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Deepak Kumar Adhikari is an original researcher. He has special interest in the study of religion, culture, tradition and philosophy, and has a keen interest in research. He has kept himself engaged in several bilateral initiatives aimed at consolidating Nepal-Bharat relations by developing environments for better understanding and dialogue.

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NEPAL - BHARAT RELATIONS : ECONOMIC DEVELOPMENT AND COOPERATION

Tikaram Poudel, PhD  
Deepak Kumar Adhikari

# NEPAL - BHARAT RELATIONS

Economic Development and Cooperation



**Editors**

**Tikaram Poudel, PhD & Deepak Kumar Adhikari**



**Tikaram Poudel, PhD**

Tikaram Poudel, PhD, currently teaches at School of Education, Kathmandu University. Formerly, he was a language scientist at the University of Konstanz, Germany. At the University of Konstanz, he concentrated his research on Sanskrit, early Nepali, Manipuri, Santali and several other languages of South Asia. His studies on the languages of South Asia with special focus on ergativity, tense, aspect and modality are well-known. Dr. Poudel is the first author to write a comprehensive grammar of the Rajbanshi language based on the principles of modern linguistics. His books *Tense, Aspect and Modality in Nepali and Manipuri*, *Rajbanshi Grammar and Interlinearized Texts* are globally well received. At present, Dr. Poudel concentrates his research on the impact of the English language on the indigenous cultures of South Asia.





# Nepal-Bharat Relations

Economic Development and Cooperation

**A Three-Day Bilateral Seminar**

on

March 3-5, 2017

at

Hotel Ichchha

Simara, Bara, Nepal

**Jointly organized by**

Neeti Anusandhan Pratishthan, Nepal (NeNAP)

Antar-Rashtriya Sahayog Parishad-Bharat (ARSP)



A Three-Day Bilateral Seminar  
on  
**Nepal-Bharat Relations**  
Economic Development and Cooperation

**Editors**

Tikaram Poudel, PhD  
Deepak Kumar Adhikari

**Published by**



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## Acknowledgments

Neeti Anusandhan Pratishthan, Nepal (NeNAP) and Antar Rashtriya Sahayog Parishad (ARSP)-Bharat jointly organized a three-day seminar on **Nepal-Bharat Relations: Economic Development and Cooperation** in association with Nepal Bharat Sahayog Manch-Birgunj (NBSM) in Simara, and Bara, Nepal on 3-5, March 2017. This book is the collection of the speeches and papers presented in the seminar. In the seminar the speeches were made in Nepali, Hindi, and English. The speeches were first transcribed and the speeches in Nepali and Hindi were translated into English. While transcribing and translating the speeches, special attention has been taken to keep the ideas and thoughts of the speakers intact.

Neeti Anusandhan Pratishthan, Nepal, expresses deep gratitude to Dr. Dipesh Kumar KC for transcribing audio records in Nepali, Hindi and English and Dr. Tikaram Poudel for editing the entire enterprise. We also appreciate all the above scholars for taking this task of listening to multi-lingual audio and video records and transcribing them carefully into written texts. We understand that it is an extremely arduous and challenging task. We, the Pratishthan family and the publishers, acknowledge the contributions of these scholars to this Herculean task of transcription, translation and editing in spite of their busy academic schedules and family responsibilities for this achievement.

The Pratishthan also acknowledges the contributions of Shri Santosh Acharya, Chief Administrative Officer at Neeti Anusandhan Pratishthan, Nepal, to bringing this publication to its present form. He did the proof reading of the entire document, setting up its layout and selecting the photographs.

In fact, this book is the outcome of the collective efforts of three organizations -Neeti Anusandhan Pratishthan, Nepal, Antar Rashtriya Sahayog Parishad-Bharat, and Nepal Bharat Sahayog Manch-Birgunj. We extend our thanks to His Excellency the former Ambassador of India to Nepal, Shri Ranjit Rae, and to His Excellency the former Ambassador of Nepal to India, Shri Deep Kumar Upadhyay. We are thankful to the National President of NBSM, Shri Ashok Baid, Shri Hemant Baid and his entire team for searching and finalized the venue and being a co-host of the seminar. We extend our gratitude to Shri Shyam Parande, General Secretary of ARSP and the ARSP family, New Delhi.



His Excellency Shri Ranjit Rae was the Indian Ambassador to Nepal and Shri Vinay Kumar was the Deputy Chief of Mission (DCM) to Nepal when the concept of these series of seminars was conceived. In March 2017, when the seminar was organized in Simara, Bara, Shri Ranjit Rae was retired and Shri Vinay Kumar took the responsibility of the Charge de Affairs at Indian Embassy in Kathmandu. Now At the time of the publication of the proceeding of the seminar in book form, His Excellency Shri Manjeev Singh Puri is the Indian Ambassador to Nepal. We appreciate his support and inspiration in all the activities of the Pratishtan.

We also express our sincere gratitude to His Excellency Shri Deep Kumar Upadhyay, former Ambassador of Nepal to India for his assistance in the Pratishtan activities. His positive gesture of encouragement and inspiration always led us towards creative activities. At the time of publication of this document, Shri Bharat Kumar Regmi is the Charge de Affairs at the Embassy of Nepal in New Delhi.

Without the blessing and support of many eminent scholars, this book would not have come to this form. We express our gratitude to the two Chief District Officers (CDO) Shri Bijaya Narayan Manandhar of Bara and Shri Keshav Raj Ghimire of Parsa districts.

We are thankful to the National President of Nepal Bharat Sahayog Manch- Birgunj, Shri Ashok Baid, Chairman of the Birgunj Chamber of Commerce and Industry, Shri Om Prakash Sharma, Consulate General of Indian Embassy, Birgunj, Shri B C Pradhan, the officer Shri Niraj Kumar Jaiswal and all the friends from the Nepal Bharat Sahayog Manch-Birgunj, Birgunj Chamber of Commerce and Industry and Consulate General of Indian Embassy, Birgunj for their crucial roles to make the seminar a historic success.

We thank all the distinguished speakers and participants from all walks of life from Nepal and India for making this seminar a grand success.

Finally, we acknowledge the inputs and assistance of all our volunteers and well-wishers in making this event and this publication a historic achievement.

**Deepak Kumar Adhikari**  
Director, NeNAP  
Kathmandu, Nepal

## Preface

The Nepal and Bharat relations are beyond the conceptualization of modern way of bilateral relations of two countries. The geographical closeness with 1850 km long open border and the ethnic, religious and linguistic affinity between the people of these two countries make Nepal-Bharat relation a unique one in the world.

The Nepal and Bharat relations have been intimate since time immemorial. It is crucially significant in the geo-political, economic and security dynamics of Asia, and to some extent, of the world. Nepal-Bharat relations have been founded on the basis of strong familial, socio-cultural and civilization ties, not simply on politics, diplomacy, economy and social interactions. Nepal-Bharat relations have evolved from the same ancestral roots sharing the ethos of common traditions and cultural heritage of the *Ramayan*, the *Mahabharat* and Gautam Buddha.

In the recent past, Nepal politically underwent major changes as she moved from constitutional monarchy to democratic republic with a federal system. In this emerging scenario, Nepal-Bharat relations need to be reassessed to keep the centuries old relations intact.

The Neeti Anusandhan Pratishthan, Nepal (NeNAP) organized a seminar on “India-Nepal Relations: Consolidation and Exploration of Prospects for Extended Cooperation” at Constitution Club, New Delhi on 14th and 15th December 2012. Back home, the NeNAP organized a similar seminar on the 30th of July 2013 at Amritbhog Complex, Kathmandu.

Our third seminar on Nepal-Bharat bilateral relations was on “Republic of Nepal: Emerging Hopes and Scope” organized in Kathmandu on the 24th of August 2013.

Our fourth seminar was on Samvidhanma Dharma (Dharma in Constitution) on 7th July 2015.

Our fifth seminar on “India-Nepal Relations: Changing Context, Emerging Situations” was organized in collaboration with Antar-Rastriya Sahayog Parishad (ARSP), New Delhi on 26th and 27th of March 2016 in New Delhi.

Our sixth seminar was on “Nepal and India: Exploring New Vistas”. This seminar was jointly organized by three organizations: India Foundation, New Delhi, Neeti Anusandhan Pratishthan, Nepal and Nepal Centre for Contemporary Studies (NCCS). The seminar coincided with the state visit of His Excellency Shri Pranab Mukherjee, the President of India to Nepal.

By bringing together people from diverse fields and disciplines—from diplomacy to politics, from art and culture to trade and commerce, from defense to history, from social sciences to media, the organizers were making an attempt to understand the vital aspects of bilateral ties that define Nepal-Bharat relations.

In spite of such striking commonalities, there have been times of misunderstandings and disputes when people-to-people relations have gone awry. In all situations, that is unfortunate. It is highly important that such mutual disputes be removed through objective analysis of the cases, followed by intimate interaction. These seminars are a move in this direction. We are convinced that the mutual understanding and trust between both the nations should be accepted as a mutual necessity and not as a compulsion, as often explained. Strong trust and mutual cooperation in security affairs are mutually beneficial for the overall prosperity of the two nations.

The concept of this series of seminars, organized by Neeti Anusandhan Pratishthan, Nepal, Antar Rashtriya Sahayog Parishad-Bharat and India Policy Foundation, New Delhi, was developed after the discussions in a seminar in Delhi on 26 and 27 March 2016 and the seminar organized by Neeti Anusandhan Pratishthan, Nepal, Nepal Center for Contemporary Studies, and India Foundation, New Delhi, during the visit of His Excellency President of the Republic of India to Nepal on the second and the third November 2016. Both the Embassies of India and Nepal and members of civil societies including the participants and speakers suggested that the issues require in-depth discussions from the experts in the respective fields and recommend the respective governments. The participants and speakers felt that one and a half hour time duration to discuss a particular issue was not sufficient and recommended for an in-depth discussion from

respective experts on the issues. Consequently, the six issues of this series of seminars were finalized based on the discussions in two seminars previously conducted in Delhi and Kathmandu. Of these six series of seminars, three would be held in Nepal and the remaining three in India. It was decided that each issue would be discussed in two-day seminar each.

The first series of seminar on **Bharat-Nepal Relations: Socio-Cultural and Civilization Linkages** was jointly organized by NeNAP and ARSP in association with Indian Council for Cultural Relations (ICCR) at Azad Bhawan, New Delhi on 6th and 7th February 2017. It was the first seminar in the series. The second seminar in the series on **Nepal-Bharat Relations: Economic Development and Cooperation** was jointly organized by NeNAP and ARSP in association with Nepal-Bharat Sahayog Manch, Birgunj (NBSM) at Hotel Ichchha, Simara, and Bara on 3-5, March 2017. The remaining four seminars in the series will deal with the issues of defense and security matters, political and diplomatic relations as well as media and educational linkages in order to have a holistic discussion on all aspects of Nepal-Bharat relations. We hope that these deliberations will contribute to the understanding at the people-to-people level.

Shyam Parande  
Secretary General, ARSP  
New Delhi, India



राजदूत  
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March 09, 2018

## MESSAGE

I am happy to learn that the Neeti Anusndhan Pratishtan, Nepal (NeNAP) is going to publish a book on Nepal-Bharat Relations: Economic Development and corporation. This book is a compendium of the proceedings of the three-days Nepal-Bharat bilateral seminar held from March 3-5, 2017 in Simara, Bara, Nepal.

This is a very welcome initiative by the Neeti Anusandhan Pratishtan, Nepal and the Nepal Bharat Sahayog Manch (NBSM) which brought together the Nepali and Indian scholars with proven track record in Nepal-Bharat bilateral relations and promoted honest dialogue in the regard.

I congratulate the Neeti Anusandhan Pratishtan, Nepal on the successful organization of this seminar and for this important publication.

  
(M.S. Puri)



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## Introduction of the Speakers

**Shri Deepak K. Adhikari** Shri Deepak Kumar Adhikari, Director of Neeti Anusandhan Pratishthan, Nepal (NeNAP), Rashtriya Saha-Samparka Pramukh of the Hindu Swayamsevak Sangh (HSS) Nepal and a member of the Advisory Board of the World Organisation of Students and Youth (WOSY), is a social worker, who has for the past several decades engaged himself in pure social work at various capacities. In the past twenty years of his full-time social service, he spent much of his time giving visionary leadership to Pragyik Vidyarthi Parishad (PVP), Nepal and developing a strong organizational foundation for it, working as its National Organizing Secretary. Since 2012, Deepak Kumar Adhikari has been committed, as a founder-director, to the activities of Neeti Anusandhan Pratishthan, Nepal, and a leading research institution for long-term development of the society.

**Shri Ashok Baid** Shri Ashok Kumar Baid is the Former President of Birgunj Chamber of Commerce and Industry and Member of SAARC Chamber of Commerce. He is also a Director of Shalimar Group of Companies. Shri Ashok Kumar Baid is a well-known Industrialist and social worker.

**Shri Shyam Parande** Shri Shyam Parande is a well-known social worker. He is currently working as an International Coordinator of Sewa International Bharat and Secretary General

of Antar Rashtriya Sahayog Parishad (ARSP). He is also the Zonal Coordinator of International Centre for Cultural Studies.

**Smt. Nalini Gyawali**

Mrs. Nalini Gyawali is a prominent social activist of Nepal. She is actively involved in promoting socio-cultural events in Nepal. A particular area where Mrs. Gyawali has worked tirelessly is to promote better Indo-Nepal relations in all facets be it economic, political or socio-cultural. She is Convener of the Nepal Chapter of the Overseas Friends of BJP and General Secretary of Neeti Anusandhan Pratishthan, Nepal (NeNAP) an important think tank of Nepal. She has contributed to Indo- Nepal relations by organizing various events and encouraging the scholars to participate in such events.

**Ambassador Virendra Gupta**

Ambassador Virendra Gupta retired from the government service two years ago after spending over 37 years with the Indian Foreign Service. During his diplomatic career, which started with tenure at the Indian Embassy in Kathmandu, he held the position of India's High Commissioner in Tanzania, Trinidad & Tobago and South Africa. He also served as Deputy Director of India's largest security studies think tank The Institute for Defense Studies and Analyses (IDSA) and as Director General of Indian Council for Cultural Relations. He is currently associated with a number of NGOs and think tanks and takes active interest in international relations and public policy issues. As President of well-known NGO Antar Rashtriya Sahayog Parishad

(ARSP), he is particularly focused on Indian Diaspora and neighborhood issues.

**Dr. Sachin Chaturvedi** Professor Dr. Sachin Chaturvedi is Director General at the Research and Information System for Developing Countries (RIS), a New Delhi-based autonomous Think-Tank. He was also a Global Justice Fellow at the MacMillan Center for International Affairs at Yale University. He works on issues related to development cooperation policies and South-South cooperation. He has also worked on trade and innovation linkages with special focus on WTO. Dr. Chaturvedi has served as a Visiting Professor at the Jawaharlal Nehru University (JNU) and has also worked as consultant to the UN Food and Agriculture Organisation, World Bank, UN-ESCAP, UNESCO, OECD, the Commonwealth Secretariat, IUCN, and to the Government of India's Department of Biotechnology and the Ministry of Environment and Forests, among other organizations.

**Shri Vinay Kumar** Shri Vinay Kumar is an Indian government service officer. He worked as the Charge De Affairs in India Embassy of Nepal, Kathmandu under the former India's Ambassador to Nepal Shri Ranjit Rae. After Rae's mission expired shri Vinay Kumar has started working as India's Acting Ambassador in Kathmandu.

**Shri Keshav Raj Ghimire** Shri Keshav Raj Ghimire was the Chief District Officer (CDO) of Parsa. He is the Government service holder of Nepal.

**Ambassador Anup Mudgal** Ambassador Anup Mudgal is a member of the Indian Foreign Service (IFS), Amb. Mudgal retired in May, 2016 as India's High Commissioner to Mauritius. As part of his diplomatic career spanning thirty two years, he served thrice at the Head Quarters of the Ministry of External Affairs handling relations with India's neighborhood; ASEAN region; Russian Federation and some countries of Central and Eastern Europe as well issues relating to Human Resource Development. As part of his eight assignments abroad Amb. Mudgal served in different capacities at the Indian Missions in Mexico (including NAFTA matters), Peru, former Yugoslavia, Belgium (EU matters), Germany, Austria (work relating to: IAEA, UNIDO, UNODC, UNOOSA, UNCITRAL), and Mauritius (including IORA).

**Shri Pratim Ranjan Bose** Shri Pratim Ranjan Bose is a senior journalist. He writes on India's Look East strategies and, developments in energy and infrastructure sectors. A post-graduate in economics, Bose has spent over two decades in financial journalism and has keen interests in development strategies, geopolitics, international trade and economic growth perspectives in Asia. A winner of several journalism awards and a Jefferson Fellow (Spring 2010), Bose has several academic publications in the fields of coal, renewable energy, border trade and others. He is associated with many Indian think tanks. He is the bureau chief of business line.

**Shri Ashok K. Agrawal** Shri Ashok Kumar Agrawal (Temani) is the Director of Yash Group of Companies. He has a total industrial and trading experience of thirty years. He represented Nepal as a delegation head to various countries like Bangladesh, China, India, Japan, Singapore, Thailand, Philippines, etc. President: Birgunj Chamber of Commerce and Industries (2011-2013) and Executive Board member of FNCCI (Federation of Nepal Chamber of Commerce & Industries)

**Shri Chandra Kishore** Shri Chandra Kishore is one of the Nepal's leading journalists, based in Central Nepal town of Birgunj. Jha regularly writes for major national publications like Himal Khabar Patrika and Kantipur Daily, on various issues including media, politics and society. He is the senior executive member of Centre for Investigative Journalism, Nepal (CIJ).

**Dr. Govinda Raj Pokharel** Dr. Govinda Raj Pokharel is having over 20 years of professional experience in public policy, international development and academia, most recently as CEO of Reconstruction Authority (Ranked at Par with Cabinet Minister) and as Vice Chairman of the National Planning Commission (ranked at par with Minister of State), professor of industrial and mechanical engineering, and executive director of a large public institution for the promotion of renewable energy.

**Dr. Krishna Gopal** Dr. Krishna Gopal is a Mananiya Saha Sar Karyavah of Rashtriya Swayamsevak

Sangh(RSS). Krishna Gopal, having done Masters in Environmental Science from Agra University, obtained doctoral degree from Council of Scientific and Industrial Research. Dr. Krishna Gopal hails from Mathura of Uttar Pradesh. After having looked after Sangh's work in various places of UP, Krishna Gopal moved to North-East to oversee the RSS work. He served as kshethreya pracharak (regional organiser) in North East for nine years. There after he was appointed Joint General Secretary in 2012. He is the Mananiya Saha Sara Karyavaha of the Rastriya Swayamsewak Sangh, Delhi

**Shri Gopal K. Agarwal** Shri Gopal Krishna Agarwal is National Spokesperson of Bharatiya Janata Party (BJP), Economic Affairs) and lives in Noida. He is a fellow member of the Institute of Chartered Accountant of India (ICAI). He is Economic thinker and writes extensively for newspaper, financial journals and delivers lectures in seminars & conferences. He is a Trustee and a Treasurer of India Policy Foundation (IPF).

He is also a member of the Task Force on MSME Sector by the Ministry of Finance. He is govt nominee on the Central Council of Institute of Company Secretaries (ICSI) and Independent Director on the Board of North Eastern Electric Power Co. (NEEPCO) and Bank of Baroda. Member of Board of Governor at Indian Institute of Corporate Affairs (Think Tank of Govt of India). He is also advisor to the Ministry of Water Resources on Namami Gange.

- Shri Radhesh Panta** Shri Radhesh Panta was the former CEO of National Investment Board by government. He's CEO of Kumari Bank and was previously Chief of Bank of Kathmandu.
- Shri Gopal Arora** Shri Gopal Arora is the Assistant professor of Delhi University and Shri Ram College of Commerce, North Delhi, India. He is also a secretary of Antar-Rashtriya Sahayog Parisad (ARSP).
- Ambassador Deep K. Upadhyay** Ambassador Deep Kumar Upadhyay is a leader of Nepali Congress, and former Minister for Culture, Tourism, and Civil Aviation and former Ambassador of Nepal for India.
- Er. Govinda Sharma Pokharel** Engineer Govinda Sharma Pokharel is a water professional, water activist and advocate of spring sources in the mountains and flood water management in Nepal.
- Dr. Milindo Chakrabarti** Dr. Milindo Chakrabarti has distinguished experience of over 27 years as a Professor of Micro-economics, International Trade & Business, Environmental Economics, Indian Economics and Development Economics, nationally and internationally. Along with his long standing career in teaching, Dr Milindo holds Research Experience of 27 years and has written and published numerous research paper, articles and books from India and abroad. Currently, he is a Professor with School of Business Studies and School of Law at Sharda University, Greater Noida. He also delivered lectures at Indiana University, Bloomington, University of Southern California, Los Angeles, Indian



Institute of Management, Ahmedabad, Entrepreneurship Development Institute, Gandhi Nagar. Right now he is associated with the Natural Resources Institute, University of Manitoba, Winnipeg, Canada as an Adjunct Faculty and recently joined Research and Information System for Developing Countries, an autonomous think tank of the Ministry of External Affairs as a Visiting Consultant. Till recently, he was a Consultant to the Independent Evaluation Office of the Planning Commission. He is also a consultant of Research and Information System for Developing Countries (RIS)

**CG Shri BC Pradhan**

Shri BC Pradhan is the Consulate General of India, Birgunj Nepal. He began his schooling in Godavarish Vidyalaya, Odisha and graduated with Honors in Physics from Utkal University. He joined the Ministry of External Affairs, New Delhi in 1991. He has handled several interesting and challenging assignments at the Ministry of External Affairs, New Delhi and in Indian diplomatic missions in Tajikistan, France, Kyrgyzstan and the United Kingdom. He served as Charge d' Affaires, Embassy of India, Bishkek and participated in the Shanghai Co-operation Organization Summit meeting in December, 2012. He speaks Odia, English and Hindi and has knowledge of Russian, French and Bengalee.

**Ambassador Bhim Udas**

His Excellency Shri Bhim Kumar Udas, a newly appointed Ambassador of Nepal arrived in Yangon on 26 May 2017. Prior to this, H.E. Shri Udas served for the United

Nations system for 30 years, from Jan 1981 to Dec 2010, in 8 different countries: Pakistan, Rome, Armenia, Geneva, Jordan, Russia, Myanmar and Lesotho. Of them, he served as WFP Country Director and Representative for 15 years in 5 countries, including Myanmar from 2003-06. He was engaged in development projects for 8 years in Nepal after his first degree in Political Science from the Tribhuvan University, Nepal, and a Master of Arts degree in International Relations from the University of Peshawar, Pakistan. He attended a leadership course in Kennedy School of Management, Harvard University, Boston, USA in 2005.

**Prof. Dr. Bhagwati Prakash Sharma** Professor Dr. Bhagawati Prakash Sharma is an internationally recognized Economist and has been teaching Commerce and Management at Degree and Post Graduate levels since 1978. He has supervised 15 doctoral researches leading to Ph.D. Degree. He is a keen observer of the global trade scenario, implications of the neo-liberal economic policies, defense & security related issues, internal security, agri-bio terrorism & geo strategic endeavors of China. He is the Vice-Chancellor of Pacific University, Udaipur, Udaipur (Rajasthan).

**Shri Prachanda Man Shrestha** Shri Prachanda Man Shrestha is a freelance trade and tourism analyst based in Kathmandu, Nepal. He served Government of Nepal for 32 years in different capacity including Director General of the

Department of Tourism, and Joint Secretary in the Ministry of Industry, Commerce, and Supplies. He contributed in forming Nepal Tourism Board, a public private partnership agency to promote Nepal as tourism destination and he was also the chief negotiator during the accession process of Nepal's membership to World Trade Organization concluding its terms setting example to be the first Least Developed Country. He succeeded bringing Nepalese tourism back on track after a decade long conflict in the country in the capacity of CEO of Nepal Tourism Board organizing national campaign of Nepal Tourism Year 2011. He was Humphrey Fellow in the year 1993/94 following a yearlong professional program on International Development and Tourism in The American University and The George Washington University of USA.

### **Shri Sushil Pandit**

Shri Sushil Pandit is from Srinagar (Kashmir) and brought up in Delhi. He Studied Commerce in Delhi University and Chinese in JNU. He worked with Indian Express and The Telegraph in the mid eighties. After that he moved over to Ogilvy and then worked with McCann and Contract in the Nineties. Later he promoted and working for The Hive, since 2000. He is the Founder and former Chairman of exchange for media group. He is the publisher of Praznath, a quarterly journal on the culture and identity of Kashmir. He is the member and managing Committee at the Ramakrishna Mission Hospital, Vrindavana. He was the President of Hindustan Football Club and later he was the past President of Rotary Club of Delhi Midwest.

- Ambassador Ratakonda Dayakar** Ambassador Ratakonda Dayakar is the well-known diplomat of India. He was also a former Ambassador of India to Jordan, India to Sweden and so on. He was also an Indian Diaspora Council's Liaison to Government of India.
- Shri Subodh Gupta** Shri Subodh Gupta is the Vice President of Birgunj Chamber of Commerce and Industry. In the past he was the president of Birgunj lions club. He is the Managing Director of Mohit Group of companies and the adviser of Kalwar Kalyan Samiti Parsa. Presently he is the Secretary General, Rice, Pulse and Oil Association for Nepal.
- Shri Om Prakash Sharma** Shri Om Prakash Sharma is the President of Birgunj Chamber of Commerce and Industry. Shri Sharma is professionally Businessman Associated in D.B. Industries and Gautam Trading. Sharma becomes first member of Constituent Assembly (CA) in 2064. Sharma is also a President of Parsa Taekwando Committee and Rotary Club of Birgunj. Sharma is presently Member of Provincial Assembly-2.
- Shri Bijaya N. Manandhar** Shri Bijaya Narayan Manandhar was the Chief District Officer (CDO) of Bara. He is the Government service holder of Nepal.
- Dr. Dipesh Kumar KC** Dr. Dipesh Kumar KC is the well-known Journalist, Consultant and Lecturer of Nepal. He had his PhD in "Youth in Nepal-Bharat 'Cross-Border-Crime'" from Jawaharlal Nehru University, New Delhi on the area of Nepal-Bharat Border (Raxual-Birgunj).





**Deepak Kumar Adhikari**

Namaskar! I welcome all of the distinguished guests to this seminar on **Nepal-Bharat Relations: Economic Development and Cooperation** organized by Neeti Anusandhan Pratisthan, Nepal (NeNAP), Antar Rashtriya Sahayog Parishad (ARSP)- Bharat and Nepal-Bharat Sahayog Manch (NBSM)-Birgunj. I take an opportunity to introduce you to Shri Virendra Gupta. Shri Gupta, a former ambassador and the current President of Antar Rastriya Sahayog Praishad. Mr. Gupta will chair the inaugural session.

The venue is at the transit between Bara and Parsa district so I will speak switching the code from Nepali to Hindi. Here is the saying that if heart meets tongue has no role. In Sanskrit there is a saying: *sneham khyati lochanam* (Eyes tell that how much you love me!) I also welcome Shriman Keshav Raj Ghimire, CDO of Parsa District and Shri Vinay Kumar, Charge de affairs of Embassy of India. I welcome Shri Shyam Parande, Secretary General of ARSP and Shri Ashok Baid, President of Nepal-Bharat Sahayog Manch. Dr. Sachin Chaturvedi, Director General, RIS will deliver his speech in this session. I also welcome government officers, police officers, delegates and journalists for their contributions to making this program a grand success.

I request the guests in the dais for lighting the traditional oil lamp to inaugurate the program. I request to play the National Anthems of both Nepal and India. I also request all the present here to pay homage to the National Anthems of Nepal and India by standing in their respective places.



Ashok Baid

Namaskar! Welcome all of the participants in this three-day interaction program! I warmly welcome Special Guest Charge De Affairs Vinay Kumar, CDO Keshav Raj Ghimire, Consulate General Baishno Charan, Key note Speaker of this inauguration session, Dr. Sachin Chaturbedi, General Secretary of Antar Rastriya Sahayog Parishad Shri Shyam Parande, President of Federation of Nepalese Journalist, Parsa District Shyam Banjada, and Member of Parliaments, former Parliament members and the delegates from Nepal and India.

I express my hearty thanks to the organizers who considered my request to organize this program in Birgunj instead of organizing it in Delhi. Birgunj is the industrial capital of Nepal and the gateway to Nepal from India. In these three days, there will be six sessions focused on the economic sector. I hope this session will be effective and fruitful to strengthen Nepal-India economic relationships. I also participated in the similar programs organized by the Neeti Anusandhan Pratishthan, Nepal (NeNAP) and Antar Rashtriya Sahayog Parishad (ARSP) in Delhi and Kathmandu. I found both these programs effective and result-oriented on Nepal-Bharat relations. In this seminar altogether 50 participants-25 each from Nepal and India-are participating. Once again I welcome you all.



**Deepak Kumar Adhikari**

We organized the program **Nepal-Bharat Relations: Changing Context, Emerging Situations** in Delhi in April 2016. We had the honor of having His Excellency Rajnath Singh, Minister for Home Affairs of India as the chief guest. The ambassadors from both the countries discussed the issues related to India-Nepal relationship in their 90 minutes session. The discussion concluded that these matters required in-depth discussion of respective experts to identify issues and make a discourse on those issues. Then, we identified six different issues and organized the interaction programs three each in Nepal and India.

We also organized an interaction program on November 2-3, 2016 during the occasion of the Nepal Visit of Pranab Mukharjee, His Excellency the President of Republic of India. The ambassadors from both Nepal and India attended the program.

We started the interaction in 2012. The Nepal-Bharat relation is natural rather than human-made. In Sanskrit, there is a saying that we have to increase the things that our ancestors acquire. If we cannot increase, we have to protect them because we don't have right to destroy the achievements of our ancestors. Our relation is god-gifted, so we have to run our relations smoothly. Understanding this fact of Nepal-Bharat relations, we have continuously organized different interactions and come up with several publications so far. All our three organizations are guided by the thoughts that the resources will be available if we think about the program. We gradually manage



resources after we finalize the program. In the *Mahabharata*, Bhim was angry when he was in the jungle-life. He boasted to finish the Kauravas, but Bidur suggested him that he should be cool and acquire the moral and character which automatically attract the resources.



Shyam Parande

Chairperson of this program and Ambassador Virendra Gupta, CDO Shri Keshav Raj Ghimire, Charge de Affairs of Indian Embassy in Nepal, Shri Vinay Kumar, Director General of Research and Information Services, Dr. Sachin Chaturvedi, President of Nepal-Bharat Sahayog Manch, Ashok Baid and my friend Deepak Kumar Adhikari.

