

"Nepal will gain little from China's outreach unless there is a recalibration in its long-term vision of development."

Earlier this week, on September 24, in a two-day event attended by the top brass of the ruling Nepal Communist Party (NCP) which included the Prime Minister, a memorandum of understanding (MoU) was signed by the NCP with the Communist Party of China. Signed on the sidelines of the programme, "Communist Party of China's Opinion about Xi Jinping Thought and Ideological Discussion between Nepal Communist Party and Communist Party of China", it was in preparation for the visit of the Chinese President, Xi Jinping in October, his first since assuming presidency in 2013. The last time a Chinese President visited Nepal was 23 years ago, in 1996.

Looking north

In August 2014, when the Indian Prime Minister Narendra Modi had visited Nepal, Kathmandu shut to welcome him. It was called a historic visit by an Indian Prime Minister after more than a decade-and-a-half. It felt as if the India-Nepal relationship would undergo changes as a number of sops were announced. Less than a year later, when a big earthquake struck Nepal, India was quick to respond with help and relief materials. This made everyone feel that the changes in ties were for real. But months later, India which was dissatisfied with the Nepal Constitution imposed a blockade that changed the perception about Mr. Modi and India forever. It was an act that alienated a whole generation of Nepali youth, and Nepali leaders played the nationalism card to reach out to China. Chinese interest grew after the earthquake and the blockade. With the announcement of the Belt and Road Initiative (BRI), exchanges and interactions between the two countries grew. Nepal signed agreements with China to ensure it was not "India locked", in turn opening transit and trade opportunities through its northern border.

Inertia in reaching out

Nepal, in its nearly 70-year journey after the Rana autocracy ended in 1950, has yet to leverage its bilateral or multilateral ties. From the days of the Shah kings who ruled directly till 2006 to the current form of a federal democratic republic, Nepal's engagements with the outside world have been more of theatrics, speeches and little action. After the 2015 earthquake, China, India and other countries pledged approximately \$4-billion for reconstruction; India pledged more funds, but Nepal has been tepid in utilising these funds. Scouring for grants remains key while there has not been much traction on agreed projects being implemented. It has never been about seeking investments and get into a partnership model such as what Bangladesh has been able to do successfully with both

China and India.

With a strong patriarchal and feudal culture embedded in Hinduism, rituals dominate Nepali life. With people from the Bahun (Brahmin) community dominating the bulk of leadership in politics and bureaucracy, there is much emphasis on rituals rather than an understanding of the deeper issues. Therefore, there is little expectation about the upcoming visit apart from keeping nationalism alive from an electoral point of view: in general about creating doubts about India to making anti-India statements.

Nepali politics

The biggest feature of the Nepali communist ignored by parachute analysts is that communism to Nepal came through Calcutta and not straight from China. Therefore, what we see in Nepal is the West Bengal version of communism rather than a Chinese one. First, the communist movement like the one in West Bengal has been about multiple factions that keep splitting and coming together rather than it being about one single and unified party. At one point in time, people had lost count of how many communist parties in Nepal were overground and underground.

Second, the communist movement in both India and Nepal has been about rent-seeking on positions and selling rhetoric and hypocrisy. It has been about talking about Red Book during the day and on other diametric subjects later. This is in stark contrast to the Chinese societal model of hard work and encouraging entrepreneurial pursuits.

Third, Nepali communists, especially the former insurgents, still talk about Mao and the Maoist ideology. In China, Mao is a word best avoided and is jarring for the current key leadership. Finally, in China, over the years, when a majority group within the party decides on an issue, people with opposing views accept the decision and do not challenge them in the future. You can debate on an issue but after a decision is made, you abide by it. Nepali communism has been about continuous infighting and creating fiefdoms rather than accepting an individual's leadership.

The recent rise of the Nepali communist has been due to the empathy of and support from the Communist parties of India that were part of the United Progressive Alliance. The Maoists, while underground, received tacit support. With the communist parties in India in disarray now, the Nepali communist leaders are looking for options. With the co-chair of the NCP, Pushpa Kamal Dahal, in line to succeed Prime Minister K.P. Sharma Oli, other leaders such as Madhav Nepal and Jhala Nath Khanal who became Prime Ministers earlier with Indian support are trying to look for options in China.

