

## **THE IMPACT OF CHINA'S BELT AND ROAD INITIATIVE ON INDIA-NEPAL RELATIONS**

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### **ABSTRACT**

Nepal is a landlocked country, so its geographical location makes it a buffer (intermediate) state between these two rising powers with a history of fluctuating relations. This geopolitical rivalry is seen in two broad trends that are reflected in Nepal's foreign policy. The first relates to the gradual increase in China's presence and influence in Nepal's politics, and the second relates to the periodic ups and downs in Nepal's relations with India. However, it is too early to make a definitive assessment at this point of time whether these trends represent a permanent change in Nepal's relations with India and China. This research paper evaluates how does China's Belt and Road Initiative (One Belt One Road) affect India-Nepal relations.

**Keywords:** Relations, Geographical, Belt and Road Initiative, Security, Infrastructure

### **1. INTRODUCTION**

Since ancient times, India and Nepal have enjoyed close, comprehensive and multifaceted relations. However, Nepal has maintained close ties with China. The geographical proximity, socio-cultural homogeneity and political homogeneity between Nepal and India has been greater than that of India vis-a-vis China. The political changes in Nepal since 2006 have brought China-Nepal relations closer. Nepal is sandwiched between two Asian superpowers - China and India. Traditionally, it is known as the 'road between two mountains'. India and Nepal are neighbors and there is a lot of similarity in the religious, cultural, linguistic and historical situation of both the nations. There is a long history of socio-cultural and cultural relations between China and Nepal since the time of the Tang Empire in the seventh century of China. However, in 1955, diplomatic relations between China and Nepal were established under the modern language of international law. The rise of Maoist activities inside Nepal promoted closer Sino-Nepalese relations and reduced India's influence within Nepal. India and Nepal share a common history, both have civilizational lineage, socio-cultural homogeneity and geographical proximity. India-Nepal relations are multifaceted. But the emerging Nepal-China strategic relationship has been a stumbling block for India in maintaining ties with Nepal. After 2006, Nepal has tried to build a balanced relationship with both the countries and Nepal is also changing its foreign policy in a way by reducing the increasing economic dependence on India by resorting to economic diplomacy. Nepal's conduct makes it clear that it wants to be more closely linked to China than to India. Nepal has joined the Belt Road Project in China and has also signed a transit agreement with China since 2016. This has reduced India's dependence on China. China is expanding its influence inside Nepal through infrastructure expansion, hydropower development, road connectivity, military cooperation, etc. but without directly confronting India. The reason behind this could be that China wants to form a trilateral cooperation. The growing Chinese involvement in Nepal is not only a security concern for India, nor for its position within Nepal, but also for its role as a regional power. If India fails on Nepal, it will not only be a failure at the neighborhood and regional level, but it will also have an impact on the global identity in India as it has traditionally had an impact on Nepal wants to. Nepal wants to have good relations with India but it also wants to be closely associated with China. Nepal has joined the Belt Road Project in China and has also signed a transit agreement with China since 2016. This has reduced India's dependence on China. China is expanding its influence inside Nepal through infrastructure expansion, hydropower development, road connectivity, military cooperation, etc. but without directly confronting India. The reason behind this could be that China wants to form a trilateral cooperation. The growing Chinese involvement in Nepal is not only a security concern for India, nor for its position within Nepal, but also for its role as a regional power. If India fails on Nepal, it will not only be a failure at the neighborhood and regional level, but it will also have an impact on the global identity in India as it has traditionally had an impact on Nepal.

Independent India and Nepal gave new energy to their special relations through the Indo-Nepal Treaty of Peace and Friendship of 1950. Nepal is a landlocked country in South Asia. Nepal is bounded north by China's Tibet Autonomous Region and south, east and west by India. 81.3 per cent of Nepal's population is Hindu. Nepal is the largest Hindu-majority country in the world. The official language of Nepal is Nepali. The present Nepalese territory is a part of the Kingdom of Nepal organized by Prithvi Narayan Shah, the Shah dynasty king of Gorkha in the eighteenth century. In the treaties with the British, Nepal had to give one-third of the Nepalese territory to British India at that time (in 1814),

which has now merged with the Indian state of West Bengal. In 1765, the Gorkha king Prithvi Narayan Shah invaded and unified twenty-two or twenty-four small kingdoms of Nepal, after many bloody battles he defeated the kings of Kantipur, Patan and Bhadgaon 3 years later and changed the name of his kingdom from Gorkha to Nepal. From the beginning of the twenty-first century, the Maoist movement in Nepal intensified. Finally, in 2008, King Gyanendra conducted democratic elections in which the Maoists got a majority and Prachanda became the Prime Minister of Nepal and Nepali Congress leader Rambaran Yadav took over as the President.

- Nepal shares borders with 5 Indian states - Uttarakhand, Uttar Pradesh, West Bengal, Sikkim and Bihar. It is therefore an important point of cultural and economic exchange.
- Nepal is right in the middle of India's 'Himalayan borders' and along with Bhutan, it acts as a northern 'border' and acts as buffer states against any possible aggression from China.
- Rivers that have their origin in Nepal feed India's perennial river systems in terms of ecology and hydropower potential.
- Many Hindu and Buddhist religious sites are in Nepal making it an important pilgrimage destination for a large number of Indians.

