

INDIA-NEPAL RELATIONS IN THE MODI ERA: DYNAMICS, CHALLENGES, AND PROSPECTS

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Abstract

The India-Nepal relationship, marked by shared historical, cultural, and geographical ties, has seen both cooperation and discord. Despite a foundation of mutual respect, these South Asian neighbors have occasionally faced strains and disagreements in their bilateral relations. This research aims to thoroughly examine the dynamics, challenges, and prospects of India-Nepal relations during Prime Minister Narendra Modi's tenure from 2014 to 2024. It has three primary objectives: firstly, to understand the dynamics influencing the relationship; secondly, to identify and analyze challenges in maintaining and strengthening bilateral ties; and thirdly, to explore potential opportunities shaping their future relationship. The study considers historical, cultural, and political factors affecting the evolving dynamics, including recent border disputes, and employs a multi-methodological approach to provide a comprehensive understanding of the complex bilateral relationship under Modi's leadership.

Keywords: *India-Nepal Relations, Modi's Era, Bilateral Relationship, Border Disputes.*



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1. INTRODUCTION

As close neighbors, India and Nepal share unique ties of friendship and cooperation characterized by an open border and deep-rooted people-to-people contacts of kinship and culture. There has been a long tradition of free movement of people across the border. Nepal shares a border with five Indian states – Sikkim, West Bengal, Bihar, Uttar Pradesh and Uttarakhand. The India-Nepal Treaty of Peace and Friendship of 1950 forms the bedrock of the special relations that exist between India and Nepal. Nepalese citizens avail facilities and opportunities on par with Indian citizens in accordance with the provisions

of the Treaty. Nearly 8 million Nepalese citizens live and work in India (**"INDIA-NEPAL BILATERAL RELATIONS," 2020**). Indians also live in Nepal. According to The Ministry of External Affairs of India, Approximately 6,00,000 Indians are living/domiciled in Nepal. These include businessmen and traders who have been living in Nepal for a long time, professionals (doctors, engineers, IT personnel) and laborers (including seasonal/migratory in the construction sector)(**"India-Nepal Relations," 2014**).

2. HISTORICAL BACKGROUND:

The historical relationship between India and Nepal is long and complex, dating back thousands of years to ancient times. The two countries share cultural, religious, and linguistic ties, as well as a long border that has facilitated trade, migration, and cultural exchange. As we all know, the Indian subcontinent was composed of numerous small kingdoms. Consequently, the geography of Nepal was not the same as it is today. According to [Muni \(1973\)](#) the geographical confines of present day Nepal are the Outcome of a process of annexation and cession initiated in the latter half of the 18th century by King Prithvi Narayan Shah of Gurkha principality (p. 1). India's relationship with Nepal is not just political and strategic, but it also contains elements of cultural, religious, emotional, and people-to-people contact that cannot be separated by any force, no matter how powerful they are.

The Treaty of Sugauli, which was signed in 1815 and ratified in 1816, marked a significant turning point in the history of Nepal and the British East India Company. The agreement brought an end to the Anglo-Nepalese War that had been raging since 1814 and paved the way for a friendly relationship between the two parties. This treaty has a great significance for India and Nepal. After India gained independence, both countries signed the Treaty of Peace and Friendship on July 31, 1950, in Kathmandu. The treaty consists of a total of 10 articles. The treaty establishes everlasting peace and friendship between the two countries, and allows for the free movement of people and goods between them. It also includes articles that require the two countries to inform each other of any serious friction with neighboring states, and to treat Indian and Nepalese citizens equally in residence, property, business, and movement. The treaty also establishes national treatment for both Indian and Nepalese businesses, meaning that imported goods are treated the same as domestic goods. Article 1 of the Treaty of Peace and Friendship between India and Nepal states that:

"There shall be everlasting peace and friendship between the Government of India and the Government of Nepal. The two Governments agree to acknowledge and respect the complete sovereignty, territorial integrity, and independence of each other" ([Treaty of peace and friendship, 1950](#)).

For India, good relations with Nepal is paramount for its security as well as India also respect Nepal's sovereignty and territorial integrity.

According to [Saroha \(2021\)](#), India has been interacting with Nepal in various ways since the 1950s. Nepal has always been a part of the "Indic World" both culturally and economically, being one of the many kingdoms in the subcontinent. The Nepalese people have always revered the Char Dham Yatra, which includes pilgrimages to Jagannath Puri, Rameswaram, Dwarka, and Badrinath. Similarly, the Pashupatinath temple is considered one of the sacred pilgrimages for Hindus in India. Additionally, Buddhism strengthens the cultural ties between the two nations, with Lumbini being the birthplace of Buddha. The two societies have also enjoyed unrestricted social interactions (p. 127).