Shri Adhikari made my task of delivering the speech much easier as he has covered all the relevant aspects. I thank the delegates from India and would like to introduce them. We have Ambassador Dayakar, Vice-President Mukesh Agrawal, Secretary of ARSP Professor Gopal Arora, Treasurer Suresh K. Goyal, Professor Dr. Bhagwati Prakash Sharma, Economist and Vice Chancellor of a University in Udayapur Rajasthan, Shri Gopal Krishna Agarwal, Chief of Economic Cell of BJP, Executive member Dr. Rajani Sarin, Shri TN Malhotra, Joint-Secretary of ARSP Shri Chandra Shekhar Randev, Secretary of People of Indian Origin Chamber of Commerce and Industry (PIOCCI) Shri Abhay Agrawal, Ambassador Anup Mudgal, Businessman Shri Subhash Jindal, Smt. Renu Sharma, Chartered Accountant Anup Mukherjee, Rakesh Sharma, Professor Milindo from RIS, Senior Journalists Pratim Ranjan Bose and Anup Gupta.

I would like to invite Secretary General of Neeti Anusandhan Pratisthan, Nepal Nalini Gyawali to the dais.

Cultural relations are the foundations of the Nepal-Bharat relationship. Both countries are co-travelers on the path of Dharma. I have repeatedly explained the importance and specialty of this relationship. Here I am not speaking Dharma as a religious concept. In our tradition the concept of Dharma is different from the concept of religion, the way we understand today. Great Saint Samarth Ramdas said that success of any endeavor will always depend on the efforts invested provided this is firmly rooted on the principles of Dharma. One is to put in best efforts. Dharma is defined as one that bestows spiritual as well as material development. Dharma is the bedrock of culture of both these countries, Bharat and Nepal, and cannot be separated along material issues as uniting factor is culture. In our first conference held in Delhi, the theme dealt with dharma, culture, civilization, and society. This is the second conference in the series and in this second one we are focusing the discourse on the material issues. The economic issue is crucial in Nepal-Bharat relations. For the benefit of both the countries India and Nepal, require to move forward in cooperation for material prosperity and happiness. The progress of Nepal will be beneficial to India and so is the case with the progress of India to Nepal.

We are organizing a series of 6 conferences and our third conference will focus on the discourse of defense and security, & strategic relationship between Bharat and Nepal. Both the countries are mutually dependent on each other for security in the region. The fourth conference in the series will focus on the issues of media. Media negativity and pessimism is a serious challenge for our relationship and it needs to come to an end. Role of Media on both sides of the border has to be objective for promoting better relationship. The fifth conference in the series will concentrate on the issues of the education. Our understanding is that the educational development in India and Nepal will benefit the people of both the countries. The last and the sixth conference in the series will be focusing on the political and diplomatic relationship between the neighbors. We have experienced in last few decades that the political situations in one country affects the life of people in the other country. Political issues are very sensitive and need to be handled with care.

In the globalized world, economic relations between and India and Nepal are vital. The discourse of Nepal-Bharat economic relations cannot ignore China. As a sovereign nation, Nepal can have mutual relations with any other country. India has good economic relations with China and India respects Nepal's good economic relations with China and other countries. However, we have to think about the foundation of Indian economy so that local producers and workers are not exploited. China's initiation and investment seems higher in South-East Asia and such large investments may create serious problems to the local economy since the investors would not be able to compete and they would be displaced. However, Indian investments are one smaller scale and work on collaborating with the local investors, boosting up the local economy. Because of these reasons, investors from India are welcomed internationally. This indicates the fact that investments are sustainable if the investments also consider the welfare of the people in a particular country or region. All the arrangements and planning of this conference is done diligently and I would like to thank the delegates from Nepal and participant in the economic zone of Birgunj for the hospitality.



Ambassador Virendra Gupta

Thank you Shri Deepak Adhikari, Shri Keshav Raj Ghimire, Vinay Kumar, Key note speaker Dr. Sachin Chaturvedi, Shri Shyam Parande, Shri Ashok Baid. I welcome all of you and the participants from the ARSP.

Birgunj, the economic capital of Nepal, is the right place for the interaction program on the issues we are focusing on today. The area selected for the current seminar is appropriate for the strengthening economic relation between India and Nepal. For last 40 years, Antar Rashtriya Sahayog Parishad has been actively involved in strengthening goodwill all over the world, particularly with special focus on immediate neighboring countries of India. Nepal is always in the priority. The programs of this kind are being organized and we are planning to organize six programs in this series.

The first seminar on civilization and cultural link was important because civilization and culture provide the basic foundation for our relationship. We really do not know how to describe it. It goes beyond description. We regard Nepal as a friend, a very dear friend, as a brother, as a member of the family. Now, these adjectives fully describe the fact that our relationship has lots of emotional connection, a unique connection. This is the uniqueness of our relationship with our neighbor.

But there have been mistakes and misunderstandings. We are all here often time surface raise the head and we have to deal with those issues. Some reference was made by Shri Shyamji about politics which phase out in both Indian and Nepalese sides. And how do we deal with that? By drawing attention to the positives on what can be done together between our two countries. We have to reflect on what time we are leaving in. Yes, we have lots of cultural connections, we have a historical relationship but I think ordinary people are not very impressed by that alone. The question is: what can this relationship deliver? What does this relationship mean for the normal citizens of Nepal and India? The series of seminars explore these aspects of Nepal-Bharat relations. In my opinion, we have a huge potential. There are so many works that can be done. And I think that it is extremely important to explore these possible potentials to eradicate the skepticisms and suspicions. The discourse of these seminars would find out the ways to move forward in the direction of further economic progress bringing jobs to people here leading them to prosperity and contributing to education and health.

Education and health are extremely important. I am reminded of the lecture of Jeffry Socks that I listened to some years ago. According to him these two parameters- health and education- play the most important role in the development of a developing nation. This is remarkably true for developing countries like Nepal and India as well.

Today, education and health are not only the responsibilities of the governments but also of every sector of the society. When I started my diplomatic career from Nepal in 1979, India provided opportunities to Nepalese students in different professional colleges. This remains very important to strengthen our cooperation. However, this cooperation moved beyond our government and private sector also came as a stakeholder. This cooperation has its manifestations beyond education and has encompassed the business and economic sectors of our two countries. To meet the demand of energy of both countries, we can work on the generation of electricity, on transmission of power as well. We have huge potentialities in the construction of railways and highways; these leads to the prosperity and construction

of infrastructure. Bhutan is the shining example of the cooperation of two countries in South Asia, particularly in the field of the power generation and energy sector co-operation. And it is not surprising that Bhutan is in the category of one the highest per capita income countries in the region. In fact, there is potential which can take Nepal to that towering economic height and India wants to be the partner of that. In that economic progress, we have to find the ways that can be done in the manner of mutually benefit.

Finally, the last point is that Nepal has gone through the very difficult time. In 2005 and 2006, there was the prolonged civil war and I was in the Institute of the Defense Study Centre. The rough estimate was that Nepal's requirement would be running into several tens of thousands of crores (20, 30, 40 thousand crores). You could not have put a cap on the kind of resources for the requirement. Clearly, if one wants to adopt the pragmatic and mature approach to this, it would be self-evident. In India, all these funds, money and resources cannot be provided by our own. So the point Shyamji made and I would like to whole heartedly endorse that we have to mindful what Nepal's requirements are. If India cannot provide the funds, Nepal has the right to attract investments from other countries. India's investments in Nepal may give strength for greater economic cooperation between the two countries. With these words, I would once again like to thank, Neeti Anusandhan Pratisthan, Nepal for having joined with us in these series of seminars, particularly this seminar and RIS, particularly Dr. Sachin Chaturvedi. Thank you very much!



Dr. Sachin Chaturvedi

Good Morning Everyone!

Honorable Keshav Raj Ghimire, Shri Vinay Kumar, Respected Shri Shyam Parande, Shri Ashok Baid, Naliniji, participants from Nepal and my colleagues from India, members of Neeti Anusandhan Pratisthan, Nepal, Antar Rashtriya Sahayog Parishad, members of Nepal-Bharat Sahayog Manch, Birgunj, the expert participants in this program, Ladies and Gentlemen,

Ambassador Virendra Gupta it was such a pleasure hearing you were here in 1979. I was wondering if you recall that the Prime Minister asked all the officers from the Indian Administrative Service to go back to the districts they began their journey from. I do not know whether it was being applied to the foreign services as well. But I think it is great that you are back here and probably see how it is emerging.

I have a great pleasure participating in the team here in terms of discussing the bilateral relationship, the kind of idea that we have in terms of moving forward in Nepal and of course the South Asian regions. I feel honored to deliver this key note speech. Here I have been give the responsibility to speak on four broad components of Nepal-Bharat relations.

In the first section, I would see the international context as Shyam Parande mentioned India and Nepal relationship is not in the vacuum. In some contexts, the contacts may be sub-regional, regional or global. Second is, of course, India's own growth story which we are



witnessing in India. And the third is, of course, India-Nepal bilateral relations and I take up the way forward in the fourth section.

The most vital issue in the global context is economic growth and its impact on Nepal-Bharat relationship. The emerging nations such as Brazil, South Africa, etc. confront new challenges after the changing scenario in global economic growth. When their commodity prices, especially export goods, decrease they have to face further challenges. The *Economic Times* and other economic media start to dismiss the way they grow economically and prescribe new methods of the economic growth. An example of such a prescription was by the Danny Rodriguez concentrating on the fundamental. The fundamental refers to the important factor for the development of particular nation and how the factor can be fulfilled. According to Rodriguez, the fundamental is to arrange the political and economic system in one place. How the political system is appropriate for the economic avenues! There are examples of Venezuela and Saudi Arabia as they did not prepare for the new economic situations and diversifications. As a result, the economies of these countries are unstable and their growth faces new challenges. The New Industrial Countries (NIC) nations such as Taiwan, Singapore, and South Korea attempt to grow through the exports. However, the export-based economies also face serious challenges as we have experienced in the 2008 recession. Demands shrank in Europe and the US in 2008 and this shrinking badly affected the export based economies of countries like Taiwan, Singapore and South Korea. Hence, these issues should be identified and solved. Demands shrank in Europe, the US, South Korea and Japan but expanded in developing countries. South-South cooperation, with expansions of the population and new creations of demands, is in priority to trap the market there. However, the market is not appropriate to our production. An India-Nepal relationship should be perceived in these contexts.

A new government was formed in India in 2014 and this government concentrated on the process of the economic fundamentals. Regarding the context of foreign policy, the government of India concentrates on the culture, commerce and connectivity. Prime Minister

Narendra Damodardas Modi forwarded the neighborhood first policy. This policy focused on the mutual benefits of India and her neighbors as well. It was a paradigm shift in the Indian foreign policy, particularly with her neighbors. Entitlement based payment was more in other countries and also in India.

India prioritized the social security including ensuring job opportunities. Entrepreneurship was developed through the enactment of the policies like Make in India, Digital India, etc. These programs aimed at encouraging people to develop their industries. The new process started and India forwarded other new approaches for the economic growth covering social sectors such as the issues of health. The government prioritized the agriculture and rural development.

Funds were raised as new initiatives to refinance micro-enterprises. In 2017/18 budget, 24% budget allotted to the agricultural and rural development. This allotment of the budget was increased to bring the larger section of the society in the mainstream economy which was, otherwise, kept aside. Rural-development was not only focused on the development of the agriculture but other production approaches. District Development Committees and Monitoring Committees were formed in which local governments, MLAs, Municipal Corporations all had to contribute to the development.

Regarding the development approach of India, there are five points to be analyzed. First is the good governance which is manifested in the initiatives of the government such as *Beti Bachao Beti Padhao*, *Sukanya Yojana*, *Kaushal Vikas*, etc. Second is the innovation on budget. This government merged railway budget in general budget, planned and unplanned expenditure. The third is accelerating growth with inclusive and equity. Fourth is employment generation and the fifth point is energy. The government gave initiatives to solar energy because it became cheaper than coal energy. The International solar alliance was launched. Collective efforts and inclusive growth with the slogan "*Sab ka Sath Sab ka Vikas*" are manifested in the initiatives that the new government and these initiatives are getting manifested.

Coming on India-Nepal relationship, there is no substitution on the people to people relationship.

In 1956, Leela Jain wrote a 27 pages book on China India in Nepal. The book explored the reality of the competition between India and China in Nepal. But these two big countries should make their actions beyond these competitions. After the collapse of the Tibet, other smaller countries of the region like Nepal, Bhutan etc. thought about their security. Hence, security cannot be overlooked when we think about trade and economic development. Internal security is essential for the economic growth of a nation. Only peace can create prosperity, and for prosperity peace is essential. We cannot postpone prosperity in need to have peace and we cannot just desire peace and expect prosperity to come. We have to attempt to gain peace and prosperity one at a time. It can only be possible when India and China acknowledge that Nepal is not the land of the competition rather than the development issue is important in this land.

In 2012-13, I conducted a research in Nepal and prepared a detail document on the small development projects in Nepal. The reality of India-Nepal relationship is the community to community-level cooperation and society to society cooperation rather than government to government cooperation. People should be directly involved and interlink in the development of any physical infrastructure. Hence, we have to think about the infrastructures.

We have to be serious on sub-regional cooperation either BBIN (Bharat, Bhutan, India and Nepal), or BIMSTEC that the participation of Nepal is important. Regarding the BIMSTEC meeting, India invited all the SAARC nations. India launched the project named "DISHA" and Happy Border in which Nepal can be benefited. India has its focus on Sustainable Development goal that Prime Minister Narendra Damodardas Modi requested the Speakers in Indian Parliament to discuss the issues of the Sustainable Development Goal (SDG) at least a day in a session. Seventeen districts of five Indian states border with Nepal. Therefore, we need to consider cross-border developments in our development plans. Such an initiative would move us towards the dream of the happy border.

In 2002, India imported goods from Nepal approximately US\$ 300 million. In 2015, it reached US\$ 565 million. The import from Nepal rose from \$300 to \$500 million. If we look at the export of India to Nepal, it was US\$ 316 million in 2002 and US\$ 3237 million in 2015. The trade deficit is the issue which is highlighted not only in the case of India and Nepal but also in the case of Nepal and China. In 2002, Nepal had the import of US\$ 1.3 billion from China whereas it reached to US\$ 5 billion in 2015. I have already mentioned that imports were US\$ 3 billion from India and export to the world other than India was US\$ 610 million and it reached to US\$ 841 million in 2015. Regarding these realities, we have to concentrate on the role of the investment in the Nepal's economic system so that supply capacity could expand. To meet this goal there are several programs which can be launched including cross-border district development programs. Both the countries could cooperate to develop the both sides of the borderline areas. Our institution is working on the cross-border district development projects. The demands of the e w port has fulfilled that benefit the Nepalese businesspersons. According to Nepal Chamber of Commerce, the import cost decreased by 15% after they get the facility of the Vizag port. India can facilitate Nepal-Bangladesh route and support to develop Kakadvitta-Banglabanda corridor. We can also involve Siliguri in the development of this corridor.

In February 2016, we developed the system that after the customs clearance in Kolkata, the ETII system would provide detail information of the clearance to the customs offices inside Nepal. We are utilizing the technology to make the clearance easier. Regarding the demonetization in India, every Indian, both literate and illiterate, are practicing electronic payment system. It shows that we can utilize the technology to make our customs clearance smoother and easier than ever before. Overseas Foreign Direct Investment (OFDI) was maximum in India, in the past ten years. 35-36 billion dollar investment was in this sector but Outbound Foreign Direct Investment was approximately US\$80 billion. Indian investors were investing outside India but it has been decreased in the recent years. Foreign Direct Investment increased and reached to US\$70 billion

and OFDI decreased and reached to US\$40 billion. When Indian investment was not increased there was suspicion about India's trust on investment in Nepal. It shows that the relationship between India and Nepal is not in the vacuum but it needs to be understood in the context of economic activities of India and Nepal.

When I arrived in Nepal for research in 2012/13, India ranked 4th by ODA in Development Cooperation and the ranking will be 7th next year. There was propaganda that India decreased cooperation to Nepal. However, South-South Cooperation does not require quantification rather a development compact. India is assisting US\$ 4.5 billion to other countries for their development. We are getting only US\$ 4.7 billion ODA from major ODA provider countries like Japan, Germany, and the UK. From that point of view, India is soon going to be net providers for development assistants. We assisted many developing countries to train the people. I saw the Indian assistance in Mozambique providing training for solar energy production projects. We established the solar energy production unit which cost US\$ 600 million in Mozambique. In this project, we provided training for 25 scientists so that they could handle the projects after India handed over this to Mozambique. South-South Cooperation aimed at developing the partnership and participation programs. Regarding the US assistances they absorbed 7% to 12% benefit from their assistance; however, we gave the profits to the countries we assisted.

Railway Minister Suresh Prabhu declared to assist the construction of 15 different roads in Nepal. Finance Minister Arun Jaitley initiated the discourse on the hydro electricity project of Arun III and both the Prime Ministers of Nepal and India reached to an agreement in this regard. The Arun III is an important initiation for both India and Nepal. Maximum Indian assistance projects were experimented in Nepal. In 1952, there were 12 Indian projects in Nepal and the government of India established the development mission called India Aid Mission. If we look back to the development missions of developed countries like the US, the USAID was established in 1956. That means, the India Aid Mission was established before the establishment of the USAID. It was the farsightedness of Indian assistance policies. However, the

India Aid Mission was often criticized for its slow work and bad quality of the progress. When Swarna Singh, Minister for Foreign Affairs, reported the problems related to the India Aid Mission, Prime Minister Indira Gandhi decided to visit Nepal in 1962. Thereafter, the policy was changed and India decided to cooperate rather than to provide aid. The name of India Aid Mission was changed to India Cooperate Mission in 1966. She further announced Nepalese Economic Advisors and Ministers to identify the projects and access to get the cooperation from India. Such six reports had been formulated from 1966 to 1972. The reports were not available to me in Nepal but I got them in UK Institute for Development Study Asset. It shows that we have many stories of interactions between India and Nepal in development projects. It is now appropriate time to look back to the glorious history our economic co-operations and understand them in a new perspective. Thank you!



Vinay Kumar

Distinguished Speakers! The CDO of Parsa District, Keshav Raj Ghimire, Former Ambassador Virendra Gupta, Former Ambassador and very well known to me Anup Mudgal, Shri Shyam Parande, Dr. Sachin Chaturvedi, Shri Ashok Baid and Nalini Gyawali, Member of Parliament Laxman Lal Karna, who is comfortably sitting back of the hall, Former Ministers, delegates from India and Politicians, Economists, Security Officers. It is a pleasure that Neeti Anusandhan Pratisthan, Nepal has continuously organized series of the interaction program related to multidimensional areas on India-Nepal relationship. It provides us opportunities to understand the reality associated with our relationship. The venue of the program on the issue of trade and economy is Birgunj, major trade and transit point of Nepal. The time, venue and the subject of the program are appropriate.

One issue has been raised both in India and Nepal. When I was traveling to Birgunj, I met Members of Parliament who were concerned over the worsening conditions on Nepal-Bharat relations in last one year. They were also concerned that we have to understand the problems so that we could make corrections. I wanted to know their actual concerns but they do not have a definite and substantive issue to rise. Their issues were based on the media. Media exaggeratedly report issues related to Nepal-Bharat relations both in India and Nepal. Media highlight that Indian investment is getting low and Indian aids are decreasing. What is the reality?

When we talk about the India-Nepal relationship, the historical issue of the Ganga, the Jamuna, the Himalayas and cultural affinities come into light. We have people to people relation whereas the relationship with rest of the countries is government to government level. When did India-Nepal relationship establish? We do not have exact answer to this question because this relationship was there before the modern states of India and Nepal came into being as in their modern forms. We know that Nepal-Bharat relations are based on people to people relationship and state to state relationship is super imposed. The people from either countries move freely from one country to another. We cannot even imagine stopping the free flow and it is impossible. Since Gondamana landmass collided into Asian landmass and humanity came in this part of the world free flow of people is continuous. At first, this reality should be understood. The theory of bilateral relations applied to state to state relationship cannot be applied here.

Sachin in his presentation gave the details of the exact figure of the trade between India and Nepal. The Department of Statistics published the formal trade figure between India and Nepal. However, we do not have reliable data on the informal trade between the people of both the countries. There are several regions such as Biratnagar-Jogbani where there are no feelings of Das-gaja borderline because all there are over populated built up areas. Every day thousands of people move crossing the borders of both the countries. Our unaccounted trade is more than the accounted trade. Therefore, it is not right to say the trade is minimized without knowing the exact data of informal and unaccounted trade.

The media reported that 170 thousand Indian tourists and 140 thousands Chinese tourists arrived in Nepal last year. Most of the intellectuals base their findings based on the media's figure. However, the media reports often do not bring the realities. Two years ago, Nepal Tourism Board conducted a research to find out the exact number of tourists arrival in Nepal through land route. The research claimed that approximately 600 thousand tourists arrived in Nepal through the land route. Authentic information of this kind never got attention in media as such figures were rarely investigated and highlighted.



Regarding the figure of the Indian investment in Nepal, the figure approved by the Department of Foreign Direct Investment has been published. However, nobody knows actual inflow of investment. Media reports and academic papers are most often based on the information provided by the Nepal Rastra Bank (NRB). These media reports and academic papers derive conclusions on the Indian investment in Nepal and the percentage of Indian FDI in Nepal. The Indian investment in Nepal comes from different channels. Only about 25% of the assistance comes from the government channel. Beyond government channel the assistance comes for different development projects such as building schools, health posts and other assistance. The funds of these projects are executed through the District Development Committees but not through the Kathmandu-based government treasury. It comes directly to the CDOs and DDCs and it is not recorded in Kathmandu based government treasury. In a situation like this the NRB information could be different and the research conducted based on the data would bring the holistic picture of Indian assistance in Nepal.

Our massive assistance is in the education sector through different scholarship schemes to the Nepalese students. Every year India is providing scholarships for 2500 Nepalese students. We intend to directly provide these scholarships to the genuine candidates because we believe the foundation of our relationship is people to people relation. We have distributed bicycles to the Dalit students in five districts. The Embassy of India in Kathmandu provides ambulances and buses to organizations working on health and education upon the demand of the people. The Embassy of India in Kathmandu works in coordination with the local level in projects of this kind. This is the manifestation of the people to people relations of India and Nepal. Finance Ministry of Nepal was not involved in this program.

Last year, there was power crisis in Nepal and Kathmandu suffered 16-18 hours load-shedding. In this winter, there was no problem of the power crisis in Kathmandu. No media reports brought the facts of how the load shedding was brought to an end. The objective factors are the peak demand of power in Nepal is 750-800 MW, the total

demand of power is 1400 MW in winter while installed capacity is 750-800 MW and the production decreases to 400 MW in the winter and sometimes below 300 MW. Last year in the month of January, the total production was 200 MW because the run of the river projects produced less. It shows that Nepal has 40% power shortage. 150 MW projects increased last year. You have something like 400-450 MW available from the domestic production in winter but we are meeting almost 700 MW. The reason is simple that we have three new transmission lines which are supplying power to Nepal from India. India supplied 380 MW power to Nepal in the winter season. It contributed to the creation of jobs because it facilitated industrial production and benefitted the housing sectors. All the economic spines have availability of 24 hours electricity supply in two major cities of Nepal, Kathmandu and Pokhara. You can imagine how important the power supply is. In 2014, when Prime Minister visited Nepal he showed us the path named HIT. The policy India need to follow in Nepal is HIT policy which includes Highways, Information based and Transmission based. The projects that were dormant for 10-12 years were activated and forwarded. We started to construct the Postal Roads, 15 roads and the Mahakali Bridge construction. We expect these projects will transform the life of Far-Western Nepal. We assisted to establish new fiber optic cable for information technology and also assisted development projects for Northern Nepal bordered with China. I have already mentioned the construction of three new transmission lines including Katihar-Kusbaha and Raxaul-Parwanipur transmission lines. At present Nepal has 500 MW power production capacity in Nepal and the supply from India has fulfilled the demand of more power. Because of the development of the transmission line, power shortage in the major cities of Nepal is a history now. Now, the people will read about the 12-16 hours power shortage only in the history. When we talk about these contributions, we forget about the reality and committing mistakes. We are comparing apples with the oranges. Ours is unique, multidimensional and very special kinds of relationship.

Nepal is going through the multiple transitions at the same time. It is difficult to handle any one transition for any country but Nepal is handling multiple transitions such as political, economic and social

transitions. If we go to the villages, there are shortages of the working youths because of the migration of youths to foreign countries. There are attempts to meet the political demands but naturally there are some conflicting demands. Hence, the society needs to be changed as per the demands of the growing youths as Sachin also mentioned. Production before distribution is important to meet such demands. Unless we produce, we cannot distribute. However, there seem to be conflicts in the transitional phase. The focus of the talks of the common people is on the demand on distributions rather than on the production. Therefore, our main objective is to increase the productive capacity and it is absolutely with those objectives of North-South and East-West connectivity. We have five main railway projects to connect the major cities of North-South of India. When we established East-West connectivity, Nepal will be benefitted by the connectivity within Nepal and connectivity to certain Indian towns. I requested the delegates from India to visit the integrated check-posts in the Raxaul-Birgunj borderline. The check-posts constructed in 165 acres land have the world-class facilities. Such facilities will be constructed in Biratnagar-Jogbani, Bhairawa-Sunauli and Nepalgunj-Nepalgunj roads. Regarding these issues, definite productive capacities, connections, trade, investments must be established.

One of the major developments in the last three years is the power sectors such as Pancheshower, Upper Karnali and Arun III projects. Interestingly, there was the complaint about non-work of Indian projects in 1962 which Sachin mentioned and still there are such complaints. Again such super impositions issues can be identified. If we look back there were many Indian projects, such as Tribhuvan Highway, eleven airports including Simara, Kathmandu, etc., have been completed. Several projects were completed in the past and several projects are under construction. However, the activities of some projects could not happen as planned in the beginning.

I would like to give an example that around six million Nepali national are working in India and among them four and half million have permanent job. Last year we studied the pension payment to Nepalese who worked not only in armies and police but also in other

services. Eleven thousand Nepali citizens are working in the State Bank of India alone. India implemented seventh pay commission or one rank one pay scheme in 2016. The government of India spends 700 crores in Indian currency i.e., nearly 1000 crores in Nepalese currency for annual increment on pension payment. Total annual pension payment is approximately 4000 to 4500 crores. The people of Nepal are the beneficiaries of these schemes as these schemes increase the economic activity, indirectly generating the market demand. Entire economic life gets a boost by these things.

A comprehensive study of the development, documentations and the policy-making based on the study is a challenging job. Again, we cannot resolve the country vs. people conflicts. Regarding this issue, India and Nepal formed the Eminent Persons Group. The Group is working to resolve our challenges to strengthen our bilateral relationship.

I hope this discussion will be fruitful and it will generate the factual study in the form of a book so that it supports further research works. In the end, I would like to say that India-Nepal relationships are not established by any person but it is the relationship of *Khuda ki Khudai* which Deepak said. I am optimistic that no one can damage our relationship. I have observed many negativity in those two years I have worked here and found the negative news published in newspapers and concern of seriousness related to our relationship everywhere. It clearly means we are doing and thinking negative but good works are happening. More power supplied, pensions increase, and other good works happened in these years. Though there are negativity and criticisms from other sides, we are doing better works that mean you speak negatively we work better. This is the fact such things happened in the phase of multiple transitions because of political objectives. However, if we study the relationship between Nepal and India in the past ten or twenty years our relationship strengthened day by day in every sector. Free flow is continuous for jobs, study and other better purposes, religious tourism increased, airlines services increased. I am an optimist on the future of our relations and the ups and downs on the relationship is perhaps inevitable. We have to take

initiation to decrease the problems in our relation and increase the speed of our development projects. The oversee mechanism board is established and both the sides seem to be ready to give the quality of the projects. Our Prime Minister takes up the projects of Nepal in the Pragati Meeting of the government. He reviewed the Biratnagar-Jogbani Rail Projects on last Wednesday during the Pragati Meeting. We have to work our projects in a better way and even if we work in the present base, the situation is positive and favorable. I will be here in the two sessions of the program and I would like to thank Deepak for organizing this program. Thank you!



Keshav Raj Ghimire

Organizers, distinguished delegates in this programs, Neeti Anusandhan Pratisthan, Nepal and Antar Rashtriya Sahayog Parishad, intellectuals from Birgunj, Security Personnel and Media Persons. The subject “Trade, Transit and Supply” of the program is significant aspect of Nepal-India relations. Thank you for selecting this place to organize the program.

Nepal-India relationship is *Khuda ki Khudai*. In other words this relationship continued since the birth of this land. In our religious scriptures we read Bharatvarsha which covers the many places including the neighbor of India. The relationship cannot be stopped even any one seek to stop. The free flow cannot be stopped and we cannot put a barrier in our relations. I agree with the analysis of Charge De Affairs Vinay Kumar because he has stated the unaccounted trade. This is the ground reality of Nepal and India and if we think, based on this reality, we can rediscover the undiscovered aspects of Nepal-Bharat relationship. We are getting Indian assistance on the district level and this is not documented in the central level. Indian investments and cooperation are valuable for us. There are complaints on the Indian projects and assistance for its slow work and it has many causes. These causes are our short-term multiple transitions and facing political instability. The extensions of transitions and instability hamper our development projects. For example, if we attempt to start the hydro projects we face problems in the land

acquisition that likely create conflicts which are difficult to manage. We should be responsible for tackling the causes behind the obstacles in the projects. We are flexible for our development and liberal on the Foreign Direct Investment. We faced a political crisis for a decade due to the violent conflicts. It shows that political instability hampers the development projects. So, we have to learn a lesson from the countries that run their development projects despite the political instability and conflicts.

Regarding the development of Nepal, infrastructure should be in priority. We have hydro, tourism sectors, productive land but a shortage of youth labor. We are facing a shortage of skillful manpower and non-utilization of productive land especially for agro-based production. We have to bring the energy of the youths back to the country for nation building.

Shri Vinay Kumar presented the fact about the contributions of India to end the power crisis in Nepal. This situation supported us to run our industries smoothly and this directly and indirectly supported the economic activities. Development projects caught the pace as illustrated by the beginning of the Postal road construction. Regarding the construction of Raxaul-Parwanipur transmission line the Indian side, especially counselor general in Birgunj, showed their grave concern. The two sides worked hard to construct the transmission line that would obviously benefit our industries and economic activities. It proves that if we worked together to solve our problems and made mutual cooperation for our development projects, we could make good results.

This is an important seminar and I hope it will be fruitful for Nepal-India relations and boost further development projects. I ensure you that I will implement the outcomes of the seminar. I heartily thank all of the delegates from Nepal and India. Thank you!



Nalini Gyawali

Respected Chairman, Distinguished Speakers! CDO of Parsa District, Keshav Raj Ghimire, Former Ambassador Virendra Gupta, Former Ambassador and very well known to me Anup Mudgal, Shri Shyam Parande, Dr. Sachin Chaturvedi, Shri Ashok Baid, Member of Parliament Laxman Lal Karna, Former Ministers, delegates from India and Politicians, Economists, Security Officers, Eminent personalities in the dais, Distinguished guests, Representatives of media and press and ladies and gentlemen !

It gives me an immense pleasure to welcome you all in this conference on Nepal-India Relationship on Economic Development and Cooperation organized by Neeti Anusandhan Pratishthan, Nepal and Indian Council for International Co-operation in association with Nepal-Bharat Sahayog Manch. I would like to, first of all, thank the organizers for granting me this opportunity to address and welcome such an august gathering from India and Nepal.

