

A new beginning with Nepal

It is a long-standing tradition that Nepali Prime Ministers make Delhi the first foreign port of call after taking over. The only exception was Maoist leader Pushpa Kamal Dahal 'Prachanda' in 2008 who visited China first and found his tenure cut short months later when his coalition collapsed, forcing him to resign and adding a touch of superstition to the tradition. Prime Minister K.P. Sharma Oli maintained the tradition during his state visit to India last week. Perhaps not on account of superstition but because as a pragmatic politician, he knows which controversies are best avoided. His earlier nine-month tenure as PM in 2015-16 had seen relations with India hit a new low, and it made eminent sense to begin his second term on a positive note. From all accounts, the visit went well but it will take pragmatism and patient nurturing on both sides to restore the trust and confidence.

Nepal's political transition began nearly three decades ago when it adopted a new constitution in 1990 which ushered in multiparty democracy. However, stability eluded Nepal with a spreading Maoist insurgency. In the process, the gains of democracy were eroded. After a decade-long insurgency, which claimed 15,000 lives, followed by a reconciliation, an interim constitution was introduced and the ground prepared for yet another exercise in constitution drafting. This seven-year exercise finally produced a new constitution in 2015. Nepal abolished its 250-year-old monarchy and emerged as a federal republic. During these decades, political instability prevailed with 25 Prime Ministers in 27 years!

Last year, 2017, was a year of elections in Nepal. Local body elections were held after a gap of 20 years. This was followed by the elections under the new constitution for the national parliament (the House of Representatives and the National Assembly) and the seven Provincial Assemblies which concluded earlier this year. Finally, on February 15, Mr. Oli began his second tenure as Prime Minister. Unlike the first tenure, which began on the sour note of the Madhesi agitation against the new constitution, this time he has come to power with convincing election victories.

In the local body elections, Mr. Oli's party — the Communist Party of Nepal (Unified Marxist–Leninist), or UML — won the Mayor/Council Chair's position in 294 out of the 753 local bodies. In most of the seven provinces, UML leaders are Chief Ministers. Together with the Maoists with whom the UML had announced an electoral alliance last year, Mr. Oli has a convincing majority of 174 in the 275-strong House of Representatives. In the Upper House, which has a strength of 59, the alliance has 42 seats. All this puts Mr. Oli in a comfortable position at home. He is shrewd enough to realise that his campaign rhetoric of Nepali nationalism with overt shades of anti-Indianism needed to be modified, and by observing the tradition of visiting Delhi, he was signalling the shift.

In New Delhi too, there has been a growing realisation that time had come to make a new beginning with Nepal. Prime Minister Narendra Modi's visit in August 2014 had marked a new high in relations, but Mr. Oli's nine-month tenure in 2015-16 was marked by acrimonious exchanges. India's openly stated reservations on the new constitution in support of the Madhesi cause and the economic disruptions caused by the undeclared blockade had fuelled anti-Indianism which Mr. Oli cleverly exploited by donning the mantle of nationalism and making significant electoral gains. Last year, on December 19, when the UML's election victory was clear, Mr. Oli visited Rasuwagadhi on the Nepal-Tibet border and announced that it would be upgraded as a road and rail hub between China and Nepal. The message was not lost, and the following day Mr. Modi telephoned Mr. Oli to congratulate him on his election success. This was followed up with a couple more phone calls and Foreign Minister Sushma Swaraj's visit to Kathmandu to convey an invitation even before he was sworn in as Prime Minister.

Compared to the Joint Statement issued in August 2014 at the time of Mr. Modi's visit, the latest one is much shorter and talks about strengthening relations on the basis of "equality, mutual trust, respect and benefit". Difficult issues, including a review of the contentious 1950 Treaty, recruitment of Nepali nationals in the Gurkha regiments of the Indian Army, resolving the fallout of the 2016 demonetisation exercise which has left the Nepal Rastra Bank holding a stock of Indian currency, long-pending hydel projects like Pancheshwar, resumption of the SAARC summit process which remains stalled since 2016 after Jaish-e-Mohammed militants attacked the Army base in Uri, and the need for an inclusive political process, do not find any mention. Yet it is a step forward from Mr. Oli's last visit in February 2016 when there was no Joint Statement. There is a realisation in Delhi that cultural and historical ties between the people in both countries are important but just as for India, globalisation offers new openings to Nepal too. China's ambitious Belt and Road Initiative offers Nepal an option that may end up carrying unacceptable baggage but at least appears attractive at first.

For decades, India has been Nepal's most significant development partner. Yet the pace of project implementation has been slow, leading to significant time and cost over-runs. To be fair, both India and Nepal share the responsibility for this and political instability in Nepal hardly helped.

The idea of four Integrated Check Posts (ICP) on the India-Nepal border to facilitate movement of goods, vehicles and people was mooted 15 years ago and an MOU signed in 2005. While preparation of surveys and project reports moved slowly on the Indian side, acquisition of land by the Nepali authorities got held up leading to delayed construction. As a result, only the Raxaul-Birgunj ICP has been completed and was inaugurated last week. During this time, the cost of the project went up fourfold.

The two Prime Ministers also witnessed the ground breaking ceremony of the Motihari-Amlekhgunj cross-border petroleum products pipeline, a project for which the MOU between the two governments was signed in 2004. It took another three years for the Indian Oil Corporation and the Nepal Oil Corporation to sign the follow-up MOU, eight years to convert it into an agreement and three more to begin the works. Its implementation within the 30-month timeframe will require proper project monitoring by both sides.

More examples abound with the hydro-electric sector being the prime example. Misperceptions about the unequal agreements relating to the Kosi barrage (1954) and Gandak barrage (1959) have grown over the years preventing any development in this sector. Nepal's installed hydel capacity is less than 700 MW while it sits on a hydel potential of over 80,000 MW and has to import electricity from India during the lean season. Given that over 60% of the Ganga waters come from Nepal's rivers (Sarda, Ghagar, Rapti, Gandak, Bagmati, Kamala, Kosi and Mechi) and 80% of these flows take place in monsoon months, the imperative for effective water management for both irrigation and power generation is evident, and yet this sector has languished for decades.

Pragmatism led to the visit taking place and the unscripted one-on-one meeting between the two leaders would have helped in clearing the air about key concerns on both sides. What is now needed is effective delivery on the pending projects, the remaining ICPs, the five railway connections, postal road network in the Terai and the petroleum pipeline so that connectivity is enhanced and the idea of 'inclusive development and prosperity' assumes reality.

Rakesh Sood is a former Ambassador to Nepal and currently Distinguished Fellow at the Observer Research Foundation. E-mail: rakeshsood2001@yahoo.com

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