While Chinese engagement in Nepal has increased post the BRI phase and with revamping of outreach policies, those backing the few projects with Chinese investments have not been happy with the government as they now face the same problems that other investors are experiencing. Foreign direct investments to Nepal are low and the way government has functioned does not really encourage large Chinese investors to look at Nepal seriously enough. The increase in Chinese businesses in Nepal has remained mostly low level examples being operations in hotels and restaurants. Till there is a complete recalibration in Nepal's long-term vision of development, a willingness to implement investor-friendly policies and enable concrete steps towards efficiency, President Xi's visit will be once again be one made by a "friendly neighbour or cousin", who brings some gifts, exchanges pleasantries and then moves on.

India-Nepal Relations

Introduction

- Relations between India and Nepal are from time immemorial. Both are neighbors, both have a lot of similarity in religious, cultural, linguistic and historical status.
- The first visit of the current Prime Minister of Nepal K. P. Oli was India after assuming the post of Prime Minister. His visit has strengthened relations between the two countries.
- Indo-Nepal relations began with the Treaty of Friendship and Peace of 1950. This treaty also continued to increase trade alliances between the two countries. India and Nepal have a cordial and cooperative relationship.
- India assisted it extensively during Nepal's political transition period. In the last three years, the Modi government has made several significant efforts to strengthen relations with all other SAARC countries, including Nepal.

Recent Major Agreements

Motihari-Amlekhganj (Nepal) Pipeline

- Recently Prime Minister Shri Narendra Modi and Prime Minister of Nepal, Shri K. P. Sharma Oli jointly inaugurated South Asia's first cross-border petroleum products pipeline through video conferencing.
- The pipeline connects Motihari in Bihar to Amlekhganj in Nepal.
- On this occasion, the Prime Minister of Nepal, Oli expressed appreciation for the early implementation of the important connectivity project. The project has been completed well ahead of schedule.

Main point

- The 69-km Motihari-Amlekhganj pipeline will provide clean petroleum products to the people of Nepal at an affordable cost.
- The capacity of this pipeline is two million metric tons per year. He welcomed Prime Minister Oli's announcement that said that the price of petroleum products in Nepal will be reduced by two rupees per liter.
- He expressed confidence that bilateral relations

between India and Nepal will continue to deepen and expand to different sectors.

- Raxaul-Kathmandu Railway Line Agreement
- India and Nepal signed a memorandum of understanding between the two countries on 31 August 2018 to develop the Raxaul-Kathmandu rail line of strategic importance. The rail link will connect Bihar's Raxaul city with Kathmandu, the capital of Nepal.
- Nepali Prime Minister K.K. by Indian Prime Minister Narendra Modi. This MoU was signed after discussing bilateral issues with P. Sharma Oli.
- However, the agreement for this rail line was done in April 2018 itself. Then the PM of Nepal visited India.

Importance

- The railways line will ease the movement of People and will also prove useful for transporting large quantities of goods. Economic activities and development will be encouraged in this railway line area.

Main point

- The agreement has been concluded for the initial engineering and traffic survey of the broad gauge railway line between Raxaul (India) and Kathmandu (Nepal).
- The survey work for this rail line will be done by the Konkan Rail Corporation of India.
- There after, funding and execution plan etc. will be arranged for the project.
- Apart from this, three more railway projects between these two countries are also being considered. These projects are Nautanwa-Bhairahwa, New Jalpaiguri-Kakarbhitta and Nepalganj Road-Nepalganj.
- The Raxaul-Kathmandu rail route will increase connectivity between the people of the two countries and facilitate the movement of goods in bulk.

The background

- This agreement is important because only two years ago China agreed to establish a railroad between Tibet and Nepal.
- Apart from this, China has decided to construct three highways to increase connectivity with Nepal, these will be constructed by the year 2020.

Expected Questions (Prelims Exams)

1. Consider the following statements regarding the India-Nepal relations.

1. Nepal's tiltation towards China's Belt and Road Initiative is visible.
2. Nepal, has started to take benefits of trade and oppartunities through its northern boundary keeping its good relations with India.
3. Communism prevailed both in Nepal and China. But Nepal's communism is a version of West Bengal's instead of China.

Which of the above statements are correct?

- (a) 1 and 2 (b) 2 and 3
(c) 1 and 3 (d) 1, 2 and 3

Expected Questions (Mains Exams)

Q. What relevence do the recent changes in Nepal-China relations have for India. Discuss (250 Words)

Note: Answer of Prelims Expected Question given on 27 Sept. is 1 (b)

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