Distinguished delegates and guests, a lot has been said and written about the age long cultural and historical ties between Nepal and India. Despite occasional ups and downs, I take them to be natural for close neighbors; our relations are exceptional and unique. Despite this uniqueness and having a culture that is probably oldest in the world, poverty has become our common enemy.



Therefore, the conference aims at focusing on economic development and prosperity of not only the people at the border but the people on both sides of the border is the need of the day. Efforts on G2G basis seem to require a popular base at the level of the people for the G2G plans and programs to achieve better effectiveness in their implementations.

I am hopeful that this seminar attended by eminent personalities of both Nepal and India will be able to define and deliver concrete steps for Nepal – India Cooperation for better opportunities and greater scopes of economic development of Nepal.

Once again, I welcome all the distinguished guests from India and Nepal to this conference and wish it a grand success. Thank you so much.



Ambassador Anup Mudgal

Communication is an essential per-requisite for development. We need to realize that no nation could develop and prosper in isolation; there is both a need and merit in working together for developing synergies and minimizing conflicts. In this session, we are going to discuss cross-border cooperation. Somebody may ask: what is a border and why do we need it? There could be many answers to this question. The meaning of border depends entirely on your perception about who occupy the other side. If the neighbor is unfamiliar and aggressive, you may suffer from a serious trust deficit and the border becomes a tool of defense against potential harm. If the neighbor happens to be unfamiliar but benign, you may cooperate with them but still use border to defend against any unforeseen adversity. However, just think of a situation where you share history, culture, values and heritage with your neighbor, the borders would then become a source of connection rather than separation. This perception is dynamic and could evolve with time and experience. I witnessed this evolution in Europe where the borders which divided these countries for centuries causing terrible wars gradually became a source of connection and cooperation during the post Second World War period. Mutual trust could be historic or built following a win-win approach.

Our region has a common history; our peoples have lived together for generations. For them, the feeling of togetherness goes far deeper than the existence of modern day geopolitical borders. Not only Nepal, I went to Bangladesh and Pakistan, everywhere, the common man

asks the same questions: why this door (border) is not open for free movement? If Europeans have built rule-based trust to open borders, many in our region seem to have generated distrust, resulting in stronger borders. Hope, we finally find a way forward of converging our countries and peoples towards much closer cooperation based on historic trust that existed in the region.

The core question is: can the border unite people? Our aim should be convergence and cooperation. I think it would be much easier for us. Developing this understanding would create its own momentum, not like the one we have today, but based on the experience of people. This integration brings people together culturally, economically, technologically in a synergistic space of positive interdependence.

India-Nepal relationship is an excellent example of how our region can work together for collective development and prosperity with a sense of natural fraternity. We are connected by geography, history, economic opportunities, culture, language- we often call it "*Roti Beti Ka Rishta*". When we go across our borders, we don't even realize that we have crossed into another country. Such integration cannot be experienced in any other part of the world let alone in Europe.

Ironically, people generally perceive borders as dividing people. With this mindset, we put all the barriers against free flow of everything. When we overcome this mindset, we experience the feelings of belonging and togetherness. Such a realization changes the entire concept of borders- when a friend comes in you keep the door wide open.

We must identify the problems affecting our open borders and fix these problems with effective and practical solutions, rooted in our own history and experience rather than copying imported models. Our region, especially India-Nepal relations have perhaps the longest history of socio-economic convergence anywhere in the world. Let's go back to understanding and appreciating what brings us together and convert our borders into tools of uniting and connecting our peoples, economies, infrastructure and dreams. With this approach, let's start the proceedings of this panel with all frankness and sincerity.

Thank you.



**Pratim Ranjan Bose**

Chairperson and Distinguished Speakers,

In my assessment, we all know the fact. But it would be better to let me to put the economy ahead. For new generations, emotions and all those things do not attract much. Better to put aside the emotions and let's talk business. Let me start from that point.

I actually got an opportunity to look at the infrastructure, trade logistics and many other issues of Nepal in 2015. I traveled across Nepal and that was the bad time for traveling. It is a different country and I asked myself why I did not have any interest in Nepal, only 700 km from Kolkata, in those five years. That answers lots of questions. If you just open a newspaper in Kolkata to know the amount of the news. Yesterday we concentrated our discussion on the types of news. I should say it just carries the news. What kind of news we have to bring in discussion. A piece of news has its value only when people react to it. If there is no reaction, no one is listening to you. The closeness that we all tend to think and I think from where the whole misunderstanding actually starts. But without any malice I don't tend to consider Nepal as another country. But as a journalist as an analyst of the post, I know that it is another country. So, let us politics apart. It is a unique economy. The closeness is pretty unique compared to the rest of the subcontinent. As I noticed the sizable junk of business is controlled by the people who have familiar links to India. Business is operated by the trust.

What does it mean that here is the natural connection? I cannot tell someone, please do business with him rather it is their natural interest. So, trade is the first consumer right from where the next step of value addition is. What is an investment? Mr. Arun Jately has spoken about it. In the 1980s, when we still depended upon those from across the world, Indian MTI started for and to Nepal. The first company to venture out is the Blue Chips. From there, Dabur, Barter they all came. It is the misfortune that in the 1990s, the things did not turn out to be favorable because of some political issues that emerged in India. But even then, as per the report of the Axim Bank India of 2012/13, Nepal, with the GDP of US\$ 19 billion, attracted actual Indian FDI of US\$ 17.5 million.

Compare to this, Bangladesh which is ten times bigger economy than Nepal has attracted only US\$ 28 million that year. Bangladesh has been growing at 6% since last ten years. Nepal, for last 15 years it has lowest growth aspiration in the entire region only 1-2%. Despite this low growth aspiration, Indian investment did come in very good volume from the GDP perspective till 2012/13. Since then Bangladesh has roughly got US\$ 300 million in last four years whereas Nepal has completely shifted. When we talk of investment, not talking about business investment, but as a business journalist and analyst, I actually focus on B to B.

Back to Nepal, what is happening now? See Bangladesh, what they are putting right across the Indian border and the Indian companies are opening shops on the border. Is that they want to send their product to the gate of the market from Dhaka and want to import fruits and juices from Bhutan. So, this is the kind of dynamics that is emerging. I am saying these because if I were a Nepali, I would have a look at my interest. I could not have a look into Indian interest. But the fact is that in business you cannot be successful because you cannot sell unless I buy. So, we have to go hand in hand. That is where we all come. That is why whole regional experience comes into focus.

As we see in the recent years, the government is keen to increase the G to G expenses. And if we look at the trend of the Indian

business, despite all the initiatives taken by the current government and the previous governments in last five years, it is a fact that Indian companies have not invested in India but they are investing outside. So, from Nepali perspective once again, if I were a Nepali, I would do my best to attract the Indian investors and I would enter the market in Bangladesh, Kolkata and wherever I want.

For last two years, India is focusing on the generation of renewable energy. Balancing power is vital in today's situation from environmental perspectives as well. They estimate to generate ten thousand MW from Nepal in next five years. This means the complete reverse in the present scenario as Nepal is dependent on electricity supply from India.

Connectivity is very important. I am from Calcutta and I had to spend four days flying to Birgunj because Birgunj-Raxaul and Kolkata are barely connected by train. I never understood why we do not have trains in Nepal. Simara to Kakadbhitta border is just 400 kilometer but it takes days to travel because this route is yet to be expanded. This is identical to the loop of a Majhi; we expect to open this next year. And there is a loop with five km bridge which has to come out. But here is not such an infrastructure that you need that is why you do not have a loop.

We are now working on the projects. From my perspectives, I just want to see more from Nepal and India. There is a simple logic: Why is Panitanki-Kakadbhitta border, which is just 32-33 km from NJP, not connected by train? And look at the infrastructure. Sad to say that Indian infrastructure is not standardized. Compared to the Indian infrastructure, Nepali infrastructure is much better border areas. The customs services are on the road sides because the office is far away. We need appropriate infrastructure to facilitate the process faster. Unless we improve the infrastructure, we have to face challenges. The Asian Highway will be opened by the end of this year and that will connect Panitanki to Fulbari. Does this connectivity bring more opportunities? That can be explored.

Let's take an example. I took my son to Gaya and Varanasi, the Hindu and Buddhist Circuit in December 2016. From there I promised him to take to Lumbini and Janakpur where I have never been to. When I explored how to get to Janakpurdham, it was a great exercise because the connectivity to Janakpurdham has never been promoted. On the other side, we have Siliguri, a tourist's hub, connected to major cities of India and Nepal. There are Hindus in Bangladesh and they may want to travel to Janakpurdham. However, they have to end up there journey because Janakpur has not promoted the infrastructure for connectivity. Why is it not happening? I never understood.

I would like to draw your attention to One Belt One Road campaign of China and Nepal has endorsed it and I expect Bangladesh will be the next one. I am not sure how many tunnels will be constructed for railway link under OBOR campaign. I like to know about that because to me what matters is cost. I have to understand how much it costs us to send goods. To me the matter is cost i.e., how much it costs to take goods. If we look at the costs of products and services, it comes to twice the sea route. It is competing for airfare. Last year, the automakers sent their spares by train. I did an analysis from the eastern coast of China to the southern border which is probably 4500 km journey and it has such an altitude where container trains never run. Such an alternative does not seem to be feasible at least at the present situation. Therefore, we have a very conservative estimate, the multiple of three times of sea trade. Can any trade and can any consumer pay this? They pay if they do not have the option. Why are they looking at this alternative? Economically it does not make any sense.

I have an answer to the question: why are they looking at this option? The answer is something to take a note out. The border infrastructure in Indian sides is in terrible conditions. Kolkata, as I say, is only 700 km from here. A container landing at Kolkata Port takes 17 days to reach the MT. However, the normal travel time for the container is just four days. From Patna, it takes hours by road. The normal time for rail container is 56 hours.

These conditions in Indian side make sense the reasons for talking about OBOR in Nepal. If you happen to pass through the border, you might have observed that the governance in Nepali side is more efficient than in the Indian side of the border. It is a fact because the last part of the border is with Bihar. Last time I came to Raxaul and the main gate was blocked. The Rikshaw puller took me from the village sides, from the imaginary Nepal border from the Bihar side. People have different perspectives; they feel they are restricted to various activities. We have to think why our neighbors behave in a particular way. Yes, we are doing, we are improving roads but we are purposeless. We have a cocoon which is having a monopoly business. We have one joint venture system in one place. Did we try with another system? We have to find the answer if someone is allowing you too. I know the politics is very rough. Then you have a case but probably we do not have many cases. Thank you very much!





Ashok Kumar Agrawal (Temani)

Namaskar and the very Good Morning to the respected personalities from the different parts of Nepal and India,

Today's subject is Trans-border Community and Communication. In Nepal-Bharat relations, shared languages are the most essential parts. Please give me permission to speak in Hindi. Thank you!

When we talk about India-Nepal, then the issue starts from the relationship. How are our relations? I had an opportunity to listen to speeches in yesterday's inauguration session and that made me feel good. Globally, there are three types of relationships between the countries in the world. First is the business relation or economic relation, second is the political or diplomatic relation and third is people to people relation. The nations in the world formulated their strategies based on these three types of relationships. But India-Nepal relation is exceptional and we have all three types of the relationships. The issue is to identify these three types of relationship.

I have more or less traveled 1800 km India-Nepal borderline. Being born and lived in the border, for 51 years I have been observing the activities in the border areas. Interestingly, European and Americans came here to interview and as the question: how you define India-Nepal relationship? What is between this? Why the relationship is not good? The nationals of India and Nepal never come to ask such questions. This is a good opportunity that we have met here to define our relationships.

The first sector I would like to explain business and economic sector. I focus on the practical sector. We do not believe in the data are often not reliable when there is the issue of India-Nepal relationship. There must be good service with good products for good business. Regarding Nepal's business with India before 20 years, 30% business was with India and rest of the business with other countries. And now Nepal has 75% business with India and 25% with rest of the world. Our relationship with India is one-sided, not bilateral because we only buy from and do not sell to India. We do not have any service from Indian business. When we import raw materials, we have to tackle tremendous problems. If you see the place where we unload our raw materials you can imagine the reality of our business.

We are land-locked and compelled to use the Kolkata port. When our goods are transported from Kolkata the clearing system is so problematic that a single cargo faces three systems of clearing to reach Nepal. There must have a clearance in Kolkata port, Indian customs and Nepal custom offices. We pay service tax, *Swaccha Bharat* tax, health tax, etc. Why should we pay all domestic taxes for our cargo? Nepali goods are paying all taxes to India. On the other hand, it takes 30 days to transport the goods from Kolkata port to Nepal's dry port in Birgunj which is just 700 km. We are given 14 days only to transport our goods from Indian land. If we delay we pay fine for that causes, as a result, we are paying billions of rupees fine to India every year. On the other hand, we have infrastructure problems.

I would like to focus on our banking system; our business with the international community is through the bank, especially Letter of Credit. We open LC with India in the US dollar as a result LC goes to the US and return to India. If we open LC for New York we can send money within two days but for India, it takes 15 to 30 days and the cost and bank charges are higher. There are many barriers in between us though we say that we are geographically and culturally connected countries. These conditions discourage us to do business with India and push to conduct business with other countries. The banking channels and systems have many barriers for Nepalese entrepreneurs to conduct business with India and there is not the better legal

procedure to send money from India to Nepal. There is no provision of collecting money in the account of Indian banks and get that money in Nepali banks. Regarding the Nepali people working in India, the legal transaction is rare because of problems in the banking system. How can we develop the business relation? This is the key question. Nepali industries cannot be competitive with Indian industries because we do not have the infrastructure, raw materials, and skill manpower. However, we have low-priced labors and come under auxiliary units. Industries of India can develop part of their units in Nepal and we have to think in this perspective. Middle class emerges in Nepal so we can organize standard fair related to Nepal-Bharat business and trade. In this way we can unite both the economies. When we discuss in these serious issues we find solutions.

We have ICD, dry ports, which aim to deliver third country cargo smoothly. Unfortunately, we are unable to export our goods smoothly due to barriers up to Kolkata port. If we have the facilities of transportation of our goods through Kolkata port, we will be benefitted and that enriches our economy and our people are cultured on export-related activities. Another issue is the profession of the people residing in the 1850 km borderline, where almost six crore Indian nationals and two crore Nepali nationals live. Most of them are farmers and they do not have feelings of the boundary between Nepal and India. The sons of the farmers of Nepal easily travel to India and the sons of the farmers of India might be roaming in Nepal. This is the ground reality of the borderline. There is no boundary for the human but there are barriers for the transportation of goods. When the farmer tries to sell his/her goods in India then there seem the barriers such as tariffs and non-tariffs. The question is how can both the country facilitate the tariffs and none-tariffs? Farmers cannot understand the language of the government they only understand their problems and their jobs to sell their products easily. If they could not get the market for their products, they cultivate hashish and produce cannabis. Facilitating the farmer's jobs can contribute to border security.

Military and para-military forces cannot do such work because they do not understand the language of farmers. Military and para-military forces could irritate the people to people relationship and bring more challenges there. Why do we face problems in Nepal-India relationship? Simply there comes military, para-military, bureaucrats and government in between our people to people relations, as a result, we face new problems in our relationships. Why do the people express the positive voice in their China visit and negative voice in India visit? The answer is that our infrastructure is worst in comparison to the Chinese infrastructure in the borderline. There is negative perception to the Nepal-Bharat borderline, and a writer wrote that the border is not the safe zone for traveling. It hampers the tourists who want to enter Nepal by the land route and they prefer air route to enter Nepal.

When there are the issues of the development of the infrastructure in the border areas, the trend is that Kathmandu-Delhi based bureaucrats and politicians finalize it. None of them visit Raxaul-Birgunj; they never understand the issues related to the clearance system of goods in the border posts. For more efficient solutions of these issues both the governments should consult the local joint cooperation committees. Such a step could be more qualitative and cost-beneficiary works in the projects than the current trends.

There are problems in the railway line reaching the dry port and this is the prime cause of problems for the traders. It is not working in the full capacity. We raised the voices during the construction period but they did not listen to us. Why do we not prefer surveillance mechanisms rather than increasing military and para-military forces in the border areas? Regarding the Raxaul-Birgunj port, it remains opens only eight hours per day. Hence, people choose options to cross the border where they have to face problems by the security forces deployed in the borderline. These are the common problems we have to face in our daily life.

Approximately, 1000 tones of cargoes per day enter Nepal but the poor infrastructure on the border side of India causes the delay in transportation. At least the transport vehicles have to stay three extra days on the Indian side. We have to pay additional money, approximately 5 thousand, for the delay of their entry from the border point. Per day we lose 50 lakhs for the delay. It means businesspersons are losing 180 crore per year for the delay in the border check points.

Mostly, Nepali people want to travel India by train but they have to face problems to travel the land routes in the border points. They face rough behavior of the transport workers in the border areas and regret for taking the decision to travel by the land route. When the people of Nepal travel China they find high-speed train and better system in the border checkpoints that encourage them to re-visit China. However, Nepal-India connectivity has several problems and challenges in comparison to Nepal-China connectivity at present.

Interestingly, cultural connectivity is making our relation strong and alive. Regarding the manufacture of Bhojpuri movies, Birgunj becomes the hubs of such movie making. Kathmandu-based Nepali artists are also getting good roles in the movies. Indian people are accepting these movies implying it is the best cultural link between the two countries. We have to promote this. Another problem is when we travel India our banks do not provide us Indian currency and there is a lack of money exchange. We can find several rough people in the form of money exchangers in the person who exchange the currencies in the border areas. Thirty years ago, there used to be a railway station in Birgunj and the railway line reached to Amlekhgunj, 35 km from here. But the condition is different now. We do not have a railway station here. A railway station at Birgunj enables better connectivity. If we continue doing our politics the way we are doing now in Kathmandu and Delhi, we will never promote our connectivity. Unless we address and improve our micro-level problems, we cannot improve our relations and utilize our people to people connectivity. If

we formulate joint committees between different professionals active in the border areas, we can find out our problems and solve them easily. Why do we not have the bus service between Birgunj-Patna, Birgunj-Siliguri, etc? We are only speaking about religious circuit but not working on these issues.

Regarding Nepal-Bharat relationship, politics and diplomacy improve but the relationship has a downfall in the past twenty years. It is like the disease of diabetes that we are prescribing and using medicine but never cured. We do not seek such diplomacy that hampers our relationships. We have to correct it. Thank you very much!



**Chandra Kishore**

Your Excellency Deep Kumar Upadhyay, Charge de Affairs Vinay Kumar, distinguished guests and intellectuals.

Today is 4th March, the birthday of Phanishwar Nath 'Renu', great literature of Hindi and good friend of Nepal. As a revolutionist, he contributed to the revolution of Nepal which ended the Rana Regime in 1950 AD. He has written a book, *Nepal mere Sanu Ma*, describing his love towards Nepal.

I would like to present the realistic issues on this subject. As a resident of borderline, I am a columnist of the *Kantipur Daily* continuously writing on the ground realities of the borderline. I usually visit Northern India and attend seminars and discussions but I rarely visit Delhi. Last year I visited Delhi after six years. History shows that border changed but the people in the borderline remained same. The people who reside around the "das-gaja" have common problems and these problems are rarely brought into discussion. In the past, political activities centered in the center like *Jaha Ram teha Avdeshu*. Now-a-days nations also concentrate on the people residing in the borderlines. Practically, it cannot be seen in our context.

I am half Nepali and half Indian but I am not a bona fide Nepali. My mother was born in India and I in Nepal; both of us were born on the bank of the Bagmati River. If there is rainfall in Kathmandu, my mother wishes no flood in her birthplace in India and our village. This is the common thought of the people residing in the borderline.

We use the word progress and promotions rather than the word development which is an ideology that evolved from the capitalism. For me, development is related to the materialistic thoughts and progress is the better word in my context here.

The *roti-beti* relationship is not like the past that it was the relationship of marriage and economy. At present, both marriage and economic relationship seem problematic. Cross-border marriages have decreased because of various reasons despite the open border and cultural relationships. A number of people used to travel to Banaras for their higher education but today Banaras is no more an education hub for the people of Nepal. Less people from Nepal travel to Bihar and UP for jobs now-a-days but they prefer to travel to the cities of South India for jobs. People used to visit Gangasarahi and other parts of India for their treatment but stopped to visit for that purpose. Kolkata was the door to see the third countries but the situation has been changed. Gorakhpur and Banaras were the hubs of Nepali politics and we had good political forums in Patna but it has been changed.

Why do our relationships have a downfall? We are only talking about our unique relationship but not solving the problems we are facing in the borderline. The movement of people from Nepal to India has decreased; today people from Madhes prefer to travel to Malaysia and Qatar to Hariyana and Punjab for their job destinations. All these indicate the realities of our changing relationship and our economic relationship is responsible to all these changes to a great extent. It is time for us to think seriously on issues of these sorts.

When we talk about the progress, we are challenging our ecology that hampers our life from Shiwani range to the plain regions in the border areas. As a result of the flooding in the plain areas, agriculture faces new challenges. We are developing the embankments which are hampering our ecology. The activities, directly affecting Chure range, likely bring negative attitudes in agro-culture and conflicts in the borderline. These issues never get attention in any bilateral discussions in the center because these are not the issues of our bureaucrats and



politicians. Despite we have open border, we have to face barriers in our free-flows. I cannot go to my village in the rainy seasons because there is no road on both sides and there is no connectivity due to the *das-gaja*. In words it is open border but in reality it has irregularities and barriers everywhere in the Nepal-Bharat borderline. And only the people of borderline understand these realities. If we seek connectivity we have to promote our roads so that we can travel easily.

Indian railway in the border areas contributes to the political integration of Nepal because Nepali people travel through the plain region to the Indian land by railway and they travel to the railway stations. Borderline gets life due to the railway stations in the bordering cities of India. New cities and district headquarters were set up in the Nepalese side parallel to the railway stations on Indian border.

Cross-border communication is not easy. When I call to my relatives in my Mama house in India, it is cheaper in comparison to they call me from India. We have to lower the cost for good communication. Representations in media have sometimes ill intended and create problems in our understandings. Such misunderstandings hamper our discussions. The media make big issues highlighting only the Chinese influence and ISIS activities in the border areas but they never speak of the issues of the people living here. Kalajwar, malaria, dowry, women violence, etc. are rarely get space in media. The decrease in agro-production changes our social structure. More village folks are moving towards cities day by day. One of the main reasons of it is that our villages still preserve the social ills such as *Jamindars*, goons, insensitiveness of politicians and *babus* in the government offices, etc. Climate change is another problem we are facing. In the past we have four seasons in a year but now-a-days we have very irregular climate patterns. Earlier people from Hill used to travel the plains in the winter and the people from the plains used to move to the hills in the summer. But now this pattern has been changed. Climate change contributes to the changing patterns of our social structure and such changing patterns of social structure directly affect the life of common people.

Citizenship is another problem. Some people with vested interests have double citizenship and this issue needs to be solved through a social movement. The person should be a bona fide citizen of one country only. Personally, I am half Indian and half Nepali and I think more about Raxaul and Birgunj than Delhi and Kathmandu.

Six months ago, a dam was constructed at Kunauli near the Koshi River in Indian side of the border. The dam affected the people of Tilathi village on the Nepali side of the border and the people from that village united to move against the construction of the dam. In Nepal, the issue of nationalism raised after the clash between the citizens of the borderlands.

In Raxaul there is a cement factory. This factory affected thirty thousand people. The Sirsiya River which flows through the Birgunj-Raxaul border is polluted. The polluted water of the river affects the life of the people residing in the Birgunj-Raxaul areas. Hence, if we only think about Birgunj and avoid Raxaul and we carry lathi in Thilathi and ignore the problems from Kunauli, we won't be solving our problems. Kathmandu and Delhi should think about such issues seriously. On the other hand, border security forces deployed in both Nepal and India behave inhumanly with the people crossing the borderline. The people in the vehicles with Indian number plate should behave with respect in Nepal and the vehicles with Nepali number plate should get easy access in the Indian sides. If an Indian woman gets married to a Nepali citizen, she should get citizenship with respect but she should not be perceived as a child bearing machine. Similarly, a Nepali woman married to an Indian citizen should get citizenship on the equal basis as Indian citizens get their citizenships. We have to consider our emotional relationship which cannot be compared to the citizens of any other countries in the world.

There are conspiracies to create problems in Nepal-India relationship after the promulgation of the constitution in Nepal. We should be alert of such conspiracies. We have to think about strengthening *Roti-Beti* relations by promoting connectivity. In the past, there was Kathmandu-Patna flight that BP Koirala traveled

Patna in such flights. But now we do not have such flights. If someone wants to travel to Patna from Kathmandu, he/she has to take a flight to Delhi and then fly to Patna. Uttar Pradesh has wide spread poverty. However, the situations are gradually changing and government of India focused on the development of border areas of Northern India. However, things remain unchanged on the Nepalese side. Ultra-nationalism is more highlighted in Nepal than the sentiments of the people living on the borderline. Their sentiment is always underestimated. There is not a representative of borderland people in Eminent Person's Groups. There are such voices which urged to close the Nepal-India border. I would like to ask these ultra-nationalists either you attack India and win extending the border to the Kanyakumari or surrender to Delhi. If both these options cannot be met, one should understand that Nepal is a sovereign nation and we have to accept the reality that India is our neighbor and we cannot change our neighbors. What we can do is that we need to establish our relationships pragmatically. Our ancestors maintained the open border and we need to accept it as gift of nature.

We should utilize our open border but we need to be alert to those who misuse and take advantage of it. So, the borderland remains the best bridge to connect both the countries. Some bad forces attempted to play on our emotion towards our land and provoked us against each other. We should be serious in these cases. Bisheshwor Prasad Koirala's statue is in Golghar, Patna where there was a great celebration of the hundredth birth anniversary of BP. Chief Minister of Bihar, Nitish Kumar, was present as a chief guest in that program. The arrival of Mahatma Gandhi in Purbi Champaran affects the political and social life of Nepal. We have such a unique interrelationship that one incident in one country affects the life of another country. On the other hand, Madhesh/Terai seeks to free from the pain of the Indian influence on them. I again remember the words of Phadishwore Renu who said speak frankly, pragmatically, and, if someone likes or dislikes, leave it to the history. We have to speak with our persons. Thank you!

## Question-Answer and Comments

**Q** You have raised a very important point. Is the concept of the business trend between small country like Nepal and a big country like India applicable? Can that be beneficial to the Nepalese industry? My question is to Temani. Is the concept of business between India and Nepal that you are talking about applicable? Are the modalities that you put forward operational?

**Ashok Kumar Agrawal** In Nepal, wage labor is cheaper than in India. Labors are guided by particular Trade Unions. Nepal has 125 units of Chamber of Commerce. The regional and local problems increased during the Maoist insurgency.

We have possibilities of 100 percent Industrial investment including joint venture as well as other options in Nepal. If you register the company it can purchase land here and there is no need of Nepali venture. Nepal Rastra Bank buys Indian Currency by purchasing in dollar. It has to pay money for the service of purchasing the currency. We have Letter of Credit in both Indian Currency and US dollar. We have problems in connecting our banking systems. However, some Nepalese Banks are connected e.g., the Punjab National Bank and SBI for easy trade. Banking connection is essential to solve the problems.

We have cheap labors guided by the particular Trade Unions in a democratic system. They raise the issues for their rights rather than particular interests. Nepal has 125 units of Chamber of Commerce. During the Maoist insurgency the issues were raised in the name of labor rights. If

there are any industrial disputes particular labor unions and the unions of industrialists are ready to solve there. There is no role of government.

**Vinay Kumar**

I would like to add here. Our relation is mainly based on people to people. We are over imposing every issue in the way of modern state. Everything we have to say is emerging from India. People discussing the issues of Nepal-Bharat relation in Delhi and Kathmandu are also intelligent people; it does not mean that they are completely out of touch and do not have clarity on the prevailing issues. Despite these facts there are problems. We need to synchronize the issues of the people living on the borderline and the issues of modern state institution structure. We can address the issues listening to their grievances. My idea is that we need to share and discuss and such sharing will benefit both the nations in long run. In fact the Finance Minister delivered his speech highlighting the issues of solution of the problems and urged to work together in the issue of progress and development. He also proposed to follow the discriminatory policy against globally competitive tender bidding treaty. Let's go together. In course of two days we would find the ways for synchronization and harmony to meet the expectations of the people and the new state institutions and the structure that modern states are today trying to questions. That is important to resolve all these issues.

**Q**

Nepal has approximately 30 million people. The Indian state of Bihar and the adjoining districts of Nepal have been in close contact with in terms of people to people relations for centuries. The close contact and connectivity contribute to the feelings of closer relationships.

**Chandra Kishore** Political borders have been changed but cultural borders such as Avadhs, Kochila and Mithila are still there. During the time of the Holi festival, people from the Mithila region organize the ceremony and travel around the cultural region from both sides of the Nepal-Bharat border. People of Mahendranagar visit Purnagiri in Tanakpur, Uttarakhand. We still have cultural boundaries. Vidyapati of Maithali literature, Tulsidas of Avadhi and Kabir still connect us culturally. However, we have to find out the modern theory to connect each other. In Patna the statue of BP Koirala, the great leader of both Nepal, has been constructed. India has shown great respect to BP Koirala by constructing his statue and celebrating his birth ceremony. This is a respect to the people of Nepal as well. The statue is bigger in size than any statues of BP Koirala in Nepal and his birth ceremony was celebrated with great respect. The Chief Minister of Bihar, Nitish Kumar, participated in the century birth anniversary of BP Koirala organized in Patna. We have to find out the issues such as culture, literature, democracy, etc. to increase our closeness. If there is a movement of people in Birgunj, people of Raxaul come to support and feed the participants. These are normal issues embedded in our *lok dharma*. In April 1917, Mahatma Gandhi arrived in Champaran for his Satyagraha and it affected the people in Nepal. We have to organize the program in the memory of the day of Satyagraha in Nepal. We have talked about Ramayan Circuit and Buddha Circuit but we miss two important circuits: Democratic Circuits and the Prem Path. Prem Path may starts from Agra, Mathura, Janakpur to Palpa. We have to start new circuits. Thank you!



Dr. Govinda Raj Pokharel

Dr. Krishna Gopal, Dr. Sachin Chaturvedi and Distinguished Personalities,

This session discusses Trade, Transit and Supply. Let me tell you two words before I start. I know a word order of the order and order of the disorder. Nepal and India are not in the order of the order. Many of the participants in the previous session said that it should not be in the order of the order. It should be in the order of the disorder. That means it has to be open and accessible to everyone. So, it should not be in the order of the order like the border of any of the countries such as Mexico and the US or any other countries. It should have some order but some disorder to allow our culture, religion and disorder to flow freely from that side to this side.

We have many paths. Chandra Kishore introduced a new one Prem path. This is an example of the order of the disorder. We need to be pragmatic i.e., realistic. Our fathers and grand-fathers have different livelihood and conditions. I grew up particularly in the Terai. I came from the region from where Deep Kumar comes from i.e., very close to Kapilvastu near Tilaurakot, although I had ancestors lineage link me to the hill district of Pyuthan.

