

Indo - Nepal: How much Attention Does it Warrant

Introduction

India has been tagged as the "Big Brother" within the Indian peninsular region and since independence has been discharging its share of obligation in a very mature and responsible manner. India has maintained a neighbourhood first policy and under this policy, all nations in the region from time to time have been extended financial, humanitarian, material, military and moral support. Nepal too has been a beneficiary through its history of blow cold, blow hot relationship with India.

Based on cosying up of the relationship between Nepal and China and the formation of yet another communist ideological government in Nepal, does India need to ponder and re-calibrate its terms of engagement with Nepal? Is India reading too much regarding the growing influence of China in the internal affairs of Nepal or is it being overstated by Nepal to draw maximum mileage to its advantage? Are the contours of the BRI with its Trans-Himalayan Multi-Dimensional Connectivity Network (THMC), signifying the transformation of Nepal from a landlocked country to a land-linked one, an overstatement? Let's examine this aspect under the growing ambit of the upgraded China – Nepal relationship of strategic partnership of cooperation featuring ever-lasting friendship for development and prosperity.

Comparative Envisaged Connectivity

The temporary hyphenated Nepal – China relationship during the Covid logjam seems to have received a shot in the arm, with the swearing-in of the new administration led by leader Pushpa Kamal Dahal in Nepal. The much-stalled connectivity projects namely, Gyirong/ Kerung-Kathmandu train project (120 km rail link) which is designed to provide better transportation along the Silk Road Economic Belt remains at the survey stage but assurance of carrying out a final survey by China Railway First Survey and Design Institute Group has been given.

Some other road connectivity projects are, the upgrading of the Rasuwagadhi-Kathmandu Road, the construction of the Kimathanka-Hile Road, the construction of the road from Dipayal to the Chinese border, the Tokha-Bidur Road, and the Kerung-Kathmandu rail link. The second phase of the 10-lane ring road project from Kalanki to Chabhil is anticipated to start soon as well.



The much-hyped extension of the Qingzang Railway from Tibet to Nepal, which borders with India, is among the most significant BRI projects. Three routes are being considered for this

railway, they are - Shigatse to Kathmandu via Kerung and continue to Pokhara and Lumbini before reaching the Indian border, the second would run from Shigatse to the Burang border and connect Humla and Darchula districts in Nepal with Pithoragdh, Uttarakhand, while the third would link Shigatse to the Yandong in the Chumbi valley border of Sikkim, India. These three proposals are primarily planned keeping in mind the trade and economic consideration, and based on the present status of ongoing work, has no significant manifestation on the ground. Experts in China believe a trans-Himalayan railway would be of great economic value as it could later connect China, the largest economy in Asia, with India, the continent's third-largest economy.

A closer examination of the project and its security significance and its evaluation brings out some relevant facts. Firstly, this rail project will get some traction only when the 540 kilometres railway line from Shigatse to Gyirong port, in Gyirong County, on the border between Nepal and Tibet is completed. The feasibility study is still underway, and in keeping with the environmental challenges and cost involved it will take a considerable time for it to be operationalised. On the other hand, linking the trans-Himalayan rail link between Kathmandu to Gyirong is still a distant dream. China in Aug 2022 confirmed to commence a technical feasibility study of the project which has an envisaged cost of US \$5.5 billion. Nepal has sought grant/ financial assistance from China instead of a loan to finance the project, for which China remains non-committal. Therefore, almost all major BRI projects remain in suspended animation and any visible manifestation is still not on the horizon. India's concern that the China-Nepal railroad particularly the Shigatse-Kerung- Kathmandu rail link has significant potential to be a dual-use military-civil infrastructure needs to factor in some additional considerations. This single-track railway line and the upgraded road network will be passing through numerous tunnels and bridges along a distance of 120 km in the eco-sensitive Himalayan region, which has the potential for interdiction and disruption. Also, any strategic security implication along the Indo – Nepal border will require major build-up, which is neither feasible nor has any potential, due to the limited connectivity planned under the BRI.