Few countries have closer ties with India than Nepal because the two countries share an open border that allows unrestricted movement of their citizens. Close economic, security and cultural ties are the hallmark of their relationship. India remains a major trade and transit partner, with a large number of Nepalese earning a living or pursuing higher education. On the other hand, good relations with Nepal help India to address security and geopolitical issues in its neighborhood in a more accessible manner. However, in the recent past, their political relationship has been more volatile than smooth, mainly due to the border dispute over the Kalapani area.

## **2. COOPERATION OF NEPAL AND CHINA UNDER THE BELT AND ROAD INITIATIVE (BRI)**

With the signing of the MoU on cooperation under the Belt and Road Initiative between Nepal and China on 12 May 2017 in Kathmandu, Nepal had initially selected 35 projects for implementation under it. Later, the total number of projects was reduced to nine. The list did not mention the Pokhara airport, which China has now listed under the BRI. The government signed a soft loan agreement of \$215.96 million with China in March 2016 for the construction of the new airport in Pokhara, without any mention of the BRI. The main thrust of the agreement is to promote mutually beneficial cooperation between Nepal and China in various fields such as economy, environment, technology and culture. The agreement aims to promote cooperation on policy exchanges, infrastructure connectivity, trade connectivity, financial integration and people-to-people connectivity. Since China is listing its projects in Nepal under the BRI, the two sides have also not clearly agreed on whether the BRI projects will be loan-based or grant-based. In May 2017, under the leadership of then Prime Minister Pushpa Kamal Dahal, Nepal and China signed a Memorandum of Understanding (MoU) of BRI. Prachanda was widely considered a "pro-China" Maoist leader who joined mainstream politics after a ceasefire following a decade of armed insurgency. Kathmandu hailed the framework agreement as an important moment in Nepal-China relations and hoped that it would attract Chinese investment in the country. In early 2019, Nepal proposed to pursue nine different projects under the BRI. These include feasibility study of connecting trans-Himalayan railway from Chinese entry port of Geelong / Keerung to Kathmandu, extension of 400 KV power transmission line, establishment of a technical university in Nepal, construction of tunnels, hydroelectric dams and new roads. To accelerate the undertakings of the Belt and Road Initiative, Chinese President Xi Jinping visited Kathmandu in October 2019. Nepal's relations with China and India have been influenced by geo-historical and cultural factors and domestic political imperatives. Since Nepal is a landlocked country, its geographical location makes it a buffer state between these two rising powers with a history of fluctuating relations. This geopolitical rivalry is seen in two broad trends that are reflected in Nepal's foreign policy. The first relates to the gradual increase in China's presence and influence in Nepal's politics, and the second relates to the periodic ups and downs in Nepal's relations with India. However, it is too early to make a definitive assessment at this point of time whether these trends represent a permanent change in Nepal's relations with India and China. Nepal's decision to join the BRI should not only be seen through the prism of Nepal's domestic developmental imperatives, but also from the perspective of regional geopolitics. The pertinent question that is worth examining in this context is the timing of Nepal's decision to join the BRI. It joined the BRI in 2017 when there were growing concerns and apprehensions in many countries of the BRI about many aspects of it, especially the financing, the possibilities of debt traps, the institutional capacity of recipient states to execute mega projects and China's strategic hold in participating in the BRI. Nepal is involved in several projects and cooperation under China's Belt and Road Initiative (BRI). Nepal has talked about cooperation with China in many areas of infrastructure, trade, and cultural engagement. Some of the major projects are:

- Railway projects: There has been talk of cooperation in railway relations between China and Nepal.
- Hydropower and Infrastructure: There has been talk of cooperation with China in the field of hydropower projects and infrastructure in Nepal.
- Border Security and Land Management: Cooperation in the field of border security and territory management between the two countries has also been discussed.

The Government of the People's Republic of China provided substantial and spontaneous assistance to Nepal's search, relief and rescue efforts after the devastating earthquake of 2015. China provided 3 billion yuan on Nepal's reconstruction, which will be used in 25 mutually selected major projects. 2016-2018. The two countries signed three separate bilateral agreements on economic and technical cooperation on 23 December 2016, 15 August 2017 and 21 June 2018 to provide a Chinese grant of one billion yuan to Nepal for implementing post-disaster reconstruction projects, livelihood projects and other mutually agreed projects. Projects. Both countries are working for the implementation plan of the Belt and Road BRI. China is Nepal's second largest trade partner. The annual trade between the two countries is worth more than US \$1.8 billion, with Nepali goods going to China worth about US \$8 million. China has given duty-free entry to more than 8,000 Nepali products. China has been investing in Nepal for decades. On September 23 last year, Nepal's Prime Minister Pushpa Kamal Dahal Prachanda arrived in China on a seven-day visit. A total of 12 agreements were signed between Nepal and China. It also included agreements on agriculture, fisheries, trade, Hilsa Simkot Road Project and Nepal-China Grid Interconnection Project. However, there was no mention of the Belt and Road Initiative (BRI) during the visit. Not only this, Pokhara International Airport was also built with the help of Chinese company CAMCI. China had given a loan to Nepal for the project, which began in 2017.