In Pyuthan, the Brahmins do not take milk from *Dalits* but in Kapilbastu they buy or take milk from the people of lower castes. In the Terai, the Brahmins and the *Dalits* never sit together to make a

school whereas in the hills they do. There are different cultural setups. The situation is different in cities and different regions of Nepal.

We have different modalities of development brought to Nepal by different development agencies from various countries like Scandinavians countries. We have community schools, community hydro-power, community forestry especially the hills and later on government extended these developmental concepts of the Terai regions. However, the participation in different castes is very good in the hills but the supply of trade of different items is not freely distributed from the higher castes to the lower ones. But in the Terai, the situation is exactly opposite. And we try to adopt the same approach in the Terai, especially in the case of education. Last year, 12 people were arrested after the violent conflict during the election of a community school management. We brought the approach of the hills to the Terai and that did not work in the Terai. Such a conflict emerges when we generalize and ignore the uniqueness of the region. At first, we need to understand the culture, the society, the history and the living style of the people in that area before adapting a development approach.

We have lots of conflict in Nepal between different communities and people because we are applying policies before understanding the people and livelihood of that region. Ambitious youths have better access to information technology through internet getting information from social media, radio, television, etc. We have freedom for FM radios that they can broadcast their own news from the radio, the use of information technology, the use of modern accessories such as the washing machine, driving a car etc change the livelihood of the people. In that context, conventional approach of the livelihood that of farm based livelihood may not solve the purpose of these ambitious youths. But we need an approach that maintains culture and identity adapting new technology in that environment. So, we need to be pragmatic. Otherwise, the discussion in the seminar hall and the real situation on the ground are totally different.

Though our topic is very different let me speak in another issue. I was in the planning commission and I focused on the development and economic growth. We have to accept history and we have to come to the history that Nepal was created by King Prithvi Narayan Shah,



in 1768 almost 250 years ago. When we see the data of our economic growth, Nepal had only once 7% economic growth rate, only once in the history of 250 years and it was at the time of Nepali Congress-led government. It was single party majority government that brought lots of reform and allowed lots of foreign investment in hydro-power and so on.

If we cannot bring economic prosperity, we cannot go for economic growth and we cannot create jobs to fulfill the aspirations of the younger generations in Nepal. Failure to do so will lead to the formation of several rebellion groups. We have seen this happening in our recent past during the Maoist movement when Maoists misused youths for their violent rebellious activities for ten years. If the government failed to provide alternatives to many youths, they can be misused by any rebellion groups.

We need to have a balance approach. From that approach we make lots of investment, trade and so on. Last year, when I was in planning commission, I saw some rays of hopes when the agreements were signed with Satlaj for Arun III hydro project, GMR for Upper Karnali hydro project, and cement industries as well as Reliance were trying to invest. Power generation agreement was signed at the time of Prime Minister Sushil Koirala. These types of actions bring new hopes among the new generations.

We are also advocating for the road links and road constructions in Nepal. India is building eight highways connecting Nepal border. They are constructing in Indian side only. If we connect our roads from Chure to our southern border, we can have same prosperity in these regions. If we allow free flow of the goods within the order of the disorder to have supply, trade and so on, there will more secured environment in the border regions.

In the same vein, we are carrying on several activities. We have lots of hydro-power potentialities to generate electricity. If we provide the subsidized electricity to the private sectors that are engaged in manufacturing, we can create the hubs for manufacture industries. Perhaps similar was the vision of Indian Prime Minister Narendra

Modi, when he talked of creating manufacture hubs by 2020. If India produces lots of cars, we can produce car accessories like seats and tires in Nepal to link manufacturing activities. We can create lots of jobs in Nepal. So, there has to be easy trade and transit between Nepal and India. In this way we can enhance the livelihood of both Nepal and India. Our population is 2.75 crore and Gujrat's population is six crore. Three years ago, the GDP of Gujarat was US\$120 billion and ours was US\$20 billion at that time. We are six times less than Gujrat. But we know 20 crore middle-class Indians visit different countries like South Africa Switzerland, and so on as tourists. Nepal is equally beautiful like those countries. Even we attract 10% of those 20 crore middle-class Indian tourists i.e., two crore will visit Nepal every year. For that, we need peace, stability and good relationships with our neighbors.

Within the order of the disorder, Nepalese currency may not be accepted in Gorakhpur but Indian currency is accepted in Nepal. Many people work in India. Hence we can see Indian currencies during the *Dashain* and the *Tihar* in the Terai regions. Therefore, many of the previous speakers highlighted the relaxation, order of the disorder, between Nepal and India. This principle of order in disorder may not work with other for example with Chinese because they do not understand our language, culture. With the people of India this is not the case.

When I was in Malaysia organizing Nepal Investment Forum we were asked about the amount of Indian investment in Nepal. That is the standard order that people will see how much FDI of Indian investment is in Nepal. That was a sort of measurement. Then, they showed their suspect that there must be a problem in Nepal's policy issues. They said that if Indians with almost similar language and culture are not coming to invest in Nepal then how we can go to Nepal. That was a sort of indication what we should understand if we could bring more Indian investment. We need to assure the investors that Nepal is investment friendly. Unfortunately, we are not being able to be investment friendly because of the capacity of our bureaucracy, and other sectors. If we attract more investment, we can

create more jobs and more trade and transit between Nepal and India. Of course, there are many micro-level issues in the borders such as not understanding the real situation of Nepalese and Indian private sectors. So, with these backgrounds, I can say that we can catch lots of things from India. We cannot compete with Indian capacities and human resource. But we can catch some of the advantages that India is getting. Our small population can be benefited from that.



Dr. Sachin Chaturvedi

Namaskar!

I think Dr. Pokharel has a clear understanding of the special challenges and opportunities we come across. Yesterday, we have interesting opening session and we had wonderful ideas coming in. This morning the session re-emphasized the cross border trade, the way we move forward, the terms that India can learn from Nepal, the lessons that India can learn from infrastructure in Nepal and the terms India can learn in terms of the governance and so on.

Yesterday evening I tried to emphasize drawing on the model of Danny Rodriguez. The focus was on the infrastructure and the governance as key for economic growth, needs to address the long-term fundamentals of the emerging, secondary or third tier economy and the ideas of the efficient governance. Governance is vital for any kind of development including economic growth. The current dispensation Prime Minister Modi in India is to centrally focus on the idea of efficient governance. The focus is on how we liberate mass through the use of technology encouraging public participation in the issues of national importance. The idea was on empowering ordinary citizens, unleashing the potential of youths and engaging the youngsters in national development. Looking India today from that point of view, India has a broad road map.

On the other hand, Nepal, a recent member of the WTO, has lots of things to achieve in a recent excellent journal article on foreign affairs, the author tried to analyze the impact of China on existing WTO members. The author also presented a good argument on the way China could impact on founder members of the WTO as well as the other members in ten years' time.

Nepal joined the WTO in 2004. However, we do not have adequate studies to understand the trade patterns after Nepal joined the WTO in 2004. I think it is an area to undertake the study. I think my institution would be extremely interested in working in partnership regarding how these stories will be written.

We need to see how it contributes to the central question of governance in all sphere of life. It may bring an issue of intellectual property rights, trade mark, patterns and many other things. It may also bring an implementation of article 5 of Trade Facility and Agreement. It may also bring an issue related to the banking and currency arrangements. That way we have several key issues which are moving forward in my mind. We have already agreed on the infrastructure and related issues. I think Vizag port is going to be connected in reality and this connectivity will give a huge push to the trade; it would also diversify the CHA dependent trade transaction that we heard from Mr. Bose. I think this is the reality. A huge transaction cost is a reality. Therefore, we can bring down the transaction cost and enhance the bilateral linkage. This is the idea that Indian government is now trying to boost trade links with both BIMSTEC and BBIN nations. Under BBIN now a greater effort is needed not only on the power distribution system but also expanding the international road transportation among Bhutan, Bangladesh, India and Nepal. That is the idea which is coming in. This is also to be the growing effort of Asian Development Bank (ADB).

In this system the greater harmony is encouraged and worked for all. With the help of the ADB we are able to come up the major way. However, we should be in trade and transit in terms of capacity limitation. Nepal as a beneficiary in spending on the export, this needs

to be reflected not only in India-Nepal trade but also in global trade with Nepal. And I think it is extremely important to find the capacity constrain in investment. . There are some Indian dispensations that have gone back.

Yesterday I was discussing the reasons that certain companies have left Nepal. However, the companies like Ambhuja Cement, Balaji Agro, GMRN, Coastal Projects, etc have already remade here. Important point is which companies contribute to the economic growth. We are not concerned with the companies that left or the companies that are still operating. Our point is: how do these companies contribute to the economy of Nepal such as creating job opportunities and producing goods for export. That is the key area that Dr. Pokharel focused on.

When it comes to high transaction costs, five points are extremely important. First is the requirement for documentation. Several world studies pointed out the requirement for documentation. A study of the Research and Information System (RIS) for developing nations has addressed the custom transactions reforms that are required for the copy of the letter of credit even the import container cargo declaration form ICCD. These custom related processes are taking much longer time than required in spite of all these initiatives are the matters of grave concern. The point is in terms of the procedures of trans-shipment. The procedures of trans-shipment are largely based on the rail road connectivity. This morning Mr Jha brought the issue of the lack of a multi-model transport system in his discussion this morning very passionately. Prime Minister Modi is extremely keen that India should use her own waterways with Bangladesh. We are also doing the same with Myanmar. In this budget, there is 18% more increase for multi-model transport connectivity. I think it is extremely important.

Third and very important to me is the idea of the sensitive list. The sensitive list to my mind is to be broad to great extent. I feel it is important because there are 23 items and I have this list before me. From first to six which is more about watches and parts, household

electrical, synthetic, battery, car air conditioners, car accessories and spare parts, feathers and non-feather stuffs. On all these items, tariffs are lower in India than in Nepal. These all are the reasons to keep them all in the sensitive list. The second component from seven to ten in the sensitive list is more about computer parts, compressors, pharmaceuticals, plastics and granules. In these items, there is no tariff difference. Same tariff band of Nepal is applicable in India as well. So, we can easily go. There are little differences in the third component. In this component, we have the items such as wearing, yarn, photographic goods, oxide cycling, fabrics except cotton fabrics and copy sheets. From copy sheets onwards i.e., from items 16-23, we have the items that remain on sensitive list. Otherwise we should facilitate trade and it is extremely important.

The fourth point which came out very forcefully in the previous session was the issues related to banking and banking infrastructure as brought into notice by Ashok Temani. He raised the question that banks need to change their policies to facilitate cross border transaction. As he argued the banks are not compatible in their working in both sides of the border. And the fifth and last point was related to the poor infrastructure leading to various sorts of delays in transactions. As Mr. Bose pointed out such delays are 2.7 times more on both from roads and trains than the expected time frame. These irregularities create serious problems by increasing the cost and effectiveness of packing services. Since this is an extremely important point, we need to address it immediately to facilitate the cross border trade.

With regard to the last point of the Trade Facility Agreement, our Deputy Chief of Mission here made a very important point that our relationship refers to the relationship of people to people contacts. When it comes under the scanner of modern state, there are certain conventions that both India and Nepal need to observe. There are greater expectations from Nepal in terms of implementation of Vienna Convention of trade facilitations. As I emphasize on the Trade Facilitation Agreements, there are greater enabling mechanisms in Nepal for capacity building to come forward. There are many

scholarships and initiatives and I think some officers are keen to raise the principles of the Vienna Convention and it should be encouraged.

Nest issues are in terms of property rights. Why trade mark should not be honored? And why should South Asia actually under BBIN consideration come in for a common approach on intellectual property rights? Nepal has strong traditional knowledge and strong biodiversity. India too has strong biodiversity and strong knowledge. I myself was involved in the committee that evolved the legislation for protection of intellectual property rights of the traditional medicines. Nepal has worked. We can work together and some initiatives are required. The protection of intellectual property rights enables trade and transit through trade marks to enter the age of knowledge. I mean intellectual property rights as identified by the seven instruments. Patents and copyrights come under these instruments. We have district wise huge governance machinery. Therefore, Prime Minister Modi is concentrating on more governance and less government. Last is in terms of sanitary and hydro power generation measures and technical barrier to trade SPS and TDT, an integral part of the WTO. In bilateral discussions on trade between India and Nepal, we rarely miss the discussion on SPS and TDT related issues. And I am sure you must have come across. Honorable Ambassador is present here and I am sure he is also aware of these things. When we analyzed the issues relate to sanitary and hydro-power generation measures, we always found the issues of SPD and TDT surfacing on the floor. The issues that we have been raising now should lead to some joint studies by academia and business communities together. Along with some of the institutions, we can move forward to identify the parameters that are significant for trade facilitations and improving the idea of our partnership as well. The current development has three priorities- the three Cs-commerce, culture and connectivity. From these three Cs we find a larger focus on natural-culture connectivity between and among the countries. The issue of participation is vital for value-chain and industrial development as well. We cannot see such issues through the state-jacket. The perspectives of looking at the modern state mechanism and the social dimensions are always different and they will remain so forever.

I would stop here. Thank you!





Ashok Baid

Distinguished Delegates and Respectable Participants Namaskar!

This is the fourth seminar I attended on the Nepal-India relationship issue. In those sessions, the focus seemed to be on the people to people relations. I have pointed out that the situations would be better if we had addressed the issues Dr. Chaturvedi raised in his presentation. Today I concentrate on the problems our trade and transits and identifying the ways to solve them.

A single platform to discuss the economic and political issues, as Dr. Chaturvedi stressed, is essential for the economic development. He also highlighted the concept of happy border and development of the Border States. The development of the border regions is also the development of the country. In Indian side of the border in areas such as Birgunj-Raxaul, Jogbani-Biratnagar, Bhairawa-Nautanwa, Kakadbhitta-Panitanki, etc. the infrastructure is very poor and in dilapidating conditions. This infrastructural condition on the Indian side is responsible for the slow development on the Nepali side. Looking at the present scenario of Nepal-Bharat relations, we are limited to the relationship of Delhi to Kathmandu and we often ignore or give less priority to the cities to cities contacts and developmental thoughts. We have to concentrate our discussions on the development in the city and regional levels. It contributes to identifying our problems and finding solutions to them.

Nepal is a land-locked country. She has to import goods by land routes. Consequently, the price of imported goods goes high. It directly affects the consumers. For example: Nepali traders have to pay Arabs of Nepalese currency in a day to bring goods from Karada Port. We have a dry port but it does not have a long-term planning. It was planned only for 10-15 years but such projects of national importance should be planned for longer period of time. In the past, approximately 15 containers arrived a month but now-a-days we have more than 45 containers a month. Things like these are the causes of higher cost of imported goods. I requested the Government of India to provide a special link from Kolkata to the dry port in Birgunj for the cargo transportation in Nepal. I also requested to provide an additional dry port to solve the problems.

Regarding the people to people relationship, we have organized the Nepal-Bharat Trade Fair in Birgunj and there was a summit and I think it gave a good result. The DPR of the airport in Raxaul is completed and it was the result of that summit. We also had a discussion on the construction of the overhead bridge on Motihari to Raxaul road, etc.

I would like to present the data related to the trade and transit between Nepal and India. Regarding the total trade with other countries, Nepal has 64.64% trade with India. Nepal has eight times trade deficit with India and that 80.74%. These are recorded formal data of the trade deficit but there are unrecorded data of Nepal-Bharat trade. For example, Nepali people travel to India for medical treatment and there is no record of medical expenditure; many Nepali students go to India for education; a large number of Nepali people also travel to India for pilgrimage. The money that Nepali people spend in all this sort of activities is never calculated. All Nepali people do not pay for the imported goods from India through proper banking channels. We do not have any record of such data. We have to solve the problem of trade deficit. In 1996 when Indra Kumar Gujaral was the Prime Minister of India, Bharat and Nepal signed the Trade and Transit Agreement. As a result, our trade deficit became our trade surplus and the currency exchanged rate was Indian Rs 100 equaled

to NRs 155. Today the exchange rate is IRs 100 to NRs 160. India's economic policy directly affects Nepal. This was evident during the demonetization in India in 2016.

There are many issues related to trade and transit between India and Nepal. The Government of India is willing to solve these issues through mutual dialogue. However, the Government of Nepal is reluctant to these issues. These issues need to be addressed diplomatically by the representatives of both the countries. Some of the issues that need immediate address are the quota system and the value addition of 30-40% needs to be included in the VAT.

Indian economic policy makers neglected the result of their new economic policies in Nepal. For example, when the Government of India stopped exporting *dal* (pulses) they did not mention except Nepal. Consequently, in Nepal *dal* was imported through the gray channels. Our concern was that it would have been imported through the right channel, not from the gray ones.

The Raxaul railway link is one of the most economically viable links of India. However, the railway service in Raxaul is not satisfactory. To solve these problems one fast track desk is essential. In our parts, we have more political talks than economic ones.

A flyover is essential in Raxaul-Birgunj border route. We are continuously emphasizing that the route is the lifeline of Nepal. No one listened to us and we face serious traffic jams every day. The Government of India allotted budget for the flyover in Indian side two years before but the construction has not started yet. I heard the Central Government has given no objection letter but it is pending with the Government of Bihar. The project was inaugurated two times but work has not started yet.

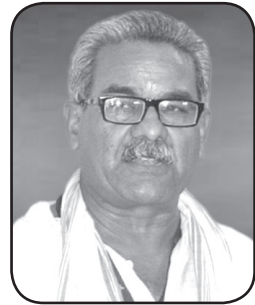
Traders have to pay service tax for importing goods and we expect efficient service. Roads are not in good conditions and we have to pay more transport costs. It takes five days to cross to reach Birgunj from Raxaul despite they are very close to each other. We have to think about these serious problems. Transparency is essential in the trade

between our two countries. Recently foreign investment summit was organized in Kathmandu but the Indian investors did not know the investment beneficiaries in Nepal. Trademark is one of the problems for many companies. If any foreign investor invests here his/her investment may be in trouble. He neither can send his royalty nor his loan related money. There must be clarity on the transfer of money from any side of Nepal and India. Former President of Investment Board Radhesh Panta and His Excellency Deep Kumar Upadhyay are here, they know that the companies that invest here are in trouble because of issues related to the money transfer system.

Security is another problem in trade and transit. We need joint security forces in the border points. Most of the criminal activities happen in Birgunj-Raxaul areas. Criminals kidnap our businesspersons and some of them are murdered. To control these crimes special joint forces should be deployed on the borderline.

B to B meeting, especially in the border areas, should be organized to promote trade and transit between Nepal and India. People to people contact, dialogue and seminar should be organized in the border areas. We can implement Buddha Circuit, Ramayan Circuit to develop our tourism. We can also include Sri-Lanka in the Ramayan Circuit and develop the tourism in all three countries.

We can join hand and implement joint Nepal-India investment to promote investment in Nepal. We can attract foreign investors and develop our areas. Long Live Nepal-Bharat Friendship. Thank You!



**Dr. Krishna Gopal**

Namaskar, Distinguished Delegates!

It is my pleasure to be here and I thank the organizers for organizing such an important program. In many parts of the world, the neighboring countries fight with each other and there are always violent conflicts. For example, there are conflicts between North Korea and South Korea, China and Mongolia, Pakistan and Afghanistan, France and Germany conflict i.e., 1870. Israel has a serious conflict with the Arab world and there are conflicts between different Arab nations. This shows that neighborhood always does not mean friendship between the neighboring countries. On the contrary, India and Nepal have a unique friendly relationship. We are not only the neighbors but we are like twin brothers. We have similar evolution background. We have commonalities in our history, philosophy, literature, tradition, culture, as well as vision and mission of life. We have similar affinities among states of India as it is with Nepal. Social, spiritual and religious developments are similar in India and in Nepal. We have geographical affinities that the snowfall in Nepal affects the weather of India by the cold wind blow from the Himalayas. The water flow from Nepal irrigates Indian land; the rainfall in Nepal brings floods in India.

People of India come to Nepal to worship the Lord Pashupatinath. Without worshipping Pashupatinath, the people of India feel that our

pilgrimage is incomplete. Nepali people also travel to India to visit different Hindu temples. Kailash, in Nepal, is the home of Lord Shiva: *Rudrakshas* from Nepal have great significant for Indian populace. Kashi, Gorakhpur, Patna, Kolkata, Rishikesh, Haridwar have been the centers of learning for Nepali students for centuries. This trend has been going on for thousands of years. Millions of Nepali speakers are living in India and millions of Nepali people travel to India for pilgrimage, jobs, education, etc. People from India also travel to Nepal for marketing, marriage, pilgrimage or simply as tourists. Many people from Nepal wrote about the culture, philosophy, languages of India and so did many Indians about Nepal as Mr. Jha mentioned about Renu. Such a unique relationship is significant for our economic development. We should not forget our historical trends of relationship while moving forward for our economic development. Our speakers have delivered their speeches focusing on the problems and opportunities in our relationships. We have to be serious on these issues. We may have problems associated with the tariff, infrastructure, rules, acts, taxation as well as political and emotional issues. We have to join hand and solve the problems through bilateral dialogue.

Nepal has its own physical structure, geography, climate, opportunities, peculiarities and positions as well as its own flora and fauna. If we consider these realities and opportunities Nepal can make speed towards its economic development. She has opportunities for many industries including cement, steel, etc. She also has potentialities for 100,000 MW of hydro-electricity. We have to fulfill the present demands by utilizing our resources.

Sixty years ago, India had faced the economic crisis. In the 1960s, wheat production of India was 1-1.25 crore tons per annum whereas the consumption was 2.5 crore tons per annum. India was importing equal amount of wheat that she was producing. India imported from America, Canada and Australia but the situation has been changed. India started to export wheat as she produces 11 crore tons of wheat annually now. Agriculture scientists develop new varieties of wheat that helped to increase the production. The case is not limited to wheat but also to bajra, paddy, and many other Indian food grains.

The production of food grains increase from 5-6 crore tons per annum to 27-28 crore tons per annum. Nepal can also increase the production of food grains in similar way and can become an exporter of food grains. India can support Nepal to increase the food grain production by providing the technical supports. India has more than 20 agriculture institutions and Nepalese students and scientists can be benefited by studying and doing research in those institutions.

Nepalese are the expert of milk production and they are also working in India. People of Nepal are involved in the dairy business and they are making good money. They are good at cow and buffalo farming and can produce thousands of liters of milk per day. Nepal has appropriate climate for cow and buffalo farming. With using the appropriate technology and expertise, Nepal can increase the milk production to a great scale. If you look at India, she is the largest producer of milk in the world. Nepal can be benefited from Indian technology and expertise in milk production. India can support Nepal for the white revolution and in few years time Nepal can be the leading exporter of milk products.

India is the world's largest producer of vegetables and second largest food producing country in the world. Nepal has a suitable climate for the most fruits produced all over the world. Technical support and expertise of India can enhance the fruit and vegetable production in Nepal leading to the economic prosperity of the people of Nepal. Similarly, Nepal is a haven for the medicinal plants and the herbs. These plants and the herbs can make Nepal the center of medicinal research and production. We can establish herbal research institutes for herbal medicines in Nepal. This is the land suitable for sericulture, horticulture, poultry, etc. If we have investment and technical expertise, Nepal can be the leading exporter of different agricultural and medicinal items that can attract foreign currency and create new jobs. The Government of Nepal needs to explore the possibilities of investment in these areas in Nepal. A step like this would create new jobs for youths in their own places. We can generate a new model of the development.

The culture and situation of development models of the western developed nations are not appropriate for our societies. One of the reasons is that they have 1-2% rural population but we have maximum rural population. I assume that Nepal has more than 75% rural population. In this condition, if we establish industries in the urban areas, that does not have the benefit for the rural people. Rural people migrated to the urban space making the cities overcrowded. This mass migration is responsible for the creating new forms of crisis in urban spaces associated with the place of living, feeding, and education of their children.

The model of development in the western world has serious crisis including unemployment. Even the industrial countries like the US are facing serious unemployment crisis. Therefore, we need to develop our own model of development suitable for our social system. We need to create jobs in villages and village clusters. It is better to establish small industrialization regarding the resources in the villages. We have to develop our own indigenous model of development rather than borrow from other parts of the world. We have to consider our resources, opportunities, requirements, problems, needs, production as well as the behavior, nature and thought while developing the model of our economic development. It must be appropriate for the future of Nepal. The experts of economic development and social life of the people should sit together and find out the model of the development policy. India is ready to share her experience with Nepal in this regard. We have expertise in different fields such as fruits, vegetables, food grains production increment. India can provide technical support and other relevant expertise to Nepal to increase the production.

India is well-known for the educational and technical institutes like Indian Institutes of Technology (IITs), National Institutes of Technology (NITs). If Nepal feels its requirement of such institutions, India can support for these purposes. India can provide facilities to the Nepalese students to study in IITs and NITs so that they can utilize their knowledge here. India has developed a good infrastructure of medical colleges such as AIMS which produce best doctors in the world. India can provide an opportunity to Nepali students to enter



in such institutions. India can support the development of medical labs by sending its best professors in Nepal for the idea sharing. India can support Nepal to develop the IT sectors. At last, I conclude by saying that we should not compromise our historical relations of thousands of years. If we go forward by overlooking this reality, we cannot meet our development goals. The people of India feel happy with the development and happiness of Nepal and its people. I wish the developed Nepal with the development model appropriate for her society. I do not mean the Indian model of development is appropriate for Nepal. Nepal needs her own model of development considering the social structure and resources available. However, if Nepal feels the assistance that India can provide, India is always ready to assist.

Nepal has good future and I am an optimist on the political stability of Nepal. It is essential for the development of Nepal. Without security, investment is not secure and successful. Punjabi, Marwari and Gujrati are expert on the business and they can invest in Nepal.

Thank you for inviting me and giving an opportunity to speak on this crucial issue. Namaskar!



**Dr. Govinda Raj Pokharel**

I would like to thank Dr. Krishna Gopal for linking agriculture with Nepal-Bharat relations highlighting the agricultural opportunities in Nepal. I would like to thank Dr. Chaturvedi and industrialist Shri Ashok Baid for enlightening us through their good thoughts. Nepal is a land of geographical diversity such as we produce *litchi* in the foothills and apples on the top of the same hill. When we travel to hills from the plains, we have to wear a jacket after two hours.

In the morning I requested your four minutes for the Gayatri mantra to begin the session. Again I am asking for your four minutes to tell you an incident that took place in Mathura. While traveling by train, I met a man in Mathura. We had a discussion on the presence and strength of the God. He was a religious person and argued that there is a great presence of God but I was reluctant to accept the presence of the God.

It was a month of June and the temperature went beyond 42 degrees in Celsius. While we were discussing the issues of the presence of the God, I saw a poor girl in her early 20s begging in that moving train. She was carrying a baby. I pointed to the girls and asked the reasons for such inequality among humans and what the God was doing. Listening to my argument, the gentleman asked me about my profession. I answered that I was a student of engineering. His next question was if I knew how the babies are born. I told him I knew.

Then he told me that when my mother was pregnant, I was selected from more than one billion sperms. At that time VP Singh was the Prime Minister of India and he told me that VP Singh was selected from a billion Indians to be the Prime Minister of India just like I was selected from the billion sperms of my father. He explained that there was no difference on the selection of myself and VP Singh because both of us -myself and VP Singh- were selected from one billion. According to him, I got mix up with the remaining six billion people of the world. I was alone with unique eyes, face, voice and thumb. I was selected from one billion and mixed with six billion but I was still alone. I was unique and there was no one like me. When I was born I cried and I get my mother's milk with magnesium, potassium, calcium, carbohydrate, protein and vitamins whatever needed for me. If I got mother's milk for 100 years, there would not be any disease and I did not need to eat any other thing as the mother's milk decreased, I slowly started to eat other things. We have many things to eat in this world and we cannot count them all. In the land, still, there are five thousand things that we can eat in the world. New items of the things that we can eat are emerging. According to him, I was selected from one billion and I was unique in this world. If I go to and seek something from the God, the God feels unpleasant. The God may feel that the choice was wrong. The God might think that the wrong person was selected from the one billion sperms. The God may be frustrated in such a situation. We can demand only two things: knowledge and energy which are *Ananta*. Hence, we have to utilize our knowledge and energy, which are *Ananta*, for the welfare of Nepal and India. Thank you!

## Question-Answer and Comments

**Dr. Govind R. Pokharel** Thank you respected Dr. Krishna Gopal! You have explained the scope of agriculture in Nepal and the characteristics of agricultural biodiversity in the country. We have such a bio-diversity in Nepal that litchi and apple produced in the same place. If you travel from plain to hill you have to wear T-shirt in the morning and jacket in the afternoon. We have started the session with the Gayatri Mantra. At the end of the session let's have some question answers.

**Chandra Kishore** My question is to Dr. Krishna Gopal. I thank him for raising the issue of village and the farmers. The experiences of farmers are essential in such an intellectual interaction. When we talk about the relation between Nepal and India we repeatedly mention the depth and height of our relation comparing the depth of Indian Ocean and height of the Himalayas, naturally resourceful Nepal with the river flow towards the Indian Ocean and the monsoon directly interrelated with the Indian Ocean. The serious question is the problem on the rivers of Nepal and the monsoon. In the name of balanced relationship with China, border posts are opening and activities like this disturb the ecosystem of the Himalayan Range. These are serious issues; therefore, we should have in-depth discussion on matters like this. Thank you!

**Comment** Dr. Sachin brought the concern on this issue and, in the first session, one of the speakers, raised this issue. Regarding tourism, Indian tourists travel Kailash Mansarovar through Nepal. It will develop the tourism and provide opportunities to understand the civilization and the culture of

Nepal. It would be better if we concentrate on the development of infrastructure to boost the tourism in the Kailash region through the route of Nepal. It would be another milestone in India-Nepal relationship. As Ashok Baid clearly said that the development of the border region would have positive impact on the relationship of both the countries. Another issue is: why are the Indian tourists concentrated to Kathmandu? Why do not they make other places as the destinations other visits? Nepal is not only Kathmandu there are many other enchanting places to visit. Air connectivity to other places of Nepal through major Indian cities would certainly enhance the tourists flow to Nepal.

**Comment**

The economy of Nepal is among the least development countries in the world. If FDI enters for the domestic consumption there will be trade deficit as well as industrial income deficit. FDI is essential for the export promotion and for the industrial consumption. Dr. Krishna Gopal raised the issue of IT development. If we take an example of Japan, we will learn a good lesson. Japan prioritized the engineering field and apprenticed her engineering graduated in her industries. In the similar way, if the trainee engineers of Nepal get internship in Indian industries, they will learn more and could generate employment opportunities in Nepal. In addition, quality school education could be started in the partnership of both the countries in this beautiful country.

