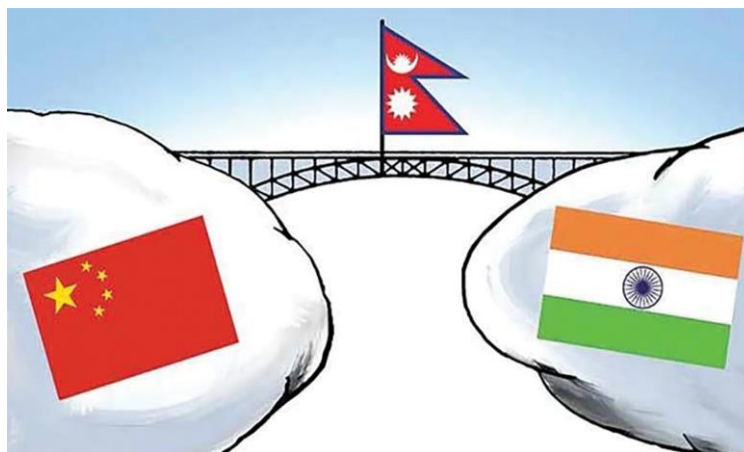




## Nepal ties and the Benaras to Bengaluru spectrum

### Context:

- The author, Manjeev S. Puri, a former Ambassador of India to Nepal, analyzes the **changing dynamics of the India- Nepal relations** and argues for a changed perspective for the relation.



### What are the major changes in Nepal?

There has been a drastic **change in Nepali society with globalisation** which has had an impact on the bilateral relation between India and Nepal.

### Education:

- Unlike in the past when for a large number of Nepalis, India was the preferred destination for education, currently Nepal has much higher exposure to globalisation.
- The outward movement of students, along with the growth of institutions of higher learning at home, has meant that most young people in Nepal, including emerging contemporary leaders in politics, business or academics, have not studied in India. This lack of common collegiate roots removes a natural bond of previous generations that had provided for better understanding and even empathy.

### Economy:

- Nepal has continued its long-standing efforts to spread Nepal's options beyond India.
- Unlike in the past which was marked by a noticeable dependency on India, multilateral development banks are by far the biggest lenders and players in Nepal's development efforts.
- There has been an increasing presence of companies from other countries as well.



## Large scale migration:

- After democracy was restored in 1990, passports were more liberally issued, and Nepalis began looking for work opportunities globally, beyond just India. **West Asia and South-East Asia specifically became major destinations for labour migration.**
- Security uncertainties with the Maoist insurgency at home also propelled the trend of migration. Students and skilled personnel began moving to Europe, the United States, Australia, Thailand and even to Japan and South Korea.
- **As of 2019, nearly a fifth of Nepal's population, from all parts of the country, was reportedly overseas.** At an estimated \$8 billion, global remittances account for nearly 30% of Nepal's nominal GDP, making it one of the most remittance-dependent countries in the world.

## China angle:

- For Nepal, being a landlocked country, geography is no longer a challenge given the fact that the **Chinese have opened up a route through the Himalayas.**
- The Chinese have considerable **influence over Nepal's economy, as well as politics.**
- Leftist ideology has had a marked influence on Nepali polity.

## Deteriorating ties:

- There has been a perceptible **rise in nationalism in Nepal which has mainly taken an anti-India sentiment.** Politicians have been using it for political mileage, and it is deeply ingrained in the bureaucracy, academia and the media.
- The recent step of the Nepali government to amend the constitution claiming disputed territory has added a new dimension to the deteriorating ties.

## A link despite diversification:

- Despite Nepal's efforts to diversify its options globally, its linkages with India remain robust.
- Nepal's trade with India has grown in absolute terms and continues to **account for more than two-thirds of Nepal's external trade** of around \$12 billion

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annually. This clearly reflects the advantages of geography, both physical and societal.

- India continues to be the **largest aggregate investor in Nepal**. The massive projects of Arun-III 900 MW hydro-electric project, 5,000 MW Pancheshwar hydroelectric project stand testament to India's presence in Nepal.
- The **peg with the Indian Rupee** provides unique stability to the Nepali Rupee.
- The relationship with India, with open borders and Nepalis being allowed to live and work freely, provides Nepal a unique advantage and an economic cushion.

### Way forward:

- India should focus on **developing its border areas with Nepal, with better roads and amenities**. This would have economic plusses for both sides and keep ties strong at the people's level. It would also be an image makeover for India given the rising anti-India sentiments.
- There is a need for a **change in attitude towards the bilateral relation**. This approach must be mindful of the realities of a changing India and a changing Nepal.