In terms of connectivity, India provides a much more economical and shorter route for Nepal to ferry goods to various ports. After a successful trial, the Indo – Nepal railway network connecting the Jaynagar-Kurtha Railway line (68.7 km long which 34.9 km line falls under the Indian Railways and the rest under Nepal Railway Company Ltd) was inaugurated on April 2, 2022, for general train operations. The Jaynagar-Kurtha broad gauge section is part of the Jayanagar-Bijalpura-Bardibas rail link and is being constructed with grant assistance of Rs 548 crore from the government of India and M/s IRCON is the executing agency. In addition, as part of the Ramayana Yatra Circuit 'Bharat Gaurav' train in June 2022 has already become the first tourist train from India to cross the international border into Nepal. India and Nepal have already signed a Letter of Exchange (LoE) to the India-Nepal Rail Services Agreement (RSA) 2004. This will allow wagons owned by Nepal Railway Company to carry Nepal-bound freight (inbound and outbound on Kolkata/Haldia to Biratnagar/Birganj routes) over the Indian Railways network.

Trade

The recent significant development in China – Nepal trade development has been the reopening of the Rasuwagadhi border crossing for two-way trade, which had been blocked for three years. As per the Kathmandu Protocol Agreement with Beijing, Nepal will import and export

goods from a third country through China through Tianjin, Shenzhen, Lianyungang and Zhanjiang seaports and land ports of Lanzhou, Lhasa and Shigatse. They will also get the facility of transporting goods through six dedicated transit points of the two countries. Though it may sound to be a very lucrative proposition but is not an economically viable option. The transportation cost overland from ports of China to Nepal covering a distance of 2600 km to 3200 km is an exorbitant proposition and takes a longer time to reach passing through rugged terrain and roads. In addition, Nepal suffers a huge deficit in its trade with China with imports amounting to Rs 233.92 billion worth of goods in 2020-21, its exports across the Himalayas were valued at a mere Rs1 billion, which accounted for 14 percent of Nepal's total trade deficit in fiscal 2020-21.

India and Nepal share a border that is about 1,850 kilometres long and characterized by the free movement of people - seen as a unique feature between the two countries. India and Nepal in August 2005, agreed to develop 'Integrated Check-Posts' (ICP) by establishing systematically planned, properly inter-connected and efficiently managed border check-posts at the authorized border crossing points between the two countries. At present India has three operational ICPs at Raxaul, Jogbani and Nepalgunj. In addition, access to the Indian ports of Kolkata and Vizag is just 1100 km to 1300 km and has proper rail and road infrastructure making transportation of containers much easier. The study of trade relations between India and Nepal highlights that the trade deficit is in favour of India. In the first six months of the current fiscal year 2022/23 (mid-July 2022 to mid-January 2023), Nepal exported goods worth just Rs 57.84 billion to India while it imported goods worth Rs 486.33 billion from the southern neighbour, resulting in a trade deficit of a whopping Rs 428.33 billion for Nepal. It would be prudent for Nepal to enhance trading practices with India and take advantage of better connectivity between the two countries.

Prognosis

Indo – Nepal relationship has witnessed its hiccups but is still moving forward despite the "speed of pragmatic collaboration" slowing down because of mistrust, the coronavirus pandemic and Nepal's changing political climate. Based on present circumstances it is evident that Nepal continues to be a landlocked country and is dependent on India for ensuring easy connectivity to various ports. India has already established the first cross-border broad gauge rail link with Nepal in addition to road and air links, giving it an edge over China.

The BRI is a costly venture and will push Nepal to be indebted to China with minimal cost benefit, though on completion will provide Nepal access to an alternative market within Tibet and China, but for its exports/ imports from other countries will have to rely on India. The trans-Himalayan network is a distant dream but even on completion will be subject to easy interdiction and cannot be factored as viable means of unhindered lines of communication for China. India does not need to be overtly cautious of its development. However, developing faster means of surface communication and also efforts to improve rail and road connectivity must be strengthened.

Economic development is important to both countries and suitable measures to enhance trade and improve trade transit facilities must be done. The introduction of the Rupay online cord is yet another big milestone in bilateral financial connectivity between the two countries and it will further deepen tourist flows, people to people linkages and uplift its payment ecosystem capabilities.

The close historical, ethnic, religious, linguistic and cultural bond that India and Nepal share needs no amplification. Though Nepal will leverage maximum benefits by playing the strategic security card to its advantage over India and China. However, India must continue with its policy of neighbourhood first policy and build on the mutual respect it shares with Nepal while remaining watchful of the pace of inroads made by China, and responding only to the extent to nullify or counter any strategic gains that have been made by them.

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