**Comment**

Unfortunately, in the sub-region growth model has been based on the..... that gives us a lot of discussion. I know at least two-three persons from Nepal who have been seeking good investment opportunities. It is just the non-acceptance

that has come in the discussion. It is a very nice observation, we belong to this sub-region and we have to find out our ways. It is the fact we cannot deny or avoid. Nepal needs to attract the investment. Bangladesh realized this fact and she started the necessary reforms. Q (B4) Indian investors are not convinced that they can do better in Nepal. But the Indian investors who are doing better here are doing best and all are excellent. Nepal is progressing in economic growth recently. Industries are increasing their production up to 10 times despite very odd conditions. We had 16 hours power cuts but we increased the production from 100 tons to 1500 tons. However, Indian investors are worried to invest in Nepal. They should not be worried to invest here because this country is best and easy place to invest. People of Nepal are friendly and processes are easier than in other countries.

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My question is to Dr. Krishna Gopal. In the past there was quota system and Indian companies produce the production because of the benefit on that. There are many sectors of opportunities in the production areas. The question is that the trade basket of Nepal and India is limited. Nepal has the limited products to export to India. If we produce the supportive products in Nepal and the main industries of India will buy it and Nepal can be benefited. If we talk about investments first we should identify the industries and industrialists of both the countries who seek to invest in big industries. We can establish MOUs between industrialists. In this way we will be able to have lots of productions in Nepal identifying the industries.

**Dr. Sachin Chaturvedi** What we paid attention to the terms of the culture.

The current government has three priorities: commerce, culture and connectivity also known as 3Cs. In these three Cs, there is larger focus on connectivity in terms of the countries with natural connection. With regard to the agenda of culture there is the matter of participation of people in a large number. We cannot look at the countries and their relationships only through the industrial jacket. Modern states have their own limitations; however, we cannot overlook the social responsibility.

**Dr. Krishna Gopal** Development is obvious. Security and peace are essential for industries. The positive development is that Nepal is suitable for the industrial development. Political stability and security are essential for the fruitful investment and Nepal is moving towards that direction. I would like to request you to welcome Indian industrialists and convince them to invest here. Indian Marwari, Gujrati, Patels and Punjabis are experts in business and industrial sectors. Certain communities are experts in their fields. For example, Eastern UP is well known for producing engineers and the industrialists. Hence, I hope that industrialists from India come to invest in this beautiful country.



Vinay Kumar

### Distinguished Panels,

Shri Gopal Krishna Agarwal, National Spokesperson of BJP Economic Affairs, Shri Radhesh Pant, former chairperson of Investment Board of Nepal and Shri Gopal Arora, Secretary of ARSP.

The development of industry and infrastructure is an important issue that dominated the discussion in the previous session. In 1950s industries were established in Nepal and both Indians and Russians participated in that venture. Industrial complexes were established in Patan and Rajbiraj. It is possible that people have forgotten these complexes because of these complexes have not been the works as expected.

In the context of India and Nepal, we have a trade treaty. The article 4 of the treaty specifies that the trade policy has the objective of industrial development of Nepal. Unfortunately industrialization in Nepal is very slow. I would like to present the data in terms of industrialization. Nepal exports 95% of its local production of ginger to India. Despite this Nepal imports thousands of tons of ginger from China. This is why? The consumption of betel nuts is 3000 tons in Nepal but annual import of betel nuts is 15-20 thousand tons per annum for last five years. Gold and silver import is six times higher than its domestic consumption in Nepal. There seems a distortion in industrial sector that industrialization is not getting the priority.



If we look back up to the year of 1990, the growth rate was slow and the industrialization was slow in both India and Nepal. After government of India open up the opportunities for the investment to develop the industrialization the growth rate increased up to 6 to 6.5% per year. The growth rate reaches more than 7% in India despite the demonetization. Until such a policy decision launch in Nepal higher economic growth rate is difficult in Nepal. When we talk about the micro level issues it only covers fundamental issues such as infrastructure, trade policy, non-tariff barriers, etc. rather than address these issues. Until there is the increment of the export basket there is no increase in the export and the appropriate situation of the export. In the context of the IPR, directly property rights, labor law, remittance are the minor issues. Primarily, the lack of industrialization reflects the policy. I request Shri Radhesh Pant to resolve these issues.

Regarding the economic relation of Nepal with India, the Indian market is always available for Nepal. Our two cabinet ministers participated in the foreign investment summit in Nepal. This shows our interest in investing in Nepal for the economic development of Nepal. No other countries send their participants from cabinet level ministers in the summit. But railway minister and finance minister from India participated in the summit despite their busy schedules. India has given importance to industrializing Nepal. In 1990s, industrialization was satisfactory in Nepal. The companies that were active here had great performance. Unfortunately, they did not sustain and the new companies did not come here. If we consider the production of Dabur, 80% of its products are exported to India. The no one export item of Nepal is juice and this made in Nepal juice is available in any part of India. Asian Paint is doing well and created hundreds of jobs, Unilever has established its plant and trying its expansion but not getting permission yet. Patanjali has started its plant in Nepal. We can count such investments in fingers but the major push for industrialization is creation of infrastructure. The existing policies and land acquisition policies are the biggest hurdles for building infrastructure in Nepal.

The Indian capital has approved the construction of infrastructure in Nepal. However, the company is facing problem in acquiring land for the infrastructure development. Regarding the hydro-power construction agreement signed with GMR, PDA was signed two and half years ago but the government has not provided the forest land for the construction of the project. For Arun III project, the government of India has complete concern because the formalities are yet to be met. There is no need to sign PPA with any parties. However, the GMR has such problems that it has to raise fund from the market. Kathmandu-Nijgadh fast track construction agreement was to be signed but different situation affected it. We have interest in the construction of Nijgadh International Airport. This airport is important for Nepal and Northern India because the location of the airport is close to Bihar and Eastern UP as well as only 100 km distance from Kathmandu. It can support Tribhuvan International Airport at Kathmandu so it is essential infrastructure to be constructed. We are interested in the construction of East-West Railway and five railway link with Indian railway stations to Nepal. Work is going on that government of India is working on land acquisition for Jogbani-Biratnagar Railway and Jayanagar-Janakpur-Bardibas railway link. These are the game-changing infrastructure projects. India has complete confidence in developing such infrastructure and industrializing Nepal. We are going on.

We need implementation of the agreements of the projects and it is crucial for development. There is no problem in local level to start the project as all the local people are happy with the development projects. In fact, they know the construction of the road has begun and people are already having the benefit of the project. Access of roads creates jobs for rural populace and, at the completion of the project, it will create almost 3000 jobs in Nepal. Both have common interest to give boost to the projects.

The Arun III Project has been approved by the Indian Cabinet. The financial problem for the company has been sorted out but the problem is the forest land acquisition. For the Upper Karnali Project, there are the issues of financial closure and the company has to

raise the fund. For that project, the work is going on regarding the acquisition of private land and giving compensation.

To answer the informal trade it is unaccounted. If it is unaccounted, how do we calculate the actual cost of the informal trade? Based on the trade deficit and the requirement by the people of Indian Rupees for educational, tourism, health purposes, etc. many said that the informal trade is as much as the formal trade. The trade gap is nearly five billion US dollars and the Government of Nepal buys five billion US dollars of Indian Rupees from the Reserve Bank of India (RBI). Such a step would help us calculate the requirement of the rupee. If that requirement is being made without taking or buying Indian Rupee from the RBI, all that payment is made informally. The workers and others do not have a bank account so that they will bring money in cash. This shows a big amount of money is being exchanged through informal means. After demonetization, the impact of informal trade is yet to be studied. This is a new thing and we do not know it. Thank you!



**Gopal Krishna Agarwal**

Chairman of the session Shri Vinay Kumar, Shri Radhesh Pant, Shri Gopal Agrawal, Other dignitaries, President of ARSP and friends,

I would like to explain what we seek and what policies we are implementing in India after the formation of the BJP Government. There is no doubt about the fact that India gives priority to Nepal. As Vinay Kumar already stated, two Cabinet Ministers from India were present in the Foreign Investment Summit in Nepal. Our cultural and social relationship is important in comparison to our political relationship. Economic relationship is significant in the present world that we can have economic benefit from our people to people relationship. China and US are also giving priority to an economic relationship and economic exchanges. The Prime Minister of India Shri Narendra Modi has recently visited more than 45 countries and India analyzed the MOUs and other agreements giving priorities of economic issues. Energy security, capitalize investment, etc. comes under such issues. If we utilize our strength of friendship both of us make speed for our development.

Regarding the economic development of Nepal, the GDP growth rate is 4%. The trade deficit is very high because import is higher in comparison to the export. The maximum trade deficit is with India. The economy of Nepal depends on remittance and its sustainability is the subject to think. To minimize the deficit, we need to increase

the productions and, to happen this, the role of FDI is crucial. Nepal has good youth potential, hydro-power potentiality, unique bio-diversity, tourism potentiality, etc. Agriculture sector has great possibilities in Nepal. Hence, there are several sectors which can attract the investment.

If we look at the economic progress of India it has overtaken the GDP growth rate of China. Connectivity plays a vital role in this progress. Golden quadrilateral and triangle started by Shri Atal Behari Vajpei contributes to the fastest economic growth rate of India. The connectivity through railways and road transport and the IT connectivity with the slogan of digital India is a landmark. In the upcoming year, service will be important and delivery mechanism will be essential for communications. India has propelled these sectors in a good way, as a result, economic growth rate rapidly increased. Nitin Gadkari repeatedly said that American roads are good not because America is rich but America is rich because America has good roads. Good qualities of roads and railway links can attract investors.

Infrastructure deficit can attract investment in Nepal. But policy and political stability should be suitable for FDI. If you go to any country there is the concern of the quantities of the attraction of FDI. Regarding India, last year, we had 5% deduction in FDI regarding the global perspective but we were able to increase FDI flow by 36% and we consider it a very big achievement. Hence, political stability, policy stability, transparency and possibilities of the market are essential for FDI. These factors need to be considered while formulating the policies for the FDI attraction.

Regarding the trade deficit in Nepal, manufacturing demands in Nepal are mainly important for India. According to the ADB report, the contribution of GDP of Nepal from manufacturing sector is only 5.5% of the total contribution of GDP whereas India's manufacturing sector contributes 16-17%. Our main focus is 'Making in India' so that we can contribute to increasing the manufacturing sector to total GDP. Hence, the manufacturing sector of Nepal should be increased for the economic growth and decreasing trade deficit. Small industrial

sectors such as cottage industries could propel the manufacturing sectors. If we see the contribution of the manufacturing sector in the US and its development model, a small sector including unorganized cottage industries has a big role. In India, unorganized cottage industries contribute to 70% of the total manufacturing sector. We are also facing problem such as labor loss but we are tackling those problems. We have reformed labor law and hire and fire problem.

To bring transparency in the business and trade sectors, documentation is important and digitalization can enhance the process. Skill is an important factor for development and we can enhance it through education. There are lots of initiatives of the Government of India over last three years. We import technology, not the products. The import of technology contributes to production so that we can export our products.

The President of the United States of America, Donald Trump, organized a meeting to discuss the US investment in China. There were 36 top industrialists who established their manufacturing companies in China. China is a manufacturing hub for other countries attracting foreign manufacturers including the US companies. He asked the problem of the manufacturers who are investing abroad. They told him to establish appropriate environment for the manufacturing investment inside the US. If we look at Malaysia, they got a big achievement in a year regarding manufacturing investment.

In hydro-power sector transmission line is very important and the losses in the transmission line should be tackled. Bhutan has done better in this area. Nepal has 30% loss in transmission of electricity. We have also faced problems in the power sectors either because of the purchase agreement and transmission losses. Nepal has to be focus on these issues.

Nepal's economy is dependent on the remittance and remittance is also contributing to Indian economy. But the countries who provide jobs to the people of India and Nepal are trying to secure employment for their own citizens. If we have a long-term economic dependency on remittance, we will face serious problems. Countries are implementing

new policies such as protection of employment for their citizens. India has also taken steps of demonetization and it can have far reaching consequences in its economy bringing transparency and transaction to the main field. It was a difficult decision but it was successfully implemented. Agriculture and manufacturing sectors have faced problems in the early stage of the demonetization, but it was handled slowly. Nepal has also faced problems after the demonetization and these problems will be taken problem when domestic problem have been totally sorted out. Ultimately demonetization in itself will create a very good ecosystem for large tax collection and for transparency in the transaction deposit available in the banking sector. These are the new approach and experimented in countries like Japan. The ecosystem of the whole world is being changed and we have to change our policies with special focus on the manufacturing sectors. We are always ready to transform our economic relationship with Nepal.

We have a cultural tie with Nepal and we felt proud that Nepal was a only Hindu country in the world. We support Nepal and Shri Narendra Modi, the Prime Minister of India has committed to support the development projects in Nepal. The development of projects such as Arun III, 15 roads, concession loan after the disaster are some of the major contributions of India to Nepal. The devastating Earthquake of April 2015 caused the loss of about US\$ 7.5 billion in Nepal. The massive earthquake hampered the economic growth rate and now gradually Nepal overcame these difficulties.

The importance of multilateral trade is becoming valueless. Now India is not focusing on the multilateral trade agreements for last thirty years rather focusing on digital trade activity and on the bilateral trade. Agreements at the government levels are important and beneficial.

Poverty is a major problem and social security is very important to tackle such problems. The programs of financial participation and inclusion in the banking system are essential to curb such problems. The Jandhan Yojana, the Aadhar and the Mobile phone are considered instrumental to bring the transformation. It is not

difficult to implement by opening bank account, making a card and use of the mobile application. It can also check the corruption. Use of technology is supporting the victims of natural calamity to provide them support and subsidies to the farmers. The amounts of the subsidies go to the account of the farmers directly. The Atal Pension Yojana, the Pradhanmantri Sahas Yojana, etc. are the policies for the social security of the people of India.

Insurance is one of the good avenues for the investment. Linking insurance, financial market, expansion of banking sector and social security is beneficiary for the lower strata. We can think of an integrated financial market which is developing. The integrated financial market for the SAARC countries can be developed. India has developed capital and IPO markets. These markets are very large and very transparent. The SAARC countries can go for these sectors.

BBIN and SAARC motor vehicle agreements have good results. We have good potential of resources including hydro-power, natural gases, coal reserve, oil reserve, etc. We can develop through the connectivity. The economy of the world shifted towards east from west. If we consider the business interest of each other seriously, we can progress in future. This seminar is the learning experience and I can get an opportunity to learn. Only understanding the problems gives us the solution.

A monitoring system in India is improving under the current government. Every year at least 50 projects need to be forwarded by every ministry to the Prime Minister Office and at least 6-7 cases are sorted out. By this process, many projects which were blocked before sorted out. According to Nitin Gadkari, road projects of more than 3.5 lakh crore were blocked due to various cases and these have been forwarded.

Regarding the land acquisition challenges, India is not free from it. I was also handling the land acquisition issues and faced these problems. The land acquisition bill in India has not been implemented. It is so implicated to identify the land-affected and non-affected persons. How can you compensate the people in this situation? There



are attempts to amend the bill but there are oppositions in the bill. Despite the agreement after the homework of ministers, secretaries and specialists, the bill had to be withdrawn because of the strong public opinion against this bill. Public opinion is very important in the democracy.

Our Prime Minister is very much sure that we will move against corruption and we will change that informal economy to the formal economy. There were many opinions on the demonetization but public supports it. Now it will be beneficiary for the formal economy to end the informal economy. Economic decision is complicated that they have to pursue and take care. None of the countries can easily decide the economic policy. Willpower is essential for the good economic policies and its implementation.

Thank you for giving me such an opportunity to speak.



Radhesh Panta

Chairperson of this session, distinguished guests and the speakers,

I was in India for six years, two years 10+2 and four years engineering. I understand Hindi very well. Then I was living abroad. As Vinay Kumar said that I talk about my experience and my thoughts. We all agree that the infrastructure is required. We have talked about three million, or four million tourists coming to Nepal. Unless and until we have another international airport in Nepal, we cannot increase the flow of tourists. We are talking about agriculture but we do not have connectivity, possessing units, places for storage. Infrastructure is essential for all kind of development. Opportunities are enormous in Nepal because of our landscape, vegetation, hydro-power, rivers, and other areas.

I was in the Investment Board for four and half years. Prior to that I was a banker and before that I worked in technical sector. I have different versatile experiences but talking about infrastructure development in Nepal. What we used to say was that, unless and until we win the hearts and the minds of the people, there is no way of infrastructure development. We started the Upper Karnali and the Arun III hydro-power projects. We also have a couple of cement projects and other projects as well. Basically, when we started these two projects, especially the Karnali project, people were totally against it. Basically, the fact was the people were ignorant about the benefits

of the projects. Local people did not know what benefits the projects would bring to them. There were lots of political propagandas about the Upper Karnali project such as rumors that the power house will be built in India and all the goats and cows will die because of electrification to that extent.

However we know that Nepal has to buy electricity from India if we do not construct these projects. Therefore, we worked very hard going to village by village and talking to the local people and convincing the political parties, local politicians and parliamentarians. These parliamentarians were the members of the Investment Board and they also helped to convince the private sectors. All these projects of large scale were taken as Nepal's priority projects. Basically, the way I see the infrastructure projects, the Karnali project and other projects have been leased to the developers for 25 years. The developer builds a project, runs the project and gives us the power free of cost and after 25 years the developer hands it over to us. If we take this as a partnership we will regulate this project; we will monitor the construction; we will ascertain that, after 25 years, this project will serve the nation for hundred years. This was our strategy to convince the people and we assured them that we are constructing a project of international standards. We also assured them that the project will prove a boon for the local development.

There were a lot of discourses against the project. However, everyone is now convinced that definitely it is in the interest of Nepal and local people will also be benefited from the project. In this way all the concerned stakeholders are now happy. We cannot expect developer and investors to come and built a project. Even if they built the project and the local community refused to take the ownership of the project, it would not run in a better way. That was one of our working experiences. As Vinay Kumar mentioned in the issue of land acquisition, we need to find a way out as soon as possible. Since the cabinet has passed the bill, I do not see any reason that cannot be done.

The Arun Project is supported by the people of Sankhuwasabha. Not only this project, but locals also come out and demanded to continue this and other road projects in fast track mode. People have huge support in the development of infrastructure projects. Law has been changed for the agreement of the projects.

The contribution of the Government of India for the Arun III Project is great as the project is being funded by India. The Indian cabinet has approved the IC 65 billion of funding for the construction of the Arun III project. But for the Karnali project, they have to rise the funding from international funding agencies and it takes a lot of time for arranging the money. Vinay Kumar said that first the access road will be completed and, I hope, they will take off. I do not think the forest land will be a problem because there was a change in the law when the Arun III project MoU was signed. By now all the issues have been solved.

On the completion of this project, there will be drastic change. I think the delivery mechanism would have to be totally changed. I can say that bureaucracy cannot deliver because there is no ownership and there is no accountability. On the completion of the Arun III and the Karnali projects, Nepal will earn about NRS six crores and the delay in one day costs on the daily basis. The Arun III project was conceptualized in the 1990s. We can just calculate the loss of revenue by now. Our system needs to address these kinds of issues. For the completion of such mega projects we need very strong leadership. You talk about the Prime Minister of India, Shri Narendra Modi you find a strong leadership quality in him. Unfortunately, in case of Nepal, we do not have a stable government to have that feeling.

I think leadership is very important for the development of a nation and especially very important for countries like Nepal. We are fantastic workers, great performers and we need effective and pragmatic policies in the national level. Nepali people perform very well in all aspect of human life in the US, India, Malaysia, and other countries. I have rarely heard complaints against the people of Nepal. The reason behind this is that we are absolutely great followers. If you

know what needs to be done, we will get it all. We need the kind of leadership that inspires the entire population to work for the nation. Therefore, we need a solid strong leader who can inspire lots of young people who are coming back to Nepal. To be honest, we were very lucky in the past because many young people went abroad because they did not have job opportunities in Nepal. There will be a time when the countries that employ Nepali youths today may change their employment policies; in that case we will be in a very difficult situation. Younger generation make drastic changes and give new and dynamic leadership to the nation.

Vinay Kumar mentioned the changes in policies. Changes in policies are not a big deal but what is important is the implementation of the policies. Policy implementation has never been satisfactory in Nepal. We need strong determination of the implementation of the policies. We started the constructions of these large scale projects and so many issues are coming in. While going through the concession of rebate, it took us almost 14 months to negotiate because we have never negotiated billion dollar projects before. Everyone asked me about the agreements if it was ready or not. We were negotiating with the private sector companies with excellent expertise along with the best technical staff in the world. We have few joint secretaries. We needed a lot of study and discussion to understand the agreement. We also have to consult lots of international legal advisors for technical advice to mitigate the possible technical risks.

Before signing the project agreement, we had to understand the jobs the project would create jobs on its inception. The entire process of negotiation affects the livelihood patterns of the local communities. Before signing the deal, we had to consider the possible changes considering the benefits of the project to the country and people. Our policies are not appropriate for such mega projects and we needed changes to fit the present modality of the project.

Such an investment has been very compatible in the world. We have to attract bigger companies in Nepal for the building infrastructure and we have to be competitive because this region

from Nepal to Myanmar and Cambodia is investing heavily on infrastructure. We have to excel to them in all respect. Nepal has 100,000 MW potential of hydro-power potential. I have heard this since my childhood. I think for the appropriate change is mindset is essential for dynamic and visionary leadership. I do not think money is a problem; there is a lot of money in the world and people are willing to invest it. When people come to invest, they own money. We would let them make money. If we do not let them make money, we keep on creating problems and naturally they move to another country. That definitely is not nationalism. Either we have to develop or get from the development of others.

Beside the investment on producing hydro-power, we need to invest for transmission and other infrastructure. If we produce 10,000 MW of electricity, we need to invest at least three billion US dollars per year for transmission and other infrastructure.

We are discussing the construction of East-West railway and metro-rail in Kathmandu. Actually Nepal has lots of opportunities. We do not have adequate infrastructure in districts. The capital city, Kathmandu, does not have metro rail and we have commute in old and rugged buses. All these areas are waiting for investment.

Infrastructure development begins with the signing of the documents, and with the decision of the council of ministers and announcing it. These projects take a long period of time; we cannot have mega projects of infrastructure completed in one or two months. Most projects take years to be completed. To make it happen, we need to activate the agreements like BIPA. I think India has not activated since it is in the parliament for last four and half years. I was one of the members in the team of the Prime Minister of Nepal, Dr. Baburam Bhattarai, when the BIPA agreement was signed between India and Nepal.

India can help Nepal establish an infrastructure bank through appropriate funding. When I was a banker, we had an MOU with IDFC, IFC, ADB, all commercial bankers. Basically, the idea was that we needed lots of finance. IDFC is doing great job in India. Lots of

things can be done. Without investing in infrastructure development, I do not think Nepal can move towards prosperity. We need infrastructure for manufacturing, connectivity, transmission line for electricity and so on.

At the end of the day, a fragile country like Nepal, where most of the people are not aware of what is going on, really needs to get people excited about the development. If we construct the Arun III project after five years, hopefully people will support similar projects in future. Our politicians promised to people for many years but nothing happened. Hopefully, things will change in the future. I thank the organizer again for inviting me.



**Gopal Arora**

Neeti Anusandhan Pratishthan, Nepal and ARSP are doing these series of seminars, six seminars in multidimensional aspects of the Nepal-Bharat relationship. This is the seminar on the economic aspects. That is why we are discussing different aspects of the Nepal-Bharat relationship. The economy is the part of life but in the other way life is the part of the economy. The economy is not a whole of a life but an essential part of the life. We have to consider these facts to move forward. During the Investment Summit held in Nepal, Prime Minister of Nepal said economic distress remains at the core of political instability. We have to seriously consider it. Inside that economic transformation should underpin political transformation. Otherwise, political gains will not remain sustainable.

Vinay Kumar highlighted the problem that stroke at the heart of the problem. Despite the early start of industrialization in Nepal, investment is not coming to Nepal. The balance of trade is negative because of the lack of export basket. Vinay Kumar articulated the problem of implementation of projects illustrating with an example of land acquisition challenges. For the completion of the projects on time, we need to address these issues. Gopal Krishna concentrated his discussion on the balance of trade and highlighted the ways to solve the problem of the imbalanced trade. These are increase



in the manufacturing products through industrial development. Dependency on the remittance has negative effects and could be fatal in course of time.

Political stability is essential for the FDIs. Those who bring money to invest seek to ensure the safety of his/her money. He also highlighted the positive change in the Indian economy in the last two years. We have to consider the global context of economic change and de-globalization issues. He also mentioned the visit of Finance Minister of India arguing the concern of India in the summit. Arun Jaitley expressed his commitment for the assistance to Nepal respecting the wish and aspiration of Nepal. He also urged for the regional cooperation. We have to focus on regional cooperation for regional development.

Radhesh Pant expressed a professional perspective that I am glad to ponder upon. It was a very interesting perspective as he emphasized to win the heads and minds of the people to implement and undertake the projects. We have to face the challenges during the land acquisition, consequences after the displacement of the people in the mega-projects. In some cases, NGOs get involved against those projects and incite the local people leading to very different controversies. Radhesh Pant mentioned very important fact that we have to meet the people and make them aware of the benefits of the projects. Infrastructure is for the people and the consent of the people is essential for the implementation of infrastructure related projects. We also discussed the huge potential that Nepal offers.

The central issue is what the Prime Minister of India, Shri Narendra Modi said in 2014. C K Prahalad, the teacher of Management, always gave an example of the mindset. There were some monkeys inside a classroom and a bunch of banana was in the particular height of that classroom. They tried to reach the banana by making a tower climbing one after another. As they were not able to reach the banana, the bunch of the banana was slightly lowered down. Now it was

possible to reach the bunch of banana without making the tower but they did not change the way. This is the mindset. We have to change our mindset from our ancestors who thought that we could not do that or this. We need to be positive and pragmatic. Life always looks forward. We have to talk about the secure future. The past can give us experiences; we should not bring the frustrations of the past because such attitudes lead us to pessimism. Therefore, it is important to understand the fact that the whole is greater than the sum of the parts. We can see weakness and problems in the past but when we see them in the larger picture of the Nepal-Bharat relation, the whole is greater than the sum of the parts. Thank you very much!

### Question-Answer and Comments

**Pratim Ranjan Bose** Mr. Kumar, I have one question. You spoke about the gold and ginger coming from third country and entering in the neighboring countries. What is the estimate of the informal trade? Is there decline in the gold import?

**Vinay Kumar** First, I would just like to go first what Radhesh Pant raised. Regarding the Arun III Project, the Union Cabinet approved the billion dollar of investment. So, the financial closer of this project is now only the political issue. The company has come up vocally on the forest land issue. For the Upper Karnali project, these issues should be resolved. This is behind the Arun III project. The work is going on in terms of acquisition of private land providing compensation.

To answer the estimation of the informal trade, the informal trade is unaccounted. If it is unaccounted, what could be the basis of the estimation? However, this can be estimated on the basis of two things: trade deficit and the requirement of Indian Currency for the education, health, tourisms, etc. by the people of Nepal. Many people estimate that that informal trade is as much as the formal trade. The trade gap is nearly five billion US dollar and the Government of Nepal buys five billion US dollar from RBI. That could mean that more Indian Currency is required. If that is the requirement and they meet that requirement without taking by Indian Rupee from RBI, all that is informally paid. We also need to bring amount that comes in cash in the consideration. Taking it all together many people come to the point of informal trade of five billion US dollars.

**Gopal K. Agarwal** Indian economy is moving towards the formal. After the demonetization, the government is focusing everyone for the formal trade system.

**Vinay Kumar** Yes, this is something that we need to study the impact of demonetization on economy. Thing is established. You can continue. People are getting to cashless system of payments even in private institutions. This is how we actually do not know and more details will come about the impact in next few months. Thank you!

**Gopal Krishna Agarwal** Land acquisition is also the serious problem in India. Although we have strong government in the center, we are facing these challenges. Land acquisition bill has not been implemented in India because it got complicated as it was difficult to identify the affected persons. How to compensate the person if you do not identify the affected person? The bill had to be withdrawn because of misperception of the public. We cannot implement anything disrespecting the public opinions in democratic countries.

Regarding the demonetization, the Prime Minister of India, Shri Narendra Modi took a bold step. He knew he had to do it for the nation and he was sure to implement it. He was ready to face the consequences or the challenges to lead the nation by establishing the formal economy in India. He got overwhelming support from the public. Economic decisions have complications but the leaders have to take decisions.

**Shyam Parande** In fact, everyone has to be aware of the projects with foreign investments. In terms of practice Gopal Krishnaji reminded us of the remarks of the Prime Minister of Nepal, Shri Pushpa Kamal

Dahal at the investment summit that economic stress is not linked to the political instability. Nepal has to understand that the projects being offered by Bharat will always be beneficial to economic interest of both the countries. Bharat will invest in Nepal for the interest of the later. It is immaterial for Bharat whether Arun III project sees light of the day, because it would never be the resource for the power requirements in Bharat. And in fact India is not in need of the electrical power, that many can tell you. India has huge capabilities for power generations but the point here is not shortage of power in India. Let's assume that India needs the project. That is why India has gone for the cabinet approval for investment of 900 million US dollars. Looking from the Nepalese point of view this is an extremely important opportunity. It is a refreshing change from what is happening earlier. Do you think that the new government here and the Prime Minister could be able to take the bold stand? In that case we will go for the land acquisition needed for this project. What kind of benefits this project would bring to the people of Nepal? First, the Government of Nepal has to understand the benefits of the project and should have the courage to articulate its benefits that come with the economic cooperation with India.

The most important opportunity for youth from Nepal would be innovation in small and micro entrepreneurship. Unless Nepal brings in products with its own brand, the economy would not prosper and we cannot attract the foreign investment. Simply speaking, the domestic and local products and brands are necessary for development. For example, Tata was not able to

sell its tea products in retail almost for ten years. A Bangalore company closed down in London; Tata bought the company at 43 million British pounds and acquired the brand and started selling the tea. The reason for buying the Bangalore Company was that the company had 21% market share in Europe and 17% in the US. Before that the Tata tea ranked 34th worldwide and today it has climbed to the 2nd largest tea company in the world. The business works in this way; the business companies should develop their own products.

Nepal already has trade deficit. If the deficit was in industrial income, it could be putting pressure from the exchange rate of the Nepalese Rupee. Nepal can go for the very innovative kind of mobilizing finance. Large number of Nepalese labors are working across the world and they are earning money. Non-productive assets can be mobilized for the productive ones to create the indigenous capital. If Nepalese entrepreneurs are incubated to undertake risk for the larger projects, we can have miracles in Nepalese economy. I will try to finish with an example. In 1945, British Government started Bombay Milk Scheme; they appointed a company called Polson Limited to buy the farm produce of farmers from entire Gujarat and Maharashtra. Kheda was a small Taluk not even a district at that time. Its partner called the Polson Company did not pay them well. They made a small cooperative and approached the Bombay Milk Scheme to buy their milk directly. Bombay Milk Scheme did not though it fit to buy Milk from them. The cooperative then decided not to sell the milk to the Bombay Milk Scheme. In 1946, they started a cooperative with 126 farmers

and they could produce 247 liters of milk per day. That was less than two liters per farmer. They had to deliver the milk 125 kms away from Kheda. In winter they had surplus milk. In 1954, they had started to produce butter and milk powder establishing a plant. Today that company has an annual turnover of INR 30 Thousand Crore. That is Amul Brand of milk and milk products. The three tier cooperative movement started by those 126 farmers revolutionized the milk products. Krishna Gopal also said that India is the largest milk producing country in the world. Across the country in 22 states, 1.5 crore farmers live with the cooperative movement. Hence, some types of ideas to be taken from indigenous point of view.