India has always provided assistance to Nepal during its challenging times. In fact, India has traditionally been one of the first countries to offer support to Nepal during crises, including natural disasters such as earthquakes. For instance, in the aftermath of the devastating earthquake that struck Nepal in April 2015, India provided extensive support, which included search and rescue teams, medical assistance, relief supplies, and financial aid. According to external affairs ministry of India, The Government of India swiftly dispatched National Disaster Response Force (NDRF) teams and special aircraft with rescue and relief materials to Nepal. India's assistance, which reached Nepal within six hours of the earthquake, included 16 NDRF teams, 39 Indian Air Force (IAF) aircraft sorties with 571 tons of relief material, including rescue equipment, medical supplies, food, water, tents, blankets, and tarpaulin. Medical teams from India were deployed in various parts of Nepal. India helped in restoring 3 power sub-stations in Kathmandu valley. The total Indian relief assistance to Nepal amounted to over US\$ 67 million. The Government of India announced a post-earthquake reconstruction package of US\$ 1 billion (which comprises US\$ 250 million grant and US\$ 750 million concessional Line of Credit) during the International Conference on Nepal's Reconstruction held in Kathmandu on 25 June 2015 (["INDIA-NEPAL BILATERAL RELATIONS," 2020](#)).

3. CHANGING RELATIONSHIP OF INDIA AND NEPAL DURING MODI ERA

After winning the general election of 2014, the Modi-led Bharatiya Janata Party extended an invitation for the first time in India's history to the heads of states of SAARC nations to attend the swearing-in ceremony of the Prime Minister. This marks a significant milestone for India's foreign policy towards its neighbors. This gesture underscores the priority of India's Neighborhood First policy.

The relationship between Nepal and India has experienced numerous ups and downs since India's independence. This relationship has undergone various phases of evolution, with the most recent being the period under the leadership of Indian Prime Minister Narendra Modi, often referred to as the 'Modi Era'. This period, starting from 2014, has been characterized by significant developments and shifts in Nepal's engagement with India, reflecting the changing dynamics of regional politics and diplomacy. The Modi Era has seen a renewed focus on strengthening bilateral ties, with an emphasis on enhancing economic cooperation, fostering cultural exchanges, and addressing mutual concerns related to security and border issues, with a particular emphasis on his Hindutva politics.

After visiting Bhutan on his first foreign trip as Prime Minister in 2014, Modi visited Nepal – marking the first visit by an Indian Prime Minister in 17 years, since Inder Kumar Gujral's visit in 1997. According to [Panda \(2014\)](#), Modi is advocating for closer relations between India and Nepal, primarily because Nepal is a Hindu-majority state, and members of the Bharatiya Janata Party (BJP) have called for closer ties with it for reasons of religious solidarity. However, Modi's choice of words in Nepal has been deliberately non-prescriptive. "My work is neither to give directives nor to interfere with your work in Nepal ... because Nepal itself is a sovereign nation," noted Modi. Modi's visit comes at a time when Nepalis, who were previously skeptical of Indian influence, have come to accept the benefits of stronger India-Nepal ties, particularly in the field of energy. Against this backdrop, Modi is careful about being perceived as an outside influence on Nepal's fragile constitution-writing process.

According to the Joint Press Statement on the Visit of the Prime Minister to Nepal on August 04, 2014, the Government of India announced a

soft credit line of US\$ 1 billion for the execution of infrastructure development and energy projects, as identified and prioritized by the Government of Nepal.

The Prime Minister of India also visited the Pashupatinath Temple and gifted 2500 kg of sandalwood to the Pashupatinath Temple Authority. The Government of India informed that the construction of Pashupatinath Temple Dharamshala will commence soon through GoI grant assistance. The Government of India offered to assist in the conservation and restoration of old monuments in the Pashupatinath Complex, as well as in providing sanitation and hygiene facilities in the Pashupatinath Complex.

The Government of India also offered assistance for the development of Janakpur, Baraha Chhetra, and Lumbini, including linking Lumbini with the Buddhist circuit of India, based on specific proposals from the Government of Nepal (["Joint press statement on the visit of the Prime Minister to Nepal," 2014](#)).

