marwaris. They have good relations with the people of the hills but are not very comfortable with the Madhesis. Due to the blockade, India's story has not won and its soft power policy has been eroded. It is stated by a scholar named Joseph Nye that in the 21st Century, it is the soft power that wins. India must follow a strategy in Nepal that wields soft power influence. India should take steps to recognize the diversity of the Nepali people and work with all sections of the society to eliminate poverty.

Due the blockade, the Nepali state began to witness fuel shortages. India annually supplies 1.3 Million Tonnes petroleum products to Nepal. Due to the blockade, Nepali people had to resort to cutting of trees to meet the fuel shortages, There was a massive deforestation and this led to a huge layer of smog in Kathmandu and other areas. Despite

immense poverty, Nepali people now had to face health related issues due to the smog.

In February 2016, the Nepali PM, KP Oli visited India and brought about an assurance to India on constitutional changes. During the visit, he signed some MoUs and, intly with Indian PM, inaugurated Muzaffarpur–Dhalkebar transmission line.



In August 2016, Pushpa Kamal Dahal-Prachanda became the new Prime Minister of Nepal. Prachanda sent his Deputy PM, Bimalendra Nidhi, as a special envoy to India on 18th August, 2016, and his visit created a ground for Prachanda’s visit to India in September. Prachanda’s visit focussed on support from India for reconstruction efforts in Nepal after the 2015 earthquake, improvement in road connectivity and industrial development.



Bangladesh, Bhutan, India, Nepal (BBIN) Motor Vehicle Agreement (MVA)

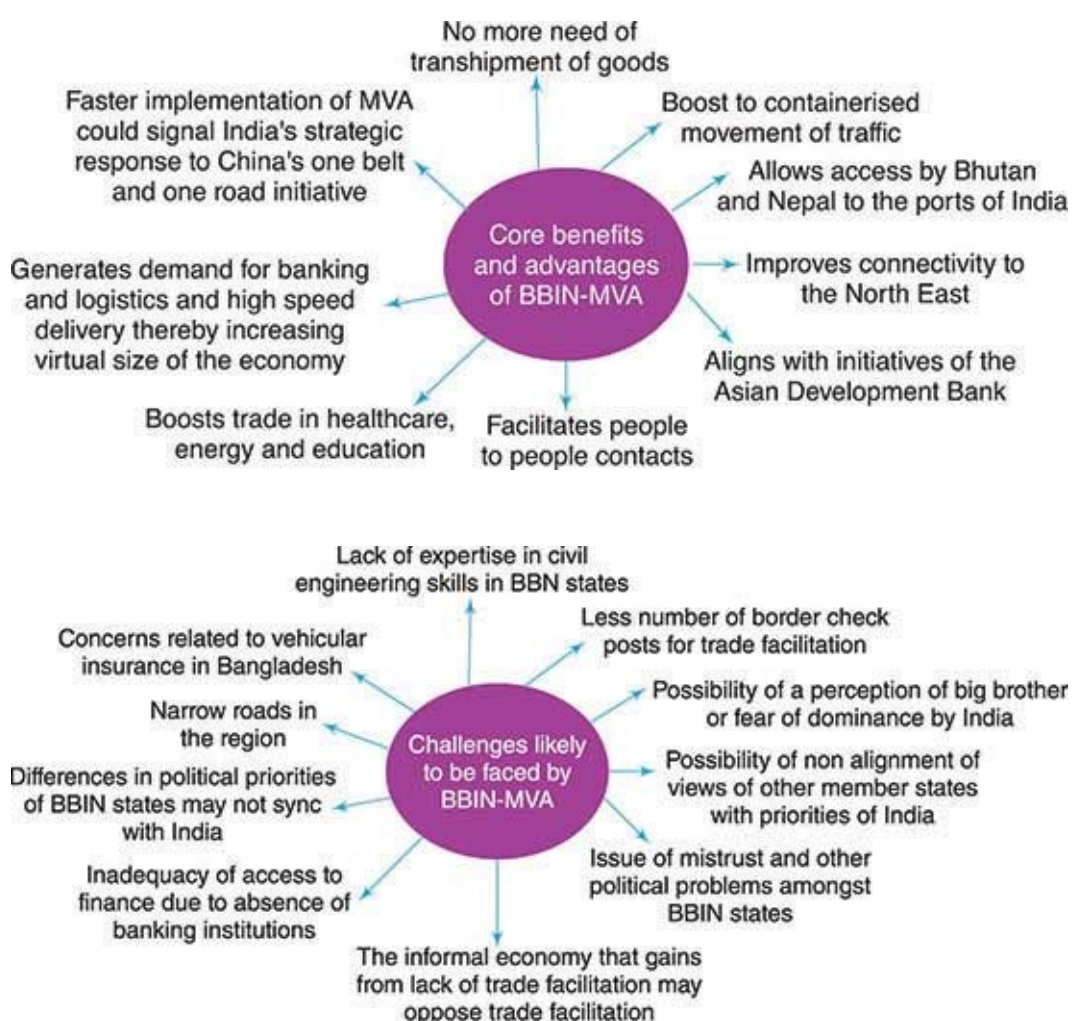
In June, 2015, the four SAARC nations, Bangladesh, Bhutan, India and Nepal (BBIN) concluded a sub-regional MVA for regulation of passenger personnel and cargo vehicular traffic. The MVA will not only facilitate economic development and integration of the region but will simultaneously facilitate seamless movement of goods and people amongst the four signatory states. The governments will boost regional connectivity.