ARSP President has mentioned that this is our project. It is essential voice. What is the role of Nepal or India for not completing the projects?

Dr. Govinda R. Pokharel Thank you Gopal Arora! The mindset in Nepal is changing now. Previously, when Radhesh Pant and I were very actively involved in signing PTA and PDA, many people in Nepal argued that we should not sell electricity to India. However, Power Trade and PDA have been signed. Now the argument is that India is not buying power freely and we need to have a free trade agreement. This discourse is going on in Kathmandu. His Excellency Deep Kumar is here and, yesterday, he stated that there were some good examples of the projects. In the past, there were many criticisms. People did not understand the benefits of the projects but now the situation is different. In the past there was load shedding but nowadays we do not have it. India is supplying 100MW of electricity per day to Nepal.

Transmission lines are being constructed. We need to continue to demonstrate good projects in the country.

**Radhesh Panta** I think we do not have choice now. The Arun III project is totally supported by the people of Sankhuwasabha. Not only that the locals are coming out and giving pressure to the government to implement the projects such as fast track projects. The land acquisition for the Arun III project should have completed within months. It all comes only after the signing of the MoU and at that time overall Nepal's forest land was 41-42%. Nowadays, the percentage is coming down. I left the position of the Investment Board six months ago. According to the changes in law, we can take positive decision in the step towards the land acquisition.

Lots of young people are back to the country from abroad. The Investment Board should be separated from the bureaucracy. Unfortunately, a large section of the bureaucracy does not like the roles of outsiders in these projects. Consequently, many of the projects were taken out of the government to the Investment Board. There were 30 young people who studied and gained experienced in India, US, Europe, and so on. The young people are coming back to Nepal with knowledge and experience and there are opportunities for them. Small things like this could make big difference.

I do not say that projects run by India would not complete. I just say that the government has to play positive role for the completion of any projects. This is not only of the Indian projects but also for all the projects. Our Water Supply Projects have



not been completed for last ten years. There are problems in the way the Nepalese side handles the projects. There could be the problems in the side of the Government of India. If the project is delayed, the cost of the construction goes up and no one is accounted for that.

Gopal Krishna Agarwal Thank you! I would like to comment. If there are more suspicions, we cannot get the results. Hence, we should have the positive thinking. It will give us the positive result. Thank you!



Ambassador Deep Kumar Upadhyay

Respected Delegates,

First of all, I thank the organizer for organizing track-2 types of the series of the discussion. I am thankful for providing me such an opportunity to express my views. I am so enlightened because I believe that human philosophy of life is a lot of thought from birth to death. The wisdom is beyond any kinds of ism. Though I am 67 years, I still feel like a student. I am from Lumbini, Nepal. Because of my social and political background, I also know the people from UP and Bihar about the relationship between India and Nepal and trans-border problems, etc. Practically we should come up with the positive efforts and discussions to sort out the problems. We have such a relation bound by the geography, history, civilization and culture. Though we have similarities, we have problems. We should not think them only problems but issues to be solved for our welfare. At first, we have to identify the problems and find out the solutions. It is the time to redefine Nepal-India relationship in a new way and get benefit from each other. India is on the path of rapid economic progress and Nepal is very happy with this condition.

We want solutions to our real problems. Nepal is a beautiful country, the gift of nature. We could have done a lot but it could not happen. The bitter truth is the socio-economic backwardness of UP and Bihar, the Indian States adjoining Nepal. Their socio-economic

condition is not better than the conditions in Nepal. It affects Nepal. The distance between Nepal's highway in Terai and Indian National Highway is 30-35 kms but it takes more than four hours to touch the National Highways of both the countries. The poor road condition is one of the major problems in the border areas. These problems will be sorted out within two years. When I was in Delhi as an ambassador, there was a meeting with Nitin Gadkari in his office. I informed him that we are constructing six lane roads in the six border areas. He called his general manager and asked about the road construction in the Indian side. He told that Indian side is constructing two lane roads in the border adjoining Nepal's main border points. He asked: Why two lane roads? He answered that there was no traffic volume and two-lane road was enough. He also said that consultant was not ready to expand the breadth of the road. Gadkari admired the long-term vision of Nepal for constructing the six-lane roads and ordered to increase the lane. He ordered to make the road four-lane with bypass provision. He suggested the GM that the wide road would contribute to the trade and transit. It shows that once we identify the problem and consult with each other, we can sort out the problems. As an ambassador of Nepal, I will play a role to identify the problems and solve them.

In Nepal, as Vinay Kumar mentioned, the mindset is to import goods and earn through the imported items. Nepal has several problems related to imports of goods. Certain goods are exported from Nepal but there are the tariff, non-tariff, counter valuing, anti-dumping, marking problems and these need to be sorted out and resolved. Nepal should import the things needed for her. We are ready for the facilitations of the problems. We have trade treaty in between Nepal and India. We are a member of WTO, SAFTA, though there are problems. We have to solve these problems. Recently there was an issue of Jute and Government of India took this issue seriously and sorted out the problem. Due to some mistakes from Nepalese side, the case was filed at the court and the decision was against us. Hence, we have to be serious in our bilateral issues and joint hand in every important issue related to the economic development.

We have easy access to the East, South and West parts of our country. We have connectivity with roads, railways and we can cross our border at any time and season. If we want to go to the Tibetan Plateau we have to cross the mountains with 16000 ft. It is not easy. Regarding this fact, we have to be proud of Nepal-India relationship. We have to trust each other and there should not be any doubt in our great relation. We should realize the fact we cannot change our geography and neighbors. All the positive thinking and actions make us go towards a positive path. Now-a-days we can become an alternate way. We must have peace, stability and economic prosperity that enhance the investment in Nepal. Earlier China was not secure for investment because of the strict policies and natural calamity but now everybody is interested in investing in China. It is one of the best places for the investment because of stability and investment security. Hence, we should ensure the investment security and stability. India and Nepal can work together in many issues. Indian companies can establish their plants of manufacture. Our production can get a good market in the world.

Nepal can get benefit from the policies in India such as Make in India, Stand on India, Digital India, etc. Both of us will be benefited if we join hand in economic sectors. We can establish joint venture companies and manufacture goods to sell in the world market. Small countries like Laos, Vietnam, and Bangladesh are good manufacturers for the world market and Nepal can also be one of them targeting the markets of Europe and other parts of the world. We have resources so that we can share our advantages.

There was negative attitude in Nepal that India only holds the projects, and especially in the power sector, does not construct. We have to open the door to enter. The same case has been seen in the case of investment in hydro-power in Nepal. There was no Power Trade Agreement and Cross-Border Transmission Line. Those investors are always concerned the future of their money. We have signed the Power Trade Agreement, Power Development Agreement, and clarity on the cross-border transmission line. Mujaffarpur-Dhalkebar Transmission line can transmit about 1200 MW electricity with 240

KV. We were not able to construct proper substation thinking that 140KV transmission line was sufficient. Now the transmission line with the capacity of 220KV is almost completed.

We can see both positive and negative media reporting in Nepali media. Nepal Electricity Authority has performed a great job and controlled the electricity leakage. It has solved the internal domestic problem. The deficit of electricity was solved with the support of Indian Government. We faced 12-14 hours load shedding every day earlier. We have to thank the Government of India for this great contribution. We have requested for extra 120 MW and hopefully that will end the load shedding in Nepal. If we work to make the people happy, we can make them happy.

Regarding the concern of India related to security such as terrorism, fake currency, cross-border crime, etc. both the countries have joint efforts to fight against these problems. We can come together to make joint efforts to solve the problems in the trade related issues. However, there should not be any trade-related activities for the benefit of some persons and likely defame of the country. Every product of Nepal must get a market in India. Certain items such as vegetables should reach the destination in time otherwise it will be useless. There are problems in quarantine. We have to establish a joint lab in the customs check points in the Nepal-India border. If both the countries accept the result of a quarantine of one country, it is beneficiary for the trade. Establishment of labs in customs points would facilitate our trade. We have to move forward with positive thought. Time is God, and we all have to respect time.

Land acquisition is under consideration and it will be solved soon. I got information that Pancheshwor DPR will be completed soon. In the same way government of India has provided adequate fund for the financial closure. That is why we are hopeful. For the Karnali project, it is in the process of financial closure and Saptakoshi high dam, I also agree with that but we have to convince the people there. Otherwise, there will be political propaganda. We have to work with the local

representatives and people there. It can change the status of both UP and Bihar. Navigation problem of Nepal can be solved.

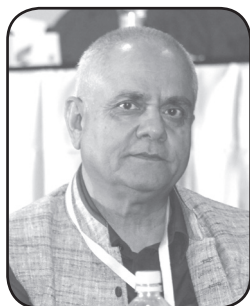
The Saptakoshi High Dam could not run in the past because of dissatisfaction and protest of people against such projects. Environmental players are active to disturb the projects. The increase in cost and delay in the completion of the projects are other challenges.

We can start in a new phase regarding power trade. We have 100% dependency in petroleum products. We are signing power agreement between IOC and NOC. Trade and politics are different and we should treat these issues professionally. The agreement between NOC and IOC will be professional as per the international parameter. We should have positive thinking for positive progress for both of us.

There were the Koshi and Gandak agreements between Nepal and India and these agreements were controversial in Nepal. Reviewing of those projects, Nepal was not getting adequate electricity and the water for the irrigation. Oath the governments had to share the electricity and the water as per the agreements. We have to rethink all these cases. Otherwise, there will be public protests and we have to face criticisms. Due to such cases, the Saptakoshi High Dam project faced problems. The Gandak Dam irrigated 40 thousand hectares of land and 25 thousand hectare of land is in Nepal. Nepal is not getting power from the Gandak and the Sarada projects. These cases bring dissatisfaction in the local level. Both the government agreed to solve these problems.

Politics is different from economy. This is the question of awareness. The level of awareness increases and the issues are sorted out. Otherwise, different interest groups want to disturb the hydro projects. We have to understand the global tactics of disturbing the hydro projects. We should get together with the very positive thoughts and our process should be for our interest and benefits. The cost of the projects increases if they are not completed in time. In many a cases there are negative players. India has almost resolved these problems and now we need to solve them. Knowledge and experience sharing is important for that purpose.

India has supported Nepal after the massive earthquake. India has supported Nepal as a member of family in the rescue, relief and reconstruction. We need technical assistance for our reconstruction. We are hopeful that India cooperates in the reconstruction. We have positive attitudes and we are hopeful in future.



**Er. Govinda Sharma Pokharel**

Thank you Ambassador Upadhyay. I would like to start from his point that Nepal and India can cooperate to contribute to the benefit of both the countries. I would like to speak on the water resource, especially hydro-power development and cooperation in the hydro sector. Coming to this subject, I would like to stress that hydro is more important than hydro-power for the north Ganga basin. You can generate nuclear power somewhere in the sea or any other place but what about water? We can make a nuclear project for the power generation but we cannot generate water and it has to come from the Himalayas for its supply in the north Ganga Basin.

Nepal is a land-locked country with 1850km long border with India. The border is partially regulated. All the major rivers in Nepal have their sources either in Tibet or in the Himalayas. All the rivers of Nepal flow into the Ganga. In the dry season, water from Nepal contributes over 70% of the flow of the Ganga. A total of 225 billion KL (bKL) of water reaches the Ganga annually and together it carries 440 KL to 120 million KL (mKL) of silt. Nepal is generally believed to be rich in water resources, both surface water and ground water as well as hydro-power. Nepal is characterized by Monsoon and pre-Monsoon precipitation. During Monsoon Nepal faces floods for about three months, after that follows a nine month long period of dry season (drought) until the next pre-monsoon. The floods in the monsoon comprise about 80% of the annual runoff, which means that



the total quantity of water that flows into the mainstream Ganges from Nepal during the monsoon is about 180 bKL and the total runoff of the remaining 9 months is a meager 45 bKL. Therefore, flood water management in Nepal to create a balance between the dry season and the monsoon flows seems to be logical. From the Nepalese as well as North Indian perspective, all the rivers from Nepal travel a long distance before they reach the Ganga. But, the north Indian States of India, especially UP and Bihar, have floods for three months in rainy season as in Nepal but with greater intensity of floods and resulting greater intensity of damages. Similarly, the dry season stress of draught of about nine months are similar across the border but with greater stress in UP and Bihar. Therefore, both North Indian States and Nepal are both water stressed; however the level of stress is more in the downstream India. This means that the north Ganga basin requires value addition in terms of decreasing the river discharge in the monsoon and increasing it during the lean season. This shows the scope for flood water management in Nepal for mutual benefit. But, how to do it?

The geography of Bihar and UP is not so favorable for flood water accumulation because they have gently sloping areas with flat topography. Whereas Nepal has a clear topographical advantage due to rugged topography with high mountains and large flat valleys for damming and storage of flood water. Therefore, with proper coordination between the countries, flood flow of about 150 bKL can be theoretically managed in Nepal. This means no flood in the monsoon and no water stress due to long drought in the lean season, which means no loss of life and property due to excessive monsoon floods, water inundation in fertile river valleys downstream of the dam, possibility of better managed agriculture leading to food security, employment generation, improvement in quality of education, quality of sanitation and health leading further to conflict resolution and economic prosperity in the region.

Water resource management is therefore the most urgent area of cooperation and coordination between Nepal and India. In the monsoon, the Himalayan Rivers flow at rates often as high as 100

times the dry season flows. Floods are the biggest problem, which are directly linked to poverty and conflict in the north Ganga basin. Some of these areas are the poorest in the region. Second is the decreasing level of ground water. If you look at the history of the ground water in UP, Bihar and in Nepal Terai regions, you will see that the ground water level has decreased at least by 50m in the last 25 to 30 years. This is exasperating the water stress in the region. Therefore, the ground water table must be raised to ensure better water security in the region. This is affecting the socio economic life in the Gengetic plain leading to poverty, difficulty in education, health and sanitation problems and is the main cause of conflicts in the region.

I would like to speak about the impact of the climate change in the Himalayas, Southern Part of Nepal and Northern India. Basically, there are three impacts of the climate change. First is the speedy melting of the ice mass in the high mountains. It has decreased by over 25% in last 30-40 years. Second is the change in the pattern of rainfall. The Monsoon rains are getting more intense and of shorter duration leading to more intense floods and longer periods of dry weather. I was looking at the situation in Koshi River. What I could see is that the management of Saptakoshi river can a part from saving life and property of the people from floods, can lead to produce over two crore tones of rice annually. This amount of rice is sufficient to feed 60 million people for one year. This figure of food security is for the Indian side only; the recoverable land on the Nepal side is occupied by national park and that such storage will import the Indian flood into Nepal inundating over 25,000 ha of land by the lake that will be almost 250km long along three major tributaries of the Saptakoshi River. Similarly, such flood management can enhance the dry season flow of Saptakoshi over 6 times the natural dry season flow. It can eliminate water stress in large areas around the Koshi basin.

For Nepal, it will open up the venues for inland navigation and access to the sea through Koshi and the Ganga. This helps Nepal reach the sea and it will no longer remain a land-locked country. It will be one of the biggest advantages for Nepal. In India, the national river linking projects have been on discussion for over 160 years now. Most

of the people in India argue that this concept is not feasible and taking water from one river to another will lead to conflicts as seen in some water sharing projects in India believing that the river linking will use the natural river flow, which is already in deficit in the source river itself ignoring the fact that this sharing may use only the augmented flow for water. This will create new jobs leading to conflict mitigation and an overall prosperity of the region. Nepal will be able to generate about 30,000 Giga-Watt-Hour (GWh) of electricity annually from the Saptakoshi high dam project, which can be shared with India for a mutual benefit from the project. For Nepal, it will provide more for irrigation, more inland navigation, enhancement of the tourism industry and many other industries which will add to the prosperity of Nepal. Management of flood water not only controls floods but also contributes to the quality of life of the people living in the Gangetic plain.

### **In conclusion**

1) Flood water management in Nepal for life and food security as well as overall prosperity of people of Nepal and north India.

2) The Himalayan water should be the major agenda of the Nepal-Bharat cooperation. This is important for food and water security in the region. There will be no compromise on the Himalayan waters as water cannot be created and is the most important item for food production and overall life security of the people of Nepal Terai, Bihar and the UP and to overall prosperity of both the neighbors. Thank you very much!



**Dr. Milindo Chakrabarti**

Thank you Chair Person, I express my gratitude to the organizer for organizing this program enhances government to government dialogue. I think government to government dialogue can better enhance the positive dialogue process for better future. That can give accessory signal for next way of thinking for making better cooperation across countries.

I would like to begin with historical flavor of human evolution. When the human being has no control over the nature, they were dependent on nature. No nation was evolved. The whole condition changed and boundaries were set up. A boundary across nature was man-made. This very fact comes to those heirs and those days. People were living in different ecosystem in different areas. But the whole thing changed as human beings learned to control nature and resources. Boundaries were set up to ensure the exclusion of other human beings from the reach of natural resources. The point is that boundaries a across nature are man-made. They are not natural. This very fact has come to create problems to us in the world today.

We realized and we started talking about sustainable development goals. Sustainable development goals imply equal access to the natural resources. The entire idea of exclusion that we started with defining national and nation-state are getting fast. From the discussion going on here, it is clear that Nepal and India cannot be separated because

of cultural and many other reasons. Another point is, though not explicitly discussed, that Nepal and India cannot be separated because they belong to the same ecological landscape. If we believe in facts like this the artificial lines of separation that we have made between these two countries cannot separate us. The fact that culture and other terms we are together are because we all are dependent on similar natural conditions. With this background, I would like to get into the issue of hydro-power potential and its issues.

I just picked up two very pertinent issues. First the expansion of hydro-power project in Nepal is getting problematic because of the land acquisition issue. Second, Nepal is producing surplus hydro-power which India refuses to buy. This issue needs to be addressed and come to solution. But I would like to look at these issues from a different perspective as Prof. Sharma also discussed this issue. The fact is that for a sustainable India a sustainable Nepal is a prerequisite. Nepal cannot develop sustainably and so can India. This is because of our geography and ecosystems that we share. On the other hand, if India does not develop sustainably Nepal, there will be its effects on Nepal. If we look at the sustainable development goals, the first important goal is the eradication of poverty. We do not have any other choice than to join hands and look for a common way towards sustainable development that we are trying to achieve in coming 30 years.

Let me share two important info texts. I am a teacher for last 30 years and I have a temptation for asking questions from the audience. I read the name of certain countries which are all developing countries and their poverty dropped recently. They are DPR Congo, Kyrgyzstan, Tajikistan, Zambia and Nepal. In these countries, 99% of their electricity requirements come from hydro-power. That is a great achievement that India is located at the 11%. This is one of the goals in the sustainable development regarding clean energy maker and clean energy requirement. In this perspective there are five countries to have achieved more than 99% consumption of hydro-power electricity in the world. Ethiopia and Paraguay, as well as Norway, are also consuming the hydro-power electricity. But there is a disturbing

feature in the countries such as Congo, Ethiopia, Nigeria, Tanzania and Nepal. In case of Nepal, 80% of energy requirement comes from combustible natural resources.

Therefore, the point is: there are two problems. First they add a lot of carbon in the air. Second they are a great threat to the existing forestry in Nepal. If we allow fuel as one of the main sources of the energy for the masses of Nepal and if we simultaneously want to eradicate the poverty, this is a great danger for Nepal. From that perspective if we stick to the point Nepal grows and Nepal eradicates poverty, the demand for energy will rise. As Professor Sharma pointed out that there is a huge potential for hydro-power generation, I think, considering the future internal demand for electricity, one should not be concerned whether there is demand from other countries or not. Most of the demands cannot be fulfilled and they are fulfilled from other sources which are not very sustainable for the country of the whole.

Finally, I would like to raise a peculiar point: food for thought for the future. In the context of the fact that we have discussed, it would be very difficult to expand the hydro-power generation process. I also argue that hydro-power generation also involves a considerable environment issues as well. I would just like to refer the very interested story made by some of our colleagues from Kathmandu University. Let us begin the initial study in our neighbor that went for the huge wind power generation. With wind power generation, we can go for an alternative to hydro-power because in many cases the construction of hydro-power facility may go against the interest of sustainability. Perhaps we require a very detail understanding of an interdisciplinary nature based on the landscape basis, not just on the basis of the country. From that perspective, a lot of cooperation between India and Nepal is imperative if we want to move toward the goal of sustainable development. For the last one day, there have been lots of discussion on diplomacy, especially geo-political diplomacy, economic diplomacy, science diplomacy but I personally feel and many of my colleagues also feel that we cannot ignore the issues related to ecology and environment. This perspective would take root

very soon in the discourse of Nepal-Bharat relations. India and Nepal can play a very important role in the development of road maps of ecological and environmental diplomacy for the world to follow in the future.

Regarding the platform at the common level between India, Nepal and Bhutan, they are enjoying the common ownership of the Himalayas. I would like to give an example of ICIMOD initiative effort in the protection of Kanchenjunga Landscape involving communities from Nepal, Bhutan and India. They developed their own community development plan for the conservation of Kanchenjunga Landscape. It has opened the eyes of the government of these three countries as well. There is a community-government gap in all the countries. It is not just the government to government gap but there is the government to community gap as well.

We have to agree to the fact the problem of delaying in the completion of the projects. You cannot assume the time due to the problem associated with the land acquisition and other issues. In the democracy, you cannot force the people to surrender their lands. There are some countries which forcefully hold the land for the infrastructure development projects. But that is not the democracy. We are paying the price for maintaining the games of democracy.

Thank you!



**Gopal Krishna Agarwal**

Thank you, Ambassador Upadhyay, My co-panelist Dr. Milindo, Professor Govinda Sharma, Bhim Udas and Shri BC Pradhan. I will speak in the detail.

I am on the Board of North-East Electrical Power Company. There is the hydro-power company, PSU, in North-East and we have many projects in the North-East India. We have also identified some projects in name and send the reports to the Ministry of Power and now we are working on the four projects with Nepal Government to progress the hydro-power in Nepal. Regarding the trade deficit in Nepal's trade, petroleum products are contributing to the deficit and can be balanced by the hydro-power generation. The share of the petroleum products of Nepal is more than 62%. Hydro-power potential can minimize petroleum import and contribute to minimizing the trade deficit of Nepal.

The world is moving towards alternative energy and India is moving towards solar power. Solar power is mentioned as the environmental friendly but it is wrong. The disposal of its panel and battery creates environmental hazards. We have to rethink and move towards hydro-power. We can develop nuclear power but it is costly and full of hazards. Hence, we have to develop mini-hydro-power rather than large ones. We have seen that the large-scale hydro-power such as Terri Dam has created an environmental hazard in Uttarakhand. We should give priority to the run off river projects.



I have informed too many power-related companies in India that central regulatory electricity authority provides the money on the basis of the rate of power purchase agreements on the capital cost model. Meanwhile, there is no limitation to stop the power generating company cost escalation. I have found such projects in India that the cost increased from 500 crores to 8000 crores. As a result, only companies were benefited due to return on capital investment. These conditions are complex in PPA and Central Electricity Regulatory Authority provides huge long-sighted benefits to the power generating companies due to the model of power purchase agreement. The government should consider the power purchase agreement first. Regarding the Indian scenario, the condition of the distribution is complex. When we subsidize the power distribution, problems are created to the banks. When we go for the solutions for those problems ultimately state ensures that and there is no NPA. When state guarantees to the payment of the amount, the MPA cannot be paid through the balance sheet of the banks. Ultimately it does not solve that problem. In today's date the Ministry of Power attempts to maintain transparency to give the partial solution but not a long-term solution of the problems. We have power surplus in today's date. Online mobile application on the power basis upgrades on 15-15 minutes and the hourly basis. On the other hand, there is load shedding because states do not have money to buy such power. UP is facing 8-10 hours load shedding every day and center is getting power in 2 to 2.5 rupees. Power exchange is going to be established to solve these problems. It is essential to work more on the power purchase agreement.

Nepal Electricity Authority has launched many projects. Nepal has good future of hydro-power projects where permission should be given easily, eco-friendly, environment-friendly and cooperative to promote this area. Bhutan has used its hydro-power in a better way and India is buying its electricity. India has good experience in power generation and we have many good companies. We have run projects in North-East and Uttarakhand. India has taken a decision that we will not be innovating and applying the thermal power and

when their time will be over we will let them die. India can make better cooperation to utilize hydro-power in Nepal. Power Purchase Agreement should not be complex to promote hydro-power projects. I would like to stop here. Thank you!



**BC Pradhan**

Respected Chair, His Excellency Ambassador of Nepal to India, Shri Deep Kumar Upadhyay, Professor Govinda Sharma, Gopal Krishna Agarwal, distinguished guests, Ladies and Gentlemen,

I would like to express my sincere thanks to the organizers for giving me this opportunity to express my views on an important aspect of our bilateral relationship. I am not an expert in India-Nepal relationship or in power sector. However, I will share my experiences in handling the power sector projects during my short stint at the Indian Consulate.

Before coming to the topic, I would like to draw your kind attention to what Ambassador Upadhyay highlighted on “the deeper understanding of our relationship” and Ambassador Virendra Gupta’s opening remarks suggesting not putting the contentious issues under the carpet. We share thousands of years’ of relationships based on geographical, historical, cultural and civilization linkages. In fact, Indian and Nepal landmasses get closer by an inch each year, which poses challenges as we faced in 2015. Our relations get renewed every year through thousands of marriages and person to person relations. Given this multi-dimensional, multi-faceted and dynamic relationships, why should bother about small irritants? Rather, the track-II forums like this should discuss such issues freely touching upon all aspects and advise both sides for course corrections.

Coming to the power sector, I feel that our bilateral engagements have been dominated by the power generation, transmission and trading issues in the recent months. In the last three months two cross border transmission lines have been commissioned reducing the power shortage in Nepal to a great extent. Parwanipur-Raxaul and Kushaha-Kataiya power transmission lines are nearing completion, the commissioning of which eliminate the power shortfall of Nepal. We are ready to fulfill the power demand in Nepal and the power shortage will be a history.

Industries in Nepal has suffered a lot in the past due to the power shortage of more than 10 hours every day. The commissioning of new cross border transmission lines has given a huge boost to industrial production across all sectors and has increased the pace of economic growth of Nepal.

The hydro-electric power sector is a very important aspect of the economy of Nepal. There are many small, medium and large hydro-electric power projects are under construction in Nepal. It is estimated that by 2030, Nepal will be producing about 10000 MW of electricity. Nepal can export thousands of MW of electricity, which can make billions of dollars revenue. By 2045, the revenue on account of exports of electricity can reach US\$3 billion per annum, which will reduce the trade deficit of Nepal substantially. India could be a major importer of electricity from Nepal. Besides, Nepal may transmit electricity to Bangladesh through Indian territory.

Indian economy is set to grow more than 7-8% per annum for decades ahead raising the demand for electricity from about 300 GW now to 900 GW by 2045. Besides, we have international commitment for meeting at least 35% of our energy consumption from non-fossil sources. The energy prognosis of India and Nepal provides ample opportunity for trading in electricity for our economic benefits.

Talking of Indian investment in hydro-electric sector in Nepal, the Arun III and Upper Karnali-III projects are at advanced stages of implementation. The land acquisition problem is affecting more in the Upper Karnali in comparison to the Arun III project. I am

optimistic about the Arun III project, because the land acquisition process is getting almost resolved. Land owners are coming forward to surrender their land to the government in lieu of compensation. The progress of the Arun III project will have a positive impact on the Upper Karnali project.

Most important part of our power sector cooperation could be the Saptakoshi high dam project. Apart from producing 4600MW power, this project would open up navigation from Bay of Bengal to Chatara, Nepal and it would change the land-locked status of Nepal and reduce the cost of transport of billions of dollars of goods imported into Nepal. India has commenced work on a massive plan of connecting rivers for navigation and developing inland waterways. In the last budget, substantial amount has been allocated for the purpose. Financing of these mega projects is no more a constraint. The Saptakoshi high dam project could be seen as an extension of our inland waterways projects.

I see a lot of criticisms in media on delays in implementing India assisted projects in Nepal. However, I feel that strong commitments from both the governments can help expedite implementation of the projects. Government of India has taken far reaching policy, administrative and institutional reforms, which have expedited the pace of implementation of projects in the recent years. PRAGATI is a glaring example. On bilateral projects, I feel the joint **India-Nepal Oversight Mechanism** meeting is a great initiative. From its impacts from the first two meetings so far, it is evident that our bilateral projects will be guided through fast track from hence forward. Nepal's focus on expediting the National Priority Projects will also help accelerating the pace of implementation. When we were pursuing implementation of Parwanipur-Raxaul transmission line project, we faced many hurdles. Many protests were held in both Indian and Nepalese sides. One of the engineers was attacked by the protesters in Raxaul. But immediate and appropriate action and support from the local administrations from both sides cleared the hurdles.

In conclusion, I would like to say that hydro-power is going to play an important role in economic progress of Nepal and enhancement of our bilateral relationships. For India-Nepal relationship, power and knowledge are essential. Let us bring more energy and more knowledge sharing to boost our relationship. Hydro energy will make India-Nepal relationship more powerful.

Thank you!



**Ambassador Bhim Udas**

Chair, Ladies and Gentleman,

I worked for UN for thirty years and I am here for seven years. I am working for the community. I am very pleased to be a speaker in this program. This is the second meeting in the series. I would like to thank both of our Excellencies for doing good jobs for Nepal and India. Indian Embassy in Kathmandu is trying its best to improve the relationship as well as resolving some of the hard issues that we faced recently. As Dr. Milindo said such tier diplomacy would eventually improve the relationship between our two nations and people. There is no problem with the people to people relationship between Nepal and India and there is no problem among the political leaders. But sometimes we do have problems at the government level. That is something that we can reach to the core of the problems and we can find out the area for the intervention. These types' diplomatic dialogue will be meaningful. Dr. Govinda Sharma and Dr. Milindo gave the global and macro perspective of hydro and hydro resources. Dr. Gopal Krishna gave the insights on the hydro potential in the micro-level perspective.

I only follow and link this presentation. Discussing the issues of hydro-power projection relation to India and Nepal, we can find some ways for the future. In Nepal there are projects that could generate 8000 MW of electricity and these projects are in the pipeline. We

start from the Pancheshwor, the Upper Karnali, the Arun III, the Marsyangdi and the Saptakoshi. Upon completion of these projects we will have 8000 MW of electricity. The Government of Nepal aims to develop 10,000 MW of electricity in ten years. If we are able to generate 10,000 MW of electricity in ten years, we can solve the trade deficit with India. The trade deficit perhaps might be reversed. At present, we are importing lots of goods from India. If we generate 10,000 MW of electricity, the value of our export will much higher than the value of our import from India. I think this scenario might change.