This visit shows that Religion and culture have become prime importance in Modi's foreign policy. His visit to Pashupatinath Temple and the proposal to link Nepali Buddhist sites with the Buddhist circuit of India demonstrate this fact. The BJP and RSS also seek Hindu unity within India and abroad, so his foreign policy is also linked with his political party's ideology. To make it more clear, it can be said that Modi's foreign policy is influenced by his party's ideology of promoting cultural and religious ties with neighboring countries, particularly those with Hindu and Buddhist majorities. This is evident in his efforts to strengthen India's relationship with Nepal through cultural and religious exchanges, as well as economic cooperation.

Indian Prime Minister Narendra Modi visited Kathmandu for the second time for the 18th SAARC summit. During his visit, his main agenda was hydroelectric power trade, tourism, and terrorism. In his speech, he emphasized the importance of electricity trade and connectivity in building a brighter future for the region. He suggested treating electricity as a commodity and investing in solar energy and micro grids to quickly provide clean power to villages. Prime Minister Modi also highlighted the need for connectivity through rail, road, and air services to promote tourism and strengthen relations between countries. He proposed utilizing the

region's shared heritage and diversity to encourage tourism within South Asia, starting with the Buddhist circuit. India is committed to supporting these initiatives in the region ("[Prime minister's speech at the 18th SAARC summit, 2014](#)").

4. DETERIORATION OF INDIA-NEPAL RELATIONS FOLLOWING THE ECONOMIC BLOCKADE OF 2015

The India-Nepal relationship deteriorated significantly after the 2015 unofficial economic blockade, which was caused by political and diplomatic factors. The new Nepali constitution was seen as discriminatory by some ethnic groups, particularly the Madhesis, who have close ties with India. Protests erupted in the Terai region, resulting in a blockade of key border crossings with India. While India denied imposing an official blockade, there were widespread allegations that it supported the Madhesi protesters, leading to severe shortages of essential goods in Nepal. Nepal accused India of interfering in its internal affairs, fueling resentment and straining diplomatic ties. Nationalistic sentiments were heightened on both sides, and the blockade drew international attention and criticism for exacerbating humanitarian crises within Nepal.

According to [Arora \(2015\)](#), India may face diplomatic repercussions for its reaction to Nepal's new constitution. He further states that New Delhi has long enjoyed tremendous influence in Nepal, not just because of the latter's economic dependence, but more importantly because of the numerous influential local friends New Delhi had cultivated over the last few decades. It was said – until recently and privately – that Nepal doesn't take any significant political decision without India's approval. Perhaps Modi's government kept its promise, namely that it would not seek to micro-manage Nepal's internal affairs. However, it seems that Modi remains as adamant in achieving India's diplomatic goals as his predecessors. Therefore, the message that the blockade has sent to Nepal is, "We won't interfere as long as you do what we say." This is a message that hasn't gone well with Nepal's leaders.

After economic blockade, the demonetization of Indian currency in 2016 had several negative impacts on Nepal's economy, including a temporary decline in remittances, a decline in cross-border trade, a decrease in Indian

tourists, a shortage of currency notes for exchange, and a temporary liquidity crisis in the banking sector. However, Nepal's economy has since recovered from the initial shock of demonetization. Problem of exchange of currency become more problematic. [Jha \(2017\)](#) argued that It is true that many Nepalese – be it in the hills, mountain or the Terai regions – have somehow or the other managed to exchange the old currency notes into new ones, using their access to India through their contacts or relations. However, there are still many in the country who have not been able to exchange the banned notes into new notes. They should not be punished. It shows that the decision of demonetization in New Delhi severely impacted Nepal's economy.

In spite of economic issues, border issues also become important for Nepal's political discourses. The issue of Limpiyadhura, Lipulekh, and Kalapani is a long-standing border dispute between India and Nepal that has escalated in recent years. The dispute became more intense in May 2020 when India inaugurated a new road through Lipulekh to connect to the KailashMansarovar pilgrimage route in Tibet. Nepal protested this move, claiming that it violated its territorial sovereignty. India responded by stating that the road was entirely within its territory.

Nepal's Prime Minister KP Sharma Oli has taken a nationalist stance on the matter. In May 2020, Oli stated that Nepal would "reclaim" the disputed territories through diplomatic efforts. He also released a new political map of Nepal that included the disputed areas, which was widely seen as a provocative move. The dispute has strained the traditionally close relationship between the two countries and has led to protests and anti-India sentiment in Nepal. The Nepalese government has also amended its constitution to include the new map, further escalating tensions with India. Many experts suggest that these actions by Oli's government may be strategic political moves to engage citizens in foreign policy matters. According to [Ghimire \(2021\)](#), it appears that Prime Minister Oli may have utilized the new Nepal map to garner political support. This move could be interpreted as an attempt to divert public attention towards foreign policy issues..