One of the major aims of the BBIN member states is to enhance connectivity and ensure seamless passenger traffic up to Thailand. The BBIN states are contemplating an MVA with Myanmar and Thailand as well. This would allow BBIN access to the ASEAN states. In the 2014 SAARC Summit in Kathmandu, there was a proposal to establish an MVA amongst all SAARC states. Due to reservations by Pakistan, the idea was dropped and a sub-regional MVA was envisaged which finally got concluded in 2015 in Thimpu.

By 2016, all the states ratified the agreement, thereby paving way for seamless connectivity in South Asia. India and Bangladesh at the bilateral level have taken a number of steps to improve connectivity. In June, 2016, the two concluded a transshipment operation agreement, enabling India the access to Ashuganj port of Bangladesh to be used for transporting goods to Tripura and other North Eastern States. There is an ongoing Kolkata–Dhaka–Agartala and Dhaka–Shillong–Guwahati Bus service already operational. One of the biggest achievements of the MVA would be that it will enable the establishment of regional South Asian supply chains, especially in textiles, yarn and readymade garments. Thus, it may not be wrong to say that the agreement indeed is a force multiplier that may boost economic integration in the region. The BBIN clearly is a step forward in India's neighbourhood first policy.

Bhutan had been a little hesitant with the MVA as it feared that an increase in the vehicular traffic in Bhutan due to the MVA from other states could lead to adverse environmental impacts on Bhutan. But studies have proven that regional MVA boosts not only economic integration but tourism as well. However, the truck and taxi operators of Bhutan have been quite critical of the MVA as they feel that the Bhutanese road infrastructure may not be able to sustain incoming vehicular traffic. The National Council of Bhutan, in November 2016, rejected the MVA. India, since then, has hopes that the royal Bhutanese government will take steps to ensure that all internal issues would be sorted out soon and the agreement would be operationalised. The issue raised by Bhutan has emerged as a key challenge to the implementation of the BBIN–MVA.



ANALYSIS OF VISITS FROM NEPAL TO INDIA—SEPTEMBER 2016, APRIL 2017 AND AUGUST 2017

Pushpa Kamal Dahal 'Prachanda' visited India in September 2016, after taking charge as the Prime Minister of Nepal. During his visit to India, he reiterated his acknowledgement of India's support in the development of Nepal. He outlined the new depth of the emerging Indian–Nepal ties due to continuous support of India in strengthening the institutions of democracy in Nepal. Prachanda also stated the importance of implementing the constitution of Nepal by accommodating the various and diverse sections of Nepalese society through an inclusive dialogue. During Prachanda's visit, India extended 750 million US dollars' worth line of credit to Nepal to undertake post-earthquake reconstruction. For construction of roads in the second phase in the Terai region and establishment of power transmission lines, substations and a polytechnic in Kaski, India has granted additional line of credit.



During the visit of Prachanda, certain MoUs were also signed.



In April 2017, Nepali President Bidya Devi Bhandari visited India and committed to continue the ongoing strengthening of bilateral ties between India and Nepal. Nepal has also got a new Prime Minister, Sher Bahadur Deuba. The India–Nepal relations have deteriorated due to the blockade and other issues in the recent times. Some scholars have asserted that economic pressure always does not lead to achievement of some specific goals. India has a history of using economic coercion to achieve its goals. From 1946 to 1993, India used its economic coercive powers to resist engagement with South Africa and a similar tactic was visible in Nepal in the recent times. Deuba has been a pro-India leader and now has a special responsibility to take the India–Nepal relationship forward. In August 2017, Prime Minister of Nepal Sher Bahadur Deuba visited India. Both sides tried to reboot the India-Nepal relations. In the meeting with his Indian counterpart, both sides have decided to put an end to some of the issues that acted as irritants in the relations in the recent past. There were widespread discussions on multiple issues. Most important has been the issue related to the open border. In the recent times, Indian security agencies have raised some security concerns. The Left parties in Nepal too have favored some restrictions on the border. Due to the losses in life and property caused by annual flooding caused due to monsoons, the two sides have decided to establish a permanent mechanism at the bilateral level to check the rise of settlements in the Chure (Shivalik) region. The two sides have discussed the impact of demonetization and GST on the Nepali economy. Discussion on Nepal selling electricity via Dhalkebar-Muzaffarpur transmission line have progressed and the two sides have shown determination to resolve the pending issues. Nepal raised issues related to quarantine of Nepali agricultural produce by the Indian custom agencies and the high handedness of Indian Sashastra Seema Bal. The recent

meeting has been very fruitful and the two sides are likely to enhance their bilateral cooperation in the times ahead.

[1.](#) The previous constitutions of Nepal were enacted in 1948, 1951, 1959, 1962, 1990 and 2007