### **3. RECENT DISAGREEMENTS BETWEEN INDIA AND NEPAL:**

- India's relations with Nepal have been on an upswing in the last few decades. After becoming Prime Minister in 2014, Narendra Modi visited Nepal. In 2015, Nepal accused India of imposing an undeclared blockade. During this time, there was a huge shortage of everyday items including cooking gas, petrol and medicines in Nepal. This has sparked greater tensions between the two countries.
- In October 2019, the Government of India formally released a map of the country after making Jammu and Kashmir and Ladakh Union Territories. The map shows Lipulekh and Kalapani areas between Nepal and Uttarakhand as part of India.
- In 2020, Nepal released its new political map showing Limpiyadhura, Kalapani and Lipulekh as part of Nepal, while India considers them as part of its Uttarakhand state.
- On May 8, 2020, Defence Minister Rajnath Singh inaugurated a road link from Dharchula in Uttarakhand to Lipulekh on the China border at a special event. Nepal objected to this and reiterated its claim over Lipulekh.
- A photograph of the Indian subcontinent installed in India's new Parliament building in June 2023 has sparked a major controversy in Nepal. The picture also shows Lumbini, the birthplace of Gautama Buddha. At the same time, Nepal shows Lumbini as a big cultural center in the Nepali map.

### **4. CURRENT AGREEMENTS INDIA HAS SIGNED**

India's External Affairs Minister Dr. S. Jaishankar was on an official visit to Nepal from January 4 to 5. During this time there were several agreements between the two countries.

- 1,000 crore for the launch of Nepali satellite Munal from an Indian rocket, cross-border transmission lines and post-earthquake relief supplies. But an agreement reached during this two-day visit is the most talked about. Under this, India will import 10,000 MW of electricity from Nepal within the next ten years and will make a major investment in the field of hydroelectricity i.e. hydro power electricity within Nepal.
- This agreement is not only important for both countries from the economic point of view, but its political and strategic meaning is also being explored.
- Some incidents like the alleged blockade of 2015, the map dispute has occurred in the past years, which has increased the distance between India and Nepal. In such a situation, China has gone ahead and invested in Nepal, which has made India uncomfortable.

In May-June this year, when the Prime Minister of Nepal Pushpa Kamal Dahal visited India, India had given a green signal to the agreement to buy 10,000 MW of power from Nepal in 10 years. The agreement is for 25 years. Professor Mahendra P Lama, the founding vice-chancellor of Sikkim University, said, "After this agreement, India has come into a new role.

Sanjay Bhardwaj, a professor at the Centre for South Asian Studies at Delhi's Jawaharlal Nehru University, says, "After becoming prime minister in 2014, Narendra Modi first went to Bhutan and then to Nepal. He had then said that the water and youth of the mountain will not be allowed to go waste." The mountain water should be used not only for irrigation

but also for hydropower generation and Nepal's work force should be used for development work inside India," he said." There are five Indian states that share a border with Nepal. The states of Sikkim, West Bengal, Bihar, Uttar Pradesh and Uttarakhand share a total border of more than 1800 km with Nepal. Strategically, Nepal has an important role to play as it is followed by Tibet and then China. China has long objected to Nepal's power transmission agreement with India.

## 5. CONCLUSION

The expansion of BRI in South Asian countries is being done by understanding its broader objectives. At the same time, countries here are also getting opportunities to improve their infrastructure, trade, and economy. At the same time, through this effort of China, efforts are being made to increase trade among South Asian countries, strengthen the economy and promote regional strategies. This initiative offers possibilities to accelerate the development of South Asia and enhance ties in a collaborative manner. Through these collaborative projects, the partnership between Nepal and China is being strengthened, which can open new doors to promote stronger and closer relations between the two countries.

Prof. Sanjay Bhardwaj says, "The threat from the Himalayas continues to loom over India. In such a situation, if China increases its interference in Nepal, then there will be a direct threat to India. If China comes and sits in Nepal and Bhutan, China will have to travel a very short distance to reach India. If there is a problem in Tibet, then it can get the most support from Nepal. China is trying to maintain its influence in Nepal so that any possible crisis in Tibet can be easily dealt with, because China does not see any benefit from Nepal more than this."

The Belt and Road Initiative (BRI) is also becoming widespread in South Asian countries. Under this initiative, China has proposed to invest in road, rail, port, and other infrastructure projects with South Asian countries.

Due to the strategic ties between Nepal and China, frequent bilateral visits between the two countries are being made to establish multilateral connectivity in the Himalayan region and to make Nepal a supporter of policies such as China's Belt and Road Initiative. So that these landlocked intermediate countries give their land to China to use.

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