As Dr. Milindo shared, we share resources, water resources and natural resources in the two countries. Our reality today is that, we not only share resources, but also share the pains caused by floods - loss of human beings, property, animals, and environmental degradation. Therefore, our relationship is not based on the pains and what we spend and what India spends for the development of Nepal. With regard to the implementation of India funded projects in Nepal, the political opinions often get divided but in India it is unanimous. The Tribhuvan Highway built 20 years ago still under the assistance of India gets divided political opinions. Now, last week Indian Railway Minister visited Nepal and there were discussion on the construction of railways from Kathmandu to Delhi and Kathmandu to Pokhara. Such a railway link would fasten our connectivity and relationship as well. Indian stakeholders often face extreme criticism in Nepal in spite of their larger share of investment. Why? I think that might be true to some extent. We need to understand the real cause of the criticism and the aspirations of the people. It could be the reason that the implementation of these projects does not contribute to the socio-economic challenges of the local people. I would like to request our Indian friends to study the local perspective as well.

Dr. Gopal Krishna said in his presentation that the current government of India is focusing on the signing of the agreements on the regional and the bilateral levels. I think this would solve the problems to a certain extent. We talk about the connectivity among the BBIN countries but after the resignation of Bhutan, we



cannot go ahead. However, we can go ahead for the communication like digital India. We can also do similar activities in hydro-power because Bhutan and Nepal are in the upstream and Bangladesh and India in the downstream. The electricity produced in Nepal can easily be consumed in Bangladesh and India. Since India is growing faster economically, India needs more energy to run its companies. To meet these energy demands, India has to look for Nepal and Bhutan. Similarly, Bangladesh needs 30,000 MW of electricity by 2030. Where will they get? To solve these issues, we must go for the regional cooperation between both India and Nepal to develop hydro-power. We are in the producing sides and India is in the side of consuming side. Such cooperation can be extended to BIMSTEC nations. Myanmar is also producing electricity. So, we have a look at the connectivity not only on the transport, communication but also in the hydro-power sector as well. Thank you very much!

## Question-Answer and Comments

**Chandra Kishore** I would like to thank Dr. Milindo for bringing the concept of ecological approach of diplomacy. This issue was raised by the President of Nepal Shri Ram Baran Yadav, visited India. He raised the issue of the Chure *atikraman*. However, Delhi has not been serious this issue. Chure *atikraman* is continuous. My question is to Govinda. Rivers are dying. Kamala River is associated with the culture of Mithila. Are the river embankment projects solutions for preserving our rivers? Or are we creating new problems?

**Pratim Ranjan Bose** I have question to his Excellency. You mentioned the socio-economic disparities in Indian side. Do you think politics and economic moves are contradictory?

**Q** My question is to Dr. Govinda Sharma. The Saptakoshi High Dam was envisioned in 1930 but it has not been realized yet. When do you think it will be realized?

Second question is to Dr. Milindo and Gopal Kirshna. India is the major voice in the global climate discourse. Nepal and India might have some divergences on the climate discourse. The Himalayan region is common to both countries. Should not India take Nepal and Bhutan together in the issue of climate discourse?

**Comment** India is moving towards free market of electricity. We are moving towards distribution system. Even if the government is involved, there are severing issues. You may see our power purchase agreements with power generators. If you are power generators and we are moving towards free

market of electricity, it will be the reality soon that you would be able to sell your product in the Indian market. You do not have to ask India to buy electricity rather you will be selling your electricity produces. Probably, it is in the interest of Nepal to build capacity and be ready that our free market of electricity is closer than it seems. Thank you!

**Ashok Baid**

Implementation part is very poor in any projects not only the area of power. Several power projects were signed long before but they have not been implemented. With regard to Amlekhgunj Pipeline and Visakhapatnam Port projects, the implementation has not moved forward. His Excellency has mentioned that many goods are forcefully imported to Nepal. It is serious issue and customs duty should be effective.

**Dr. Milindo**

Regarding the common ownership of the Himalayas, we can look at the ECIMOD initiated efforts such as protection of Kanchanjunga Landscape which involves communities from Nepal, Bhutan and India. They developed their own community development plans for the conservation of Kanchanjunga Landscape. This has opened the eyes to the government of these three countries as well. But there are certain barriers created by the governments to precept the activities of these communities. There is a community-government gap in all the countries. Every country has the government-community gap as well.

In terms of the issue raised by the Ashok Baid, we cannot complete the projects in the scheduled time because of the process of land acquisition takes longer than the expected. You cannot predict, in

advance, the time required to acquire the land and develop the projects at least in democratic society. But we have to pay the price for maintaining the democracy.

Govinda Sharma Pokharel First, I will answer the question of Chandra Kishoreji. He has raised the issue of *tatbandha* and, I say, it is generally bad engineering. Dr. D.K. Mishra has written elaborately on the topic, which can be referred to. I do not support *tatbandha* as a permanent solution however *Tatbandha* of limited height with appropriate cross drainage as a temporary solution maybe a good idea. You can build dam or *tatbandha* in the mountain areas but not in the flat areas. *Tatbandha* should be limited as temporary structure for flood protection as an emergency measure.

Regarding the Koshi High Dam project, it should have been built 50 years ago. It is already too late and both Nepal and India are losing an equivalent of over 10 billion US Dollars (billion USD) annually by not building the Koshi Project. Out of 10 billion USD, India is losing 6.5 billion USD and Nepal 3.5 billion USD. Can we still think of losing such amounts annually? We cannot recover the loss we suffered in the last 50 years, which amounts to 325bUSD for India and 175 billion USD for Nepal. But the project can be built at much less cost than the annual loss. We have to start the project urgently.

Regarding the unit rates of solar energy and hydro energy, most of the money goes to the banks as interest on loans and repayment. If you get a loan for 50 years to build a hydro project, the cost of production comes down to maybe much

less than Rs.1 per unit. On the other hand, the cost of environmental mitigation for the solar energy will have to be duly considered including the environmental hazards caused by the disposal of the solar panels, battery and other equipment. However, the technology is improving and I am sure, solar energy can catch-up with hydro-energy very soon. But, at the moment, we still have cheaper hydro projects than solar projects.

I totally agree with Ashok Baidji with regard to the time frame of projects. In most case the time frame is determined by the way the bureaucracy of both India and Nepal deal with the issues related to the projects. For example, the treaty on Pancheshwor was signed with the commitment that the Pancheshwor DPR would be completed and agreed within six months from the date of the treaty but it has been pending for more than 20 years. Thank you!

**Sushil Pandit**

We are developing our own grid which will sustain across regions within India. Power trading is already a reality in India. I can pick up power here and draw from elsewhere in the grid. We determine the transmission loss and I can be a user and I can pay for the generator. It is already a reality. In the future it is going to happen.

The Saptakoshi Project is not an energy Project; it is a flood control project, an irrigation project; it is a multi-purpose project with many dimensions. Energy as a component carries only 12% of the total output. We do not need to put the entire burden on 12% and make it a white elephant. That is not fair.

**Shayam Parande** Environmental issues are sometime deliberately created and it has vested interests working behind the curtain. India and Nepal should be careful in dealing with such issues and keep own interest in mind. Many a times, people who raise such issue are voicing in the interest of some other countries. I am not pointing finger at any country but we should be vigilant about these issues. I always convey that whatever Bharat understands Nepal better and will support the interest of Nepal and vice versa, Nepal also will have to be supporting mutual interest. This is essential in the interest of both the neighbors. It has to be always cooperation with all but in the interest of our country. The vested interests will try to fool the people on environmental issues through misinformation. We will have to create awareness on both sides of the border for protection of environment in the Himalayan region.

**BC Pradhan** I would like to remark on Chandra Kishore's question. My point is different from the remark of Govinda Sharma on the embankment. I believe that embankment prevents destruction and death. Nepal needs to come up with a comprehensive and long-term strategy for conservation of Chure region.

Regarding the delay of the Saptakoshi High Dam, I feel that our development priorities were different in 1940s. With the advancement of technology & engineering skills, rapid increase in demand for energy and availability of finance, time has come for implementation of Mega Projects such as Saptakoshi High Dam and Pancheswor multi-purpose projects. Progress in Arun-III and Upper Karnali projects will encourage implementation of the mega projects.

As to the time frame for various development projects, it is not the attitude of the bureaucrats; rather the lack of policy and administrative reforms which need to be addressed on priority. Lots of changes are happening at the government levels. Regular holding of joint **India-Nepal Oversight Mechanism** is an encouraging example.

Thank you!



Ambassador Deep Kumar Upadhyay

When there was agreement between Nepal and India on the Koshi and Gandak Projects, there were many controversies in Nepal. According to the agreement of the project, the electricity and the water sharing was there but Nepal was adequately not getting. After reviewing the agreements, both of the governments are ready to implement as per the agreements. We have to rethink all these issues. Otherwise, there will be negative attitude in the public. Same question will arise and the public will go on the same way. Such conditions create controversies on the Saptakoshi issues. The Gandak Project contributes to the irrigation of almost 40,000 hectares of land and Nepal has 25,000 hectares in her share. In the case of the Sarada project, Nepalese people are not getting adequate amount of water for irrigation as per the agreement.

Politics is different, our economy and trade are different and the public awareness is most important. Public awareness is instrumental in solving problems. In the name of the environmental issues big players are trying to disturb our big projects. They put the environmental issue for their vested interests. What is important is we should be alert of the global political players. We should have positive thoughts to start big projects for our benefits. It can be done in the joint effort.



Time frame and delay is serious issue. It increases the cost of the project and the other players get chance to disturb it. We have to share our experience and knowledge to change it.

Indian side supported us in relief and rescue during earthquake as a member of family. We need technical assistance for the reconstruction. We hope India will provide assistance for our reconstruction projects. We have to solve our problems together in positive way. Thank you very much!



**Professor Dr. Bhagwati Prakash Sharma**

We have discussed the issues of India-Nepal relationship and tighten this relationship in the previous session.

This is Parsa District with an area of 1300 Sq. km. Hong Kong has 1100 Sq. km. and Singapore has 711 Sq. km. Both the countries have revenue of 30 billion US dollars from tourism whereas Nepal has one billion US dollar revenue from tourism. Nepal has huge potential in tourism. I can say that Nepal has a great possibility of tourism among the 204 countries in the world. Among ten highest peaks in the world, Nepal has eight of them. It has diverse and all kinds of climate and topography. It can promote eco-tourism, adventure tourism, cultural tourism as well as all kinds of tourism. Here are activities such as rafting, and others can be developed better. Nepal can develop best tourism destinations in the world. Tourism does not need huge investment. Nowadays, circulation of print media decreases by 30-40% due to the promotion of digital media. If we utilize the digital media, especially blogging, to promote the tourism destinations as well as digital marketing by utilizing social media such as Facebook and Twitter we can increase tourists by 5 to 10 times within 2-3 years.

Eco-tourism is the pollution free and it can completely transform Nepal. We need to work with determination setting a target with time frame today. We have to go for digital marketing for tourism; we can get the result in every quarter. With less investment, by promoting the

tourism destinations on Facebook and Twitter targeting age groups, places and numbers we can attract the tourists to Nepal. Cross-border transport, infrastructure projects and other sectors require government clearance. But we can achieve target easily without hurdles in the tourism sector. Thailand has 40 billion US dollars annual revenue from tourism. Nepal has the better destinations in comparison to Thailand. We can move ahead in good ways.

I believe that demand generates supply. Tourism traffic will increase and airlines bookings will increase. There will be an increase in the cost of air tickets, expansion of the airport and other progress if we create a better ground for the tourism. Nepal has the best destinations, but Nepal still does not have tourism desk. Sri-Lanka is advertising worldwide to get its market for tea production. It does not say the company name but advertise by highlighting the Ceylon Tea. We need organizations such as Udhyog Sahayata Sangh or tourism promotion or tourism development cooperative association to formally register the Hotels, Travel Agents and Tourist Operators with their clear responsibility and their contributions. I think the Government of Nepal and the Government of India can contribute to such objectives. If we look at Europe and America, consortium is popular and the governments contribute 80 to 90%. If the stakeholders in the tourism sector both in Nepal and India jointly work by forming the tourism development cooperative association, they can be change in this sector.

Indian pilgrimage sites such as Kedarnath and pilgrimage sites of Nepal such as Pashupatinath have spiritually linked. If we market the antiquity, we can get a good result. For example, *Ramayan* Era's tourism has Archaeological relevance and can be considered. The era was Treta Yug that ended 8, 69, 118 years ago. For example: Hanuman went to Lanka and he saw four tusks elephants. Four tusks elephants existed on the Earth one million years ago. The one million years old fossils were found in Sri-Lanka, India and Germany. We can go to the ancient stories and link them with the archeology. There are many archaeological revelations that help us reconstruct the history. There are about 40 destinations in the *Ramayan* which link Sri-Lanka

with Nepal. We can organize the festivals in Ayodhya and Mithila to promote these historical as well as religious sites on the global market. We can encourage the stakeholders of India and Nepal to move ahead with the common goals. An initiative of this kind can contribute to the ten time increment of tourists by 2020.

Tourists make the societies of our two countries and integrate our heart and mind. Some differences seriously arise and tourism can contribute to solve these problems in long run. If we can develop our infrastructure in both sides of the border, we can establish better connectivity with people of both sides. Better infrastructure in the border areas lead to the prosperity in the life of people promoting tourism. Because of proximity, larger number of Indian tourists would visit Nepal leading to the prosperity of the people of Nepal. We have multiple dimensions of tourism both in India and in Nepal; therefore, developing tourist circuit will enhance the flow of tourists. In this session, the speakers highlighted different dimensions of the tourism in our areas. In today's time we have to consider youth-oriented tourism. We can attract youths to the pilgrim places both in India and Nepal so that they learn the religious culture these ancient heritage sites. We can encourage the construction of youth-oriented attractions in the vicinity of pilgrimage sites without disturbing the spiritual values of the pilgrimage sites. India-Nepal tourism promotion could promote the Asian culture and contribute to the integration of our eastern culture.



**Prachanda Man Shrestha**

Respected Chair, Distinguished Panelists and Participants,

It is really challenging for us listening, speaking and articulating as if we are in a marathon. Tourism is a very glamorous topic, so we often get romanticized in our mind. Before starting, I would like to congratulate the organizer as they have a very broad topic to discuss in the seminar. It demonstrates that tourism can lead to economic prosperity strengthening the relationship between the two countries. This is the reason that tourism surfaced as one of the main theme of the bilateral relationship. We also discussed trade, border management, infrastructure, industry, hydro-power and ecological landscape. I would like to say tourism is not a separate sector and it is, in fact, the combination of all these sectors. If there are any lapses and problems coming up in any sectors, tourism directly gets affected. In a way, we can say tourism is very potential and most vulnerable sector. If something goes wrong in any part of the world, it gets badly affected and we cannot do anything here.

The stakeholders of tourism sector would not invest in this sector if they analyzed risk, return and commitment of resources from the peer industrial perspective. In countries like Nepal tourism started because of default compulsion. I was in the Ministry of Tourism in Nepal thirty years ago. I still remember that my counterparts in India never accepted tourism as an industry. They argued industry meant

for manufacturing. How can tourism be an industry? The things have changed tremendously in India. But in Nepal, we do not have good prospect and potential of tourism as an industry. Our investors in the tourism sector tend to invest in hotels, restaurants, lodges. How can we improve the tourism in this way in this country? How do we see Simara as an attractive place? Honorable Chair has mentioned that supply creates the demand and the demand creates the supply. This is the cycle. Tourism is flexible; we can have something like sights, activities and facilities. Such things can create a demand. Our religions, culture, people, landscape, natural resources are all resources as raw materials for tourism industry. To enhance the tourism we have to have capability converting these resources into valuable products. This is the main challenge for tourism in Nepal today. We can talk tremendous amount of the opportunity perspective regarding Nepal and India tourism.

We tried to focus on border areas. I can say very frankly that Nepal's history of tourism was not oriented from the people's perspective. It was oriented from the site perspective. When we talk about Nepalese tourism in the international market, we have the Himalayas, the highlands, the Shangri-La, etc. in our minds. However we have very limited number of people around high Himalayan areas. Now, recently, we are extending our tourism with people-centric activities. We are trying to concentrate on what we can sell and earn profit. Potentiality is there that we can sell anything based on our religions, cultures, life style whatever we have. From the perspective of tourism, our bilateral relation has both economic and cultural aspects. Cultural, social, religious and archaeological aspects are raw materials to be converted into products in tourism industry. The challenge for us is converting the resources into finished products that we can sell in the international market. We have the challenges of market as well as of products. We can normally say the packages such as the tour packages, which we can offer in the market. We need to be assured that the guests are satisfied so that they return next time or recommend their friends next time.

In this way when we say the relationship between Nepal and India from the tourism perspective, the relationship has many dimensions. The relationship between Nepal and India from tourism perspective depends on the product and the way we create the market in our countries. Therefore, the question is how we produce the product and how we offer it. We can sell the antiquity such as the myths of the *Ramayana*, the *Mahabharat*, the Shiva, and so on. We see the perspective from three different angles: how do we position our destination in the tourism market as a site product? Three decades ago when I was working in the Ministry of Tourism, the five-star hotels of Kathmandu did not prefer tourists from India. The general feeling was that Indian tourists come with big families and make a lot of noise. However, now the situations are changing and these hotels today are catering the tourists from India. Tourism is a very dynamic industry. As the honorable chair said, we have to join hands for the publicity, promotion, sale for the mutual benefits.

The benefits are of manifolds. The operators have the benefits of the commercial venture and the state benefits from the revenue. The site-specific destination communities are benefited with the enhanced economic activities in the local areas. The share of the local community needs to be substantial; otherwise they will not support the entire endeavor. Many speakers talked on the tourism circuits such as Lumbini as a Buddhist circuit and Janakpur as a Hindu Circuit. Attractions are there but the question is what we can sell there. What about highlands, lowlands, deserts, water, forests and mountains in the region. There is tourism everywhere. The critical question is how to convert the local elements into commercial products and reach the products to the potential buyers.

When we focus on these parts of potential tourism products, we have to pick them up. Indian tourists make 45% of the total market of Nepal's tourism. In last couple of years Chinese tourists are increasing. In Nepalese perspective, the share is decreasing because both Indian and Chinese tourists do not stay longer. The priority of travel is also important in tourism industry. Most Chinese tourists go to Lumbini and their purpose of visit finished, they do not get involved in other

activities. We want them spend more. In Lumbini, they do not have activities; they pray and finished. If the local community does not get involved in the activities, it cannot sustain. This reality of tourism is in the Southern belt of Nepal. Slowly tourism based on the nature and culture is getting pace.

For the sustainable tourism industry three factors are prerequisite. The first is infrastructure. Without proper infrastructure we cannot reach to the potential buyers. In Nepalese context almost 85% of the arrivals are from air transports. And look at the Nepal's accessibility from the perspective of transportation, we have only one international airport and its capacity has been constrained. Every minute there are flights. Tourists often have to charter helicopters and it makes the air transportation expensive.

Indian context is different. India has developed better air transportation and cheaper services are available. It is my personal opinion, all the Southern airports in Nepal should be developed as international airports and we can have faster connectivity with Indian cities. For example: Simara to Patna, Simara to Vanaras, Pokhara to somewhere else. Without huge investment on the construction of international airport, we can address the needs with changes in the dynamics of policies to expand the tourism industry. We talk about surface transportation. When I was serving as the Chief Executive in the Tourism Board five years before, I frequently visited India and met counterparts and private sectors. Look Bhairahawa and Lumbini are selling the Buddhist Circuit in high cost. All these trucks are queue making traffic jam for hours in the very hot and scorching weather. This kind of infrastructure does not support our tourism industry. We have to understand that people come for holiday making and recreation. In these major checkpoints in Nepal-India border we have to improve the infrastructure to increase the share of arrivals in Nepal. That is why we need the bilateral agreements to ease the movements of people. I am sure that Indian vehicles are allowed to move in Nepal with certain formalities but Nepalese vehicles are not allowed in Indian roads. Everybody, especially Ashok Baid, in the morning session mentioned, ICD. The huge investment in



constructing rail is always there. The entire Southern Nepal can well be connected with India through the rail and road networks. This network was established a long time ago. Birgunj is going to be the hub of tourism if we go for some sort of intervention. We can construct separate lanes for cargo and passenger rail. That does not require huge investment. This is unlike mega projects like the East-West Railway with massive investments. The whole perception to share with you is that we need infrastructure. In the meantime, tourism sector is very flexible. Whatever the infrastructure we have we need to utilize it properly. In this way we can develop Birgunj as an entry point from where they can go to Kathmandu, Lumbini or Janakpur and any other places of Nepal. The business people in Birgunj can do all the packages such as *Ramayana*, *Hindu*, *Prem path*, whatever they prefer. If the infrastructure supports, we do not need to bother about any kinds of package.

The last point is air connectivity. We do have between the two countries an air service agreement and India has been very liberal. But still we are constrained by the air space management agreement. I was trying to see the provisions in the air service agreement there is no air space management provision in the agreement. To happen this we need to address the issue of space management first. Nepal is one of the costly air transport destinations because of issues in air transport connectivity. Nepal and India can just include one clause like European countries have done for the air space management; we can change the current air connectivity. Buddha Air, one of the private airlines of Nepal, got permission to fly from Pokhara to Varanasi but the security issues are yet to be resolved. With that, this is not viable from the business perspective. We know that without improving infrastructure we cannot attract the tourists.

In this part of the world we need to develop our own tourism industry suitable for the people of India and Nepal. The arrival of Indian tourists in Nepal is the highest compared to other countries. We discussed the informal trade and estimated about US\$2 billion. Taking the record of vehicle registration in the nine customs points, we can estimate the number of people entering Nepal. Indian tourists

visit Nepal with different purposes such as adventure, religion, and so on. So, the days to come we are trying to focus on China and India. It is not limited in the tourism context. Nepal-Bharat tour package is generated in Europe, Japan, the US and Australia. So, some of them almost stay ten days in India and a couple of days in Nepal. We started this venture in collaboration with the tour operators in India and Nepal together. Later on, it became more independent because of social media and ITs. Still, 20% Nepal's tourists are dependent not only on India but also on Tibet. Somebody mentioned the Mansarovar. So, people, who are intending to visit Tibet, prefer to use Nepal as a stay. People look for adventures, especially soft adventures, nature-based, culture-based and religious-based. We can list thousands of packages. Through appropriate packages, we can facilitate the movement of people of the two countries along with other countries such as BBIN. With the visa restriction, we have capitalized one of the policies of India. If any foreign tourist comes to India and goes away from India, he/she can apply for the re-entry visa only after the gap of three months. In a situation like this the tourist can stay in Nepal for three months. We capitalize the Indian policy in that way. We give a slogan that Nepal is the gateway to the Himalayas. We also came up with aggressive campaigning slogans such as: come to Nepal, go to India, come back to Nepal, go to Bhutan and come back to Nepal, Go to Tibet, Come back to Nepal. Simple, policy intervention makes tremendous impacts both positive and negative. Therefore, the two countries need to gear up with appropriate policy framework of tourism facilities, more particularly on the border areas with the advanced improvement in air and surface transportation.

We do see tremendous future in this country. Tour operators from Nepal and India are both formally and informally coming up. The question of ownership is also important. Let's imagine that a bus company is owned by both Indian and Nepalese operators jointly. Both the operators will explore and promote the company and the respective governments facilitate with appropriate policy structure. Same idea applies with the airlines-why Nepalese and Indian Airlines? If there are jointly owned airlines, there will be no restriction. Even in

the national carriers can be jointly owned by the two governments. I proposed this concept in Delhi quite a long time ago because there were restrictions with Pakistan Airlines to fly to Nepal crossing the Indian air space. There were some issues with Sri-Lankan airlines as well. Let's have South Asian Airlines, Railways and Bus Companies equally owned by all these countries. Every nation owns the company and such a concept will have tremendous enhancement in these countries. This is the perspective from which I look at the prospects of tourism in South Asia. We would promote the Nepal-Bharat Tour in the international market. Irrespective of nationality, it is tour package. As somebody says the nature could not see the border and so is the case with the business. They just see the risk and resources at every turn. That's all. If there is return, we cannot stop the people coming to business. If there is no return, we cannot welcome people to the business because of the risk in the investment. This is the simple *dharma* of whatever the business is. Thank you very much for giving me a chance!



**Sushil Pandit**

Thank you Chair,

It has been a fascinating session. I would stick to a bigger picture. About 55% percent of Nepalese population is below 25 years of age. In this regard, Nepal is a country of young people with enthusiasm and energy. This is very fascinating when it comes to tourism. Tourism is a kind of energy; a kind of attitude and mindset; it needs young and the adventurous and open mind. From that perspective, Nepal is really blessed not only in terms of natural beauty but also in terms of her population. There was a time when Indians considered arrivals in Nepal was a bigger issue than our borders. The world-view that we were living really shackled us for decades. We suffered a lot. Nepal became a tourist hub in South Asia as a large number of tourists poured into Nepal from the Western world and all over the world. Kathmandu turned to be the center of influencing the South Asian mindset.

Nepal turned to be a fascinating place to shoot popular Bollywood films. Kathmandu was a destination of dreams for young and old equally. India has tried catching up competing with Nepal as tourist destination. We also have a fair share of tourist traffic and I believe this is the opportunity for both Nepal and India. Nepal has the experience of dealing with tourists. India with her huge potential and varieties has variety of destination with all kinds of terrains, climates available.

What India does not have: beach, desert, cold desert, high mountain peaks, safari, lakes jungles, etc. One can pick up any religious and cultural sites. And so is Nepal. The topic very conveniently puts three areas of interest. First is the culture. Nepal represents the essence of the sub-continental civilization culture. Nepal as a place of religion and culture was never disturbed by the colonial rule or invasion and has been able to preserve her pristine cultural heritage. From that perspective, Nepal is a very strong essence to attract the tourists. I do not know how far Nepal promotes yoga and classical performing arts for tourism industry.

Sharing the experiences of India and Nepal, the tourism packages need to be designed to cater the destinations of both Nepal and India where the tourists can experience the adventure e.g., river rafting, river running. Nepal has many sanctuaries to experience the wildlife. These sanctuaries preserve the pristine biodiversity that India is losing fast. I was in Nepal and I must apologize for my ignorance that Nepal has great destinations for biodiversity, sanctuary, wildlife to promote tourism. Developing the appropriate infrastructure will certainly boom the tourism industry in Nepal because the friendly behavior and smiling faces of the people here make the people come again.

Now we are getting passages in deserts; long range highways are connecting the Ladhakh region. These trails that take tourists to the cold desert would be unique experience.

But three things have not been pointed out. We talked about culture, religion and nature. There is a corporate need to conduct workshops. People need to get away from offices and the working environment for a couple of hours. Are there packages in Nepal for routine workshops and conferences? I am afraid I am not aware of such packages in the corporate sector. I am also not aware of any corporate company coming to retreat, strategy planning, future planning, and routine building. This is an important layer to tourism. It is more lucrative than household, individual tourism because you have different kinds of money allocated for such events in the corporate companies. In such a venture, we need to combine the resources with

people based in India to know the customers and service providers in the destination. You already have an infrastructure and you need a package in a manner that you can add revenue.

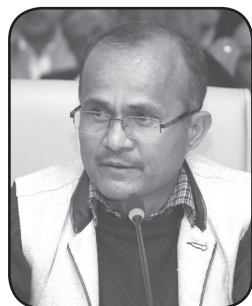
I have indicated about Yoga as a part of health tourism. I think Nepal is also a home to huge varieties of herbs, traditional medicines. Instead of just selling and exporting them, we have to develop the centers of alternative healing. Kerala could probably be a place to learn from how the traditional sense of healing system can convert to the health tourism.

Education comes to address the larger questions. Nepal may not be able to be a manufacturing hub. Nepal may not be a country of endlessly commodity exporting nation. But Nepal can be a center of learning as in the antiquity, an education hub. A lot of lower hill areas within India have become places of quality education.

We can develop appropriate education policies. Nepal can go for foreign campuses and foreign institutions establishing residential schools. These institutions can offer international courses incorporating the local issues and we can develop is a model of quality education with collaborating with different institutions abroad. To develop this model of education, we need to concentrate on schools of hospitality and tourism management with providing MBA in tourism. To enhance the tourism we need to develop expertise in hospitality business.

Regarding the problem in the air traffic, our land traffic is border less i.e., I just showed my identity paper and entered the other side of the border without a visa. If people can turn, why cannot their airplanes? It is the very simple logic; it is not just for Nepal airlines but also for Indian airlines. Our small airports across the border can facilitate the flow of people. These airports can function just like other domestic airports. These are transit points where one basic minimum check is required. The authority can ensure the passengers are only Nepali or Indian citizens. That can be checked easily in the Indian airports and vice-versa. This is a great idea.

In India the cost of transporting goods is cheaper by road than by water. Our goods are not transported from one port to another. Hopefully, such irrational policy should soon be out of the window and foreign investors, entrepreneurs, and capitals could come for opening up these opportunities. That's all. I thank you for providing me the opportunity to speak.



**Deepak Kumar Adhikari**

Respected Chair,

I would like to focus on the cultural tourism. Regarding the major characteristics of our social sector, I will point out some issues. I am a social worker and I do not understand the terminology of marketing and management.

The basis of the relationship between Nepal and India are religion, culture and geography. The total population of West Bengal, Bihar, UP and Uttarakhand is almost 50 crore and these Indian states border with Nepal. Religion and culture are the basis of the society in these states. If we look at the Nepalese side, it could be the blessing for Nepal. This huge population and its market can be utilized for the prosperity of both Nepal and India. The people of both the countries do not need passport and visa to enter either country.

I have traveled and stayed in all 75 districts of Nepal. I would like to give an example of Mechi Zone in eastern Nepal. There are two temples of Goddess (Devi), Pathibhara in the hill and Kankai in the Terai. The names of these goddesses have a direct impact on the social life of that area e.g. Pathibhara Campus, Pathibhara Hotel, Pathibhara Travel, Pathibhara Transport, Pathibhara Carrier Service, Pathibhara FM, Pathibhara Furniture House, etc. Down in the Terai, we find the names such as Kankai Mai. Moving forward to Janakpur, most of the business settlements are named after Janaki such as Janaki



Multiple Campus, Janaki Hotel, etc. In Sarlahi, the popular deity is Chaturbujeshwore. In Simara, Bara, the important deity is the Gadimai. The Gadimai Mela is popular and it has a huge impact on the social life. Gadimai Campus is just 22 km away from here. In Chitwan, there is great value of Maulakalika. In the Far-Western Region of Nepal, we find the importance of Ugratara, Khaptad, Purnagiri, etc. Interestingly, I also found the butcher's shop also named as Siddhartha Meat Shop and Buddha Meat Shop. This shows that the Buddha and this culture are at the heart of the butcher.

The question is how we connect the people from the neighboring India to boost the cultural tourism. Can we make packages of cultural tourism? We can make a package of Pathibhara, Darjeeling, and Sikkim in the eastern part, another package of Purnagiri, Siddhababa because those who reach Purnagiri also reach Siddhababa in Mahendranagar. In *Chaitra* and *Baisakh*, there is a crowd in Mahendranagar and there will not be any problem of security.