5. THE INDIA-NEPAL RELATIONSHIP: CHALLENGES AND COMPLICATIONS

The relationship between India and Nepal has been characterized by a range of challenges and complexities, which have strained ties between the two countries. One of the key issues is the 1950 Treaty of Peace and Friendship, which guaranteed Nepali citizens free movement across the border and employment opportunities in India. While the treaty was intended to foster closer ties between the two countries, some Nepalese perceive it as unequal and imposed by India, leading to resentment and calls for its renegotiation.

Another major challenge is the territorial disputes between India and Nepal, particularly in areas such as Limpiyadhura, Lipulekh, and Kalapani. Nepal claims these territories as part of its own, while India inherited them from British colonial rule. These disputes have led to tensions between the two countries, with Nepal accusing India of encroaching on its territory and India maintaining that the boundaries are well-established and recognized. In recent years, China's increasing involvement in Nepal has also emerged as a significant challenge to India-Nepal relations. China has been stepping in with investments, aid, and loans, particularly in infrastructure projects through its Belt and Road Initiative. This has raised concerns in India about Nepal's role as a buffer state between India and China and the potential for China to exert greater influence over Nepal.

The porous and poorly guarded border between India and Nepal also poses a significant security risk to India. Terrorist groups have exploited the border for smuggling weapons, ammunition, trained members, and fake currency, which has implications for India's national security. Finally, there is a trust deficit between India and Nepal, which has weakened over time. India's slow implementation of projects and perceived interference in Nepal's politics have led to a dislike for India among some Nepalese ethnic groups. These groups accuse India of undermining their political independence, which has further strained ties between the two countries. Overall, the challenges and complexities in the India-Nepal relationship require careful attention and management from both sides. Addressing these issues will be crucial for maintaining stability and

security in the region and fostering closer ties between the two countries.

6. WAY FORWARD FOR INDIA NEPAL RELATIONS

The complex and multifaceted challenges facing India-Nepal relations require a comprehensive and nuanced approach to address them. Here are some potential ways forward for strengthening the relationship between the two countries:

The necessity of quiet dialogues for resolving territorial disputes cannot be overstated. It is crucial to avoid inflammatory rhetoric surrounding territorial nationalism and instead focus on creating a conducive environment for constructive discussions. To achieve this, both parties need to approach the dialogue with sensitivity and a willingness to explore feasible solutions. As a key player in the region, India must demonstrate mutual respect and understanding in its approach to its neighbors, which is essential for the success of its neighborhood-first policy. In other words, India should prioritize building strong and positive relationships with its neighbors, and approach any disputes with a spirit of cooperation and compromise.

To address the security risks posed by the porous and poorly guarded border between the two countries, India and Nepal could work together to strengthen border security. This could involve enhancing cooperation between security agencies, improving intelligence sharing, and investing in border infrastructure and technology.

To bridge the trust gap between India and Nepal, it is crucial for India to take active measures to build trust and confidence. This can be achieved through regular dialogue, consultations, and respect for Nepal's sovereignty and autonomy. India should avoid any actions that may be perceived as interference in Nepal's domestic affairs.

Moreover, to strengthen the bond between the two nations, India can promote people-to-people ties through various cultural, educational, and tourism exchange programs. Such initiatives can foster a better understanding and appreciation of each other's cultures and traditions, and create avenues for collaboration and cooperation. This can help bring the people of India and Nepal closer and contribute to a stronger and more resilient relationship between the two countries.

7. CONCLUSION

The India-Nepal relationship has been marked by both cooperation and discord, with shared historical, cultural, and geographical ties forming the foundation of their bilateral relations. During Prime Minister Narendra Modi's tenure, the relationship has seen various challenges, including recent border disputes that have strained diplomatic ties. This research aimed to examine the dynamics, challenges, and prospects of India-Nepal relations during Modi's era. The study found that historical, cultural, and political factors have influenced the evolving dynamics of the relationship. To address the challenges, the research suggests that India should take active measures to build trust and confidence with Nepal, promote people-to-people ties, and engage in regular dialogue and consultations. The study also highlights the potential opportunities for shaping the future relationship, including economic cooperation, cultural exchange programs, and addressing mutual concerns related to security and border issues. Overall, the research emphasizes the need for a comprehensive and cooperative approach to strengthen the India-Nepal relationship and maintain stability and security in the region.

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