The way we consider the root of our culture and society enhance our tourism. People take bath in Devaghat in Narayanghat and travel to Sauraha a distance of 28km. People from both India and Nepal spend their money in pilgrimage and also for natural tourism. Pilgrim tourism and natural tourism are interlinked.

I would like to give an example. We organized a program two years ago on the occasion of Saradasati of Vivekananda. Subash Kashyap also attended the program. I gave him a company to travel to Chagunarayan Temple. He told me that he wanted to buy a Sal give it as a present to his relatives. A reputed person was buying a gift before he was moving his home. But most of the foreigners from western countries travel to Muktinath, stay there four hours and drink tea at Rs. 50 for a cup but do not buy anything. I heard these words from the local people there. We have to differentiate this reality.

We have to think about the infrastructure to promote tourism. We have to be serious on constructing better roads from Pokhara to Jomsom. The flight costs Rs 2500 from Pokhara to Jomsom to Nepali and Indian tourists. But they provide the tickets only to the Indian

tourists who are forced to buy in the black market from Rs. 5000 to Rs. 8000 per ticket. Activities like this needs to be stopped. We must be serious in this issue. An Indian tourist travelling to Muktinath has to pay Rs.400 as tax on the road. Muktinath is a pilgrim place and there should not be any tax. In Southern India, especially in Tamil Nadu, the government of India provided 26 thousands in Dasahara. They add some money and travel to perform rituals, Sradda, in pilgrim places of Nepal. The persons buy religious goods and also pay money to the priest but any American do not do this. How do we promote this type of religious tourism?

When I was traveling with Rewat in Pokhara, we went to the Tal Barahi Temple and we were speaking Hindi. A man heard our conversation and asked us to pay Rs. 40. I asked the reason and he told me that it was a tax to be paid by Indians. How embarrassing? Such practices do not seem to be fair. I would like to request his Excellency and respective authority to find solutions on these issues.

We have to improve the condition of the pilgrim sites both in Nepal and India. Unless and until we improve the conditions, we cannot use them for economic benefits about 98% of the population of Nepal follow Hindu culture. Hindus always want to visit Char Dham. They also want to reach Gaya at least once in their life. However, a person does not want to go to Gaya twice in his/her life because of the worst situation and system there. We have to change the situations and systems in such holy places. We have to promote and advertise our pilgrim sites in a better way. We have to attract people in the pilgrim sites from both countries.

Banbasa, bordering with Mahendranagar has a beautiful lake called Ghodaghodi. The lake is located very close to the national highway of Nepal. We can develop to a zoological and botanical garden to attract students both from Nepal and India. Such initiatives would be of great benefit for the people of India as well as of Nepal.

Nepal has mountainous, hilly and the Terai region. India has cultural destinations for the people from all three regions. India is also the religious destination. People have faith in Buddhism would

like to visit Gaya, Kushinagar in addition to Lumbini. Nepal also has several pilgrim destinations for the people of India.

In the recent past the conversion of religion, especially from indigenous to Christianity is taking place in a larger scale than ever before. This issue is more serious among the marginalized communities than among the main stream communities. The converted people do not seek to travel to the sites of Hindus and Buddhists. These are my observation based on my experience. Conversion to Christianity directly affects the age old monastery system of practice of Lama and monks. Once in Muktinath, I saw a Pooja, Tharpi-tharchang. The Pooja was Chaurasi Pooja that we perform when someone is 84 years old. The Lama tradition has connection with ours. We also perform the Pooja when someone is 84 years old. This is our cultural connection. Such cultural connections are to be made known to the people of other cultures and traditions. Hospitality is the most important concern in tourism. If a tourist comes in our place, we have to show our hospitality in such a way that the tourist feels to return time and again. Our educational institutions can design appropriate curriculum to produce the required expertise in the field.

We have to develop our tourism considering the mindset and emotion of society as well as lifestyle. We have to develop our media for the development of tourism development and the enhancement of the relationship between India and Nepal. When I read the news in Bihar with the headline:"Floods in Bihar by Nepal's Water.", I was shocked and surprise as well. At least the reporter would have considered what he was reporting. No immigration can stop water! No SSB can stop the water! The news was published in Nepal: Indian Elephant Terrorize Nepal! Who has given a passport to an elephant? I do not understand. We have to study such issues and minimize this negativity. Obviously, tourism is a major area that can provide the peace and prosperity to Nepal. Thank you!



**Ambassador Ratakonda Dayakar**

The subject of agriculture and food security is very important one. There are different security concerns; even the state has the security concerns. There are the traditional and non-traditional concerns. The traditional concern is related to defense, border security, terrorism, drug trafficking and so on. Non-traditional one has emerged in last two decades because of globalization, growing population, power shortage, etc. For example, there are energy security, food security, environmental security, water security, etc. Among these securities, energy and food security are very crucial in this world. We have chosen the food security. Three principles are very important with regard to food security: availability of food, accessibility of food and distribution of food. Of course, the panel will talk about that. Regarding this topic, agriculture and food security, rural development is fundamental. In the 18th and 19th centuries, India was the top economic power and China was second with total 20% of the world GDP. It was possible because of large agrarian set up. In the 18th and 19th centuries India was the agriculture based country with a large production of commercial crops, plantation, food crops, and so on before the industrial revolution. Therefore, the contributions of the agrarian economy to the GDP are self-evident in the developing countries and India has very good experience of that. Rural development has two components-agricultural development and community development. Agriculture development has, of course, been spoken as part of the

food security and community development as a cultural development such as empowerment, education, health, etc. Rural development is very important to save cities from ills because influxes of large number of people to the cities impose pressure in the infrastructure, housing, transport, slums, crime and so forth. The fuel for the urban development is rural development.

Former President of India, Shri Abdul Kalam popularized the concept of PURA providing amenities in rural areas. The concept of the PURA was to provide the basic amenities in villages so that people would not move to cities. The fact is that the communities are not luxuries but they want to have basic facilities. The rural development has a solution for many of these things but the government and the public policies are urban based. They all concentrate on the cities and capital. Everything else, the development plans are made for cities first. The public matter of discussion and so on.

Now I would just touch on the Indian model of the rural development. This mode has six distinct features. They are inclusive, sustainable, decentralization framework this means bottom to the top not the top down, participatory and people-centric, holistic, comprehensive, interdictory and multi-disciplinary. It has the floor for public-private partnership in civil society. These are essential for the Indian model of development. These models are relevant for the development of Nepal because other models are authoritarian. We implemented this model in India and this model can also be applicable to India because we have similar socio-cultural set ups. The Western model is more prescriptive and may not be suitable in our context.

The community development model has been implemented in Nepal. India has set up a bio-mass project at Madhyapur Thimi Municipality in the Kathmandu Valley. It is a successful story. The project was funded by the UN; the municipality provided land; and India provided the technology. This is 5-6 years project and still running. So, they have a practice of the rural development and so on.

Subodh Gupta worked with the supply side and demand side of the project. He highlighted the importance of infrastructure and

promotion of the well-formulated infrastructure. He urged to provide the customs facilitation, policy issues and raised the questions on trade issues and the governance. This tended to be recorded so that it could reach to the concerned authorities and it could catch their attentions. There are representatives of the People of Indian Origin Chamber of Commerce and Industry (PIOCCI) with its headquarters in Delhi. They have a global network including Nepal. Dr. Renu Sharma, the Vice President and Shri Abhaya, the Secretary is present here. I hope the representatives of the PIOCCI would take the concept of Subodh to the right people.

Shri Krishna Gopal yesterday brought the issues of the food security. He talked about six aspects of food security. One is, of course, green revolution that transformed India from a food importing country to a food exporting one. The other is the white revolution that made India the largest producer of milk in the world. The revolution in horticulture made India one of the largest producers of fruits. He also mentioned the production of medicinal herbs. I think this can revolutionize our economy and it is the right time to intervene in this area of resource. I think that is very important and I draw attention to these issues.



**Dr. Milindo Chakrabarti**

Thank you Chair, Ladies and Gentlemen,

The Chair, Ambassador Dayakar, has given a very precise picture of the issue of the food security and agriculture. As an economist, I cannot discuss anything without the two terms i.e., supply and demand. My speech revolves around these two notions of economics. I would like to look at the food security from a supply side and a demand side. The supply side of the food security means we have the ability of supplying the food as per the requirement of the population. After the success of the green revolution in India, we are very happy and proud that India has become food secured from the supply side. However, we still need improvement in providing the required values of the calories to our population with the level of production that we have in India.

There is a challenge to link the supply side of the food security. We will come to the question of accessibility. We basically take care of the demand of the food. And simultaneously we cannot secure supply of food and demand for food to all. We are not exactly and absolutely food secured. It has been informed that in India the perspective of the demand side of food security is yet to be fully achieved. A large number of Indian populations still cannot afford for the basic and necessary requirement of food with adequate values of calories. Unfortunately, this section of the society is engaged in the agricultural production.

Those who are ensuring the supply side security of food grains in India are excluded to some extent from the demand side of the food security. They are often forced to go for selling their products at a price less than the cost of production. They often face the problems in maintaining their level of livelihood. If you look at this particular feature, the situations in Nepal are not different from India as the latest publication of the global hunger index puts both Nepal and India in the line. The global hunger index indicates an alarming situation in South Asia with regard to hunger and food security.

There are several issues in common between Nepal and India from that perspective. Why is this happening? Our farmers are losing enough to take care of the requirements of the country. We have also started exporting food grains to other parts of the world. But still, we have a considerable section of the populations unable to purchase the essential food grains for them. In spite of several government supports and subsidies to provide necessary support for assuring food security, a large section of our society is starving. If we look into the fundamental details of the food security, the principles of the availability, accessibility, and affordability of our food products are at the center as the Ambassador Dayakar mentioned. In other words, if we really want to ensure the food security, we will also have to simultaneously ensure availability, accessibility and affordability of food. Perhaps not much effort has been made in this regard to ensure food security. We are moving towards self sufficiency in terms of production of food grains but our farmers and cultivators both in Nepal and India are starving and struggling to ensure a well sustainable livelihood.

Just to give an example of the land reform in West Bengal. It was considered a huge success at one point of time and gradually going down. It was considered as a great effort of distribution of land to the landless farmers so that they can contribute to the production of food in the society. I wrote a paper long back even after the success of the introduction of the land reform in West Bengal in 1982-83. At that time it was not accepted. Well, farmers were given land for their own cultivation; they were given ownership of cultivation but today



agriculture, after the green revolution, is no longer dependent upon land alone. Before the green revolution land was the lone production asset at that time. Rest of the inputs was all provided from within the household. Most of the products were consumed within the household itself. There was not much of marketing of agricultural products. The green revolution took the agriculture outside the household and it got to the market. After the green revolution, labors were supplied from outside, seeds were purchased, fertilizers and manure were brought from the market. Irrigation was ensured and to arrange all these things the farmers required funding and they looked at the banks for the access of loans. Unfortunately, these requirements were never conceived to be imported. But after ten years the farmers started to return the lands to their former owners. River land reform program started and they leased out their lands to bigger farmers. When we are talking about the food security, I just want to bring this point in the context of Nepal from the understanding of India. Accessibility, availability and affordability in the agricultural input market are also very important components in ensuring food security and affluence of the agricultural producers.

I would here like to bring a few experiments that support my line of argument. Yesterday one of the colleagues discussed the case Amul products. The entire history of Amul was to ensure access to inputs in an affordable price and inputs were made available to the producers wherever they wanted to have. If you have access to inputs you can produce better. In some cases both in India and Nepal farmers are afraid to produce more because very often they are unable to sell their products in the market in appropriate price. Situations like this bring the price down. The selling price comes below the cost of production. This causes dilemma among the farmers. Their security is threatened whether they produce more or less. In both cases they fail to get the right price for their products.

The first requirement is the access to the affordable input and the second requirement is the access to the market. The Amul played a very important role in the context of the second requirement because they went beyond the primary products of milk. They got engaged in the process of the value addition to the primary production of milk.

When the Amul was set up they needed a marketing channel for the products. Mainly they produced cheese and butter and they ensured good marketing channel collaborating with companies like Voltas and Tata. There was a contract for 3-5 years and within that stipulated period the Voltas created necessary marketing channel for Amul products. When they went for renewal of the contract, the Amul was self sustaining and they did not need the support of the Voltas any more. The Amul knew that a farmer could not be prosperous if he/she was not able to control the marketing channel.

The green revolution, the white revolution, the horticulture revolution, the revolution on medicinal plant controlled the marketing channel to regulate price so that farmers could benefit. My point is that the food security in the context of Nepal and India is very much dependent on ensuring the control of the marketing structure. And what is a problem? The fundamental problem is that farmers are individual sellers but in the market they face a very organized business people and the farmers do not have any choice. Regarding their bargaining power, the farmers are at the lowest edge. There was another pressure as well from the manufacturing companies because they want the raw materials from the farmers at the lowest price. These manufacturing stakeholders are rich people and influence the national policies in their favors. Therefore, the farmers are always at the lowest strata of the society.

I would like to bring a very successful example in Nepal that India can also learn from. Federation of Community Forestry Association (FECOFA) in Nepal has federated themselves right from the forestry user groups, local villagers. They develop all set of rules of management of forest such as the harvesting the forest resources and determining the price of the forest products based on the market price. They also have rules about the procurements of the forest products. The second experiment was the National Federation of Water Users. This also has given lots of insights and lots of exciting ideas not only to India but also to the world. This is an example of how the farmers ensure the efficient flow of water. The canals for the flow of water are often a disputed matter across the world for maintaining the irrigation system.

Farmers manage the irrigation system because of these sorts of success stories as these stories have been reverberating in this room right from day before yesterday. These are very interesting models of ground reality of good governance. We are looking for the models of good governance either in Nepal or in India. There are some success stories here and there and these can help the entire community across these two countries. I personally feel that there are lots of opportunities for exchanging experiences between India and Nepal and such exchanging of experiences would create very good co-operations and relationships among the people. We know that 66% of Nepali 55% of Indian populations is engaged in agriculture. The agricultural sector can be most suitable field for people to people relationship to be explored. When we talk about the strategies in India-Nepal Friendship, India-Nepal cooperation, we always have to give priority to the sharing and exchange of ideas. We have to include the voices of farmers when we frame the government policies related to agriculture because we need to include them in larger framework of national policies. Such policies ensure the access of the farmers to the input as well as the output markets. In that case we have to take care of the demand side of the food security. Thank you very much!

We have to think beyond the state, we have to think people to people level. Produce in a lab cannot be appropriate to the real life level. There are uses of the injection to the cow to bear more milk. We are talking the organic life but inorganic materials cannot be ignored.



Subodh Gupta

Thank you the organizer for providing me this opportunity. I would like to request you to give me permission to deliver my views in Hindi.

I welcome experts, intellectuals and respected delegates from Bharat barsa. This is a great opportunity that such people arrived here to make a discourse on the major issues of Nepal-India relationship. The three days seminar will be a milestone for framing the policies with regard to these aspects of Nepal-Bharat relationship. I hope our voices would reach Delhi and prove to be fruitful for our better future.

As a Secretary General of Rice, Pulse and Wheat Distribution Association of Nepal and the Vice-President of Birgunj Chamber of Commerce, I got information yesterday to speak on this issue. Accepting the presentation, I would like to speak on the issues of my concern.

Regarding the food security and agriculture in Nepal, Global Agriculture and Security Program (GAMSP) is continuous since April 2013 and will end in March 2018. The source of the program is 58 million US dollar in total. Of this 46.5 million was external source and 11.5 million was internal. The program is working in three levels mainly in the agriculture sector and food security.

Mountainous and Hilly regions constitute around 80% of the total geography of Nepal and Terai region has 20%. The total population of Nepal is around three crore. People use rice, *dal*, oil for their main

food course and we are dependent on our neighbor, India, for those materials. The role of India is crucial in making Nepal independent in food security. At first, the quantity is important; then comes the issue of quality. Since we do not have quantity, we cannot maintain the quality. We need a better laboratory to check the food quality in the border checkpoints. We do not have good and efficient management of the flow of our goods through the border points. We want to have fast clearance in the checkpoint so that we can have goods in time.

In Nepal, we do not have modern agriculture system. India has provided good irrigation and facilities in Punjab, Hariyana and other states of India whereas Nepal has not such modern facilities and technologies. Indian farmers are competing with the world-class farmers in the world and our farmers could not go for global competition. We are not only dependent on food but also dependent on seeds. We have to play an important role to end the food and seed dependency on India and other countries.

At first, we have to find out the production areas and launch the programs to produce better agro-productions. We can produce world-class apples in Humla, Jumla and other districts. We can export these products but we are unable to do so. We are not getting best qualities production of India. In the past, Nepal was the exporter of rice and we used to export rice to India. But the situation has now been changed and India has become the largest exporter of rice in the world. We have to import 70% of total of rice consumed in Nepal. We have to be serious about the decrease of downfall of our production and also about maintaining our quality of the production. The Government of India provides 30-40% cash incentives for establishing the industries. They have provided 24 hours dedicated electricity for industries. However, their cost of production is higher in comparison to the Nepali industries on the other side of the border. On the other hand, most of our industries in the Birgunj and Simara areas are closed due to the various reasons. The government of India has restricted paddy, but rice has not been restricted. Our questions are why only paddy is restricted. We are doing advocacy but still no results have been seen. We want to increase the industrial products and quality comes after the production in good quantities.

There are some restricted goods but they enter Nepal. If we cannot control, why we should not include them in the system? Despite restrictions, these materials are imported to Nepal. We have to stop the gray channel from where goods enter Nepal illegally. Importing good legally is much costlier than importing illegally.

People of Nepal primarily consume chicken, mutton and other meat items. Parsa is self sufficient in fish production. The districts from plain region export meat items to the hill regions. We have to improve the qualities of the chicken and mutton items. If we understand our demand and provide the quality items it contributes to our relationship. We can join hand and move ahead.

Brain drain is our basic problem and villages are gradually vacant in the remote areas. If you go to the village, you are likely to find old people, women and children, no young people. We should provide quality food to the children, women and pregnant women.

We have many challenges in business and the food security sectors. Nepal and India can join hand and support each other to produce fruits and vegetables in different parts of Nepal. If we join hand, we can be capable of meeting the goals of quality production and ensure food security.

We have two big neighbors, India and China. In both these countries the cost of production is less and our industries could not compete with them. We are facing power cut despite the fact that we have the electricity potentiality for more than 80,000 MW. We are not utilizing our resources in time. If we delay using our hydro-power, solar power will overtake hydro-power.

We are facing shortage of many items including milk and water. Our farmers are facing problems. In the name of Melamchi project, there were dirty politics and the construction got delayed. Regarding these issues we have to change our mindset and reach to the needy population and encourage them for their development. We have to think about making all the sectors of the people happy. If people feel the advantage of the industrialization and it touches their life and we

can give a good result. We can move towards quantity to quality and establish new dimension of Nepal-India relationship. We have a *roti-beti* relationship which supports us to develop industries and promote production.

I would like to thank the organizer to choose this place for this high level meeting. In some cases, the venue is finalized for Birgunj and later gets shifted to Kathmandu or Pokhara and other cities. If we organize the meetings and interaction for intellectual level discussion most of the speakers, especially politicians, do not give priority to the program. We are hopeful and delighted to get such kinds of the program in our place. For that I thank Neeti Anusandhan Pratishthan, Nepal, Indian Council for International Cooperation and Nepal Bharat Sahayog Manch and its president Ashok Baid on behalf of the industrialist from Birgunj, Birgunj Udhog Banijya Mahasang and Birgunj Chamber of Commerce and Industry.

Thank you!



**Chandra Kishore**

His Excellency Virendra Gupta, His Excellency Nepali Ambassador to India Deep Kumar Upadhyaji, Ladies and Gentlemen,

I expressed my experience when I went to my maternal house in India where I feel great love and respect. They asked about the political condition of Nepal and they were worried of the Chinese influence in Nepal. They also asked about the Maoist activities and armed activities in our country. My aim of saying this is the wrong and partial information as well as misinformation transmitted across the border. Misinformation hampers the dialogue; as a result, there cannot be a consensus between us.

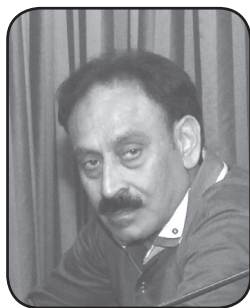
We have not only *roti* and *beti* relation but also a relation of revolution. Since 1950 Treaty to the latest Madhes Movement people resided in the border areas supported. There should be the information sharing and cross-border dialogue among the people living on both sides, but it is not happening. There are enough dialogue between Kathmandu and Delhi, but the essential dialogue in the border areas is rare. Nepal is not limited to Kathmandu and India not to Delhi. Hence, the seminar contributes to the tradition of dialogue outside the capitals and main cities in both the countries. This seminar is significant for the in-depth information in the context of Nepal-India relationship that likely contributes to the harmony between us. We have made dialogue with open-mind and open-heart. Those returning



from Nepal will work as the cultural ambassadors with responsibility and we also have a responsibility as a cultural ambassador of India here. Our responsibility is to transmit right information for strengthening our friendship and cooperation. In those two days, we did a great job and we can give a good result in future.

We have ambition and we have to continue our attempts to build our relationship great. Let's develop humanity. I would like to read mantra.

Bharat Mata ki Jai! Nepal Aamako Jai! Long Live Nepal-India relationship! Thank you!



Om Prakash Sharma

His Excellency Ambassador of Nepal to India Shri Deep Kumar Upadhyay, Bara's CDO Shri Bijaya Narayan Manandhar, Shri Deepak Kumar Adhikari and the delegates,

I thank the organizers. I listen to the presentation of Dr. Sachin Chaturvedi. His presentation had in-depth insights. Shri Deepak Kumar Adhikari explained the *Khuda ki Khudai*. I am taking a different perspective.

I am Nepali by birth but my ancestors were in India. My house is still in Rajasthan, so I feel my rights to speak about my problems and challenges. Vinay Kumar also said that India is ready to work with Nepal and support for the betterment of the country. We have rights to demand from you and speak with you because I feel you are our big brother. We have a good garden, but the mismanagement hampers the beauty of our garden. It took 17 years to travel to Kathmandu to the Prime Minister of India. This may be because of our weaknesses from both sides. Maybe we have a problem but we feel our rights to express our dissatisfaction with you. We complain when we do not get a better seat on the train while traveling in India, we complain when we do not get better treatment in Delhi. We express our dissatisfaction and you have to listen to us. The process will be continued for our best relationship. In conclusion, I thank the organizer for organizing such a program in this area. If you attempt such program in future we are ready to support you. If we have committed any mistakes, forgive us. As a small brother, we continuously speak with our big brother.

Thank you!



**Bijaya Narayan Manandhar**

Chairperson of the organizer of this program, His Excellency Deep Kumar Upadhyay, respectable Speakers and delegates from both Nepal and India,

I am from Kathmandu and my workplace is in Bara District. I worked in Siraha District as well as in hill districts. I heartily thank the organizer for organizing such a program in Bara District. I am hopeful that this seminar is a milestone for the Nepal-India relationship and the sharing of knowledge is likely to enhance our social, economic and political relationships.

Nepal and India have the great relationship and our integration could strengthen our relationship. India's high-level visit showed its seriousness towards the Nepal-Bharat relationship. Recently the President of India, Shri Pranab Mukherjee visited Nepal and I was also a member of the group that sang a welcome song in the program. The program was live broadcast on Televisions. I found Indian President showed his love to Nepal.

Regarding the three days seminar, I am sure that this will be significant for our relationship and it will enhance our relationship in future.

Thank you very much!



**Dr. Dipesh Kumar KC**

### **Distinguished Guests and Eminent Personnel,**

It is my pleasure to be here and to attend this program where intellectuals and policy makers and industrialists share their knowledge and experience on the issues of Nepal-Bharat relations: Economic Development and Co-operation. This is the land of the ancient Tirahut and its capital Simrongadh with glorious history. I thank the organizers for bringing this program here and providing me the forum to rapport the entire discourse of the session that generated new ideas and thoughts in the major issues of sustainable development, peace, prosperity and security of the Nepal-Bharat borderland as well as the subcontinent. All the speakers concluded that development brings peace and prosperity in the region. Indeed, peace and prosperity are the key component for the sustainable development. Without peace and political stability, Nepal cannot gain from the booming economy of India and the huge increment on Indian investment in the country cannot be possible.

In the whole session, the speakers expressed their emotional feelings as well as urged pragmatic ideas and understanding about the important issues of the Nepal-Bharat bilateral relationships and its benefits for the development of both sides. However, they have concluded that in-depth research, pragmatic plans and policies and their better implementation are essential to meet the development

goals. They repeatedly urged the historical connectivity between the two countries which can be beneficial for the economic and social development of the regions. In the meantime, the importance of cross-border cultural interrelationship was also highlighted. The speakers also presented the characteristics of the borderland in the past and present including rapid changing dynamics of Nepal-Bharat borderline and borderlands.

The speakers explored the ideas of the connectivity not only through the road, air and water routes but also through the modern technologies. However, they agreed on the issue that the emotional relationship between the people of the two countries cannot be ignored. This connectivity, in one hand, opens the door for the holistic development of both the countries and, on the other hand, transfers the strong ideas implemented in one region to another region across the border. The policy makers from both the countries shared their challenges they faced before the point of agreement on the development projects and during the period of construction. Their experiences showed that where there is a will there is a way. They have provided the better results and generated the new hopes in the areas of the infrastructure development. The examples are the initiation to end the power cut in Kathmandu and other big cities, progress on ambitious hydro projects and development of the other infrastructure related projects.

The speakers explored the ways for the human development, including improvement in the sectors of education, health, employment opportunities for the ordinary citizens. They focused on the means of development, not only gaining the materialistic possessions but also the happiness to be generated in the minds and the hearts of people. Hence, the concept of "happy border" has been launched by India needs to be implemented in the other sectors of human development approaches. Happiness can be shared in both the countries through our best possible connectivity. The speakers urged to change the negative perception of media and their presentation regarding the Nepal-Bharat relationship. They also focused on making people more conscious and rational to accelerate the infrastructure development.

The speakers showed their grave concerns about the security of the region including the cross-border crime and it is also interlinked with the informal economy. No credible data was presented on this subject.

The deeper understanding of the bilateral relationship is very important. On the meantime, renewal of the relationship for the progress of both the countries is important without harming the essence of the Nepal-Bharat people to people relationship. The speakers highlighted the enormous opportunities in the sectors of hydro-power, tourism, and utilization of other natural resources in Nepal and they argued that such opportunities have not properly been grabbed yet. However, they concluded that the close relationship might be a foundation for the cooperation and investment in exploiting these natural resources to meet the goal of prosperity.

I would like to express the idea of the sociologist, Emile Durkheim, that religion and society are same. Obviously, our *karma* and *dharma* determine our future. This three day interaction program attempts to find out the problem and provide the solution for best *karma* and *dharma* for our societies, nations and people. If we join hand for best purpose with the better attitudes, we can turn impossible into possible. We were prosperous in the past with glorious history and now we are moving towards the path of reviving our prosperity in future with great aims and actions. We all are hopeful that this interaction added the bricks on the long-term visions and actions for the more significant relationship between Nepal and India than ever before that might bring happiness among people and contribute to making the foundation for peace, prosperity and stability in both the countries, especially Nepal and Northern India.

At last, I quote Great thinker and economist, Chanakya, "Once you start working on something, don't be afraid of failure and don't abandon it. People who work sincerely are the happiest."

Thank you!



Ambassador Deep Kumar Upadhyay

Ambassador Shri Virendra Gupta, all the distinguished friends in the dais, and the eminent personalities as the participants here,

I am delighted and thankful to the organizer. Since I entered this hall yesterday morning, I felt enlightened. I really concentrated in my mind because it is a learning school for all of us. The relationship between the governments, diplomacy is one sector and this track-two type of discussion is fully heart to heart discussion. And I know this is very important. I am also grateful to all of you for your wonderful contribution to this seminar. We shared your ideas and experiences to strengthen the relations between Nepal and India. On behalf of the Government of Nepal and my side, please accept a very warm gratitude. Secondly, sharing really gives the picture for both the governments.

We have problems and weaknesses on both sides of the border. The problem is everywhere and this is reality. All of you said that Nepal is rich with natural resources and beauty. However, we are not in the condition to make the maximum use of our resources. What are the causes? Who has not played better role, Nepal or India? You have discussed these issues. Both Nepal and India were blamed and you spoke frankly. I respect your courage for speaking the reality. Nepal has its border with India from three sides and China is in the north of our country. Our northern side has difficult geography with

high mountains and difficult to cross the Tibetan Plateau. We have to cross 16000 ft to reach the Tibetan Plateau. On the other hand, we have easy access to India in compared to China. Our cultural and civilization similarity with India makes us closer with India. We have such a relationship but when I meet my Indian friends, they raise the issue of the Chinese influence in Nepal. I continuously describe the reality and asked them to trust this fact.

Either you accept or not China is one of the world's largest economies today with the globally highest economic surplus. Technically China is developing rapidly and India has close economic ties with China. As a neighbor, China is also trying to be closer with Nepal. There should not be the complaints and dissatisfaction on these issues. We have to realize the fact that we cannot change our geography. Any Indian can travel to Nepal freely as they travel all over India. Before making any doubts, the person should travel Nepal, study the fact and tell the truth. Media presentations are often wrong and create negative perceptions among the people of both the countries. Likewise, wrong perceptions are also generated in Nepal due to the biased reporting of media. Most often the feeling is that India hinders the path of the development of Nepal. The issues regarding positive thinking, approach and thoughts are generated in this seminar. This is the point and we must look forward and go forward with positive mindset.

I have an approach that people should be happy by the actions of the government. People should feel the good actions of the government. Nepal is facing power shortage and India is supporting us. If we produce sufficient electricity when our mega hydro-projects are successfully completed, we will support India at that time. From the newly constructed transmission line, India is ready to provide more electricity. If India provides more electricity, Nepal will be free from load shedding. These are positive initiations from both sides. Regarding the problem of fertilizers, we have requested one lakh metric ton of urea from India and the approval of the request has been finalized. They will send the fertilizer in two phases, first 30 thousand metric ton and second 70 thousand. There are problems of tariff,



non-tariffs and others in the export of ginger, jute, etc. which we will solve by our positive initiations. I requested India to open her market for Nepali productions. It should not be stopped because of our agreements. Even we make agreements and problems in between legal implication we have faced challenges due to the cases in the courts. In spite of such problems, the Indian government is trying its best to solve these problems. Regarding the issues of the jute exports, India is taking initiation to solve the problems. Nepal also faced problems after the demonetization in India and I hope there will be the full value exchange. We are requesting to solve the problems positively and hopefully that there will be positive initiations and we will be able to solve in this issue.

Despite the elections in India, the Finance Minister, Shri Arun Jaitley and the Railway Minister, Shri Suresh Prabhu visited Nepal to participate in the Investment Conference organized in Kathmandu. This shows the positive commitment of India to Nepal. I also request the Government of Nepal that there should not be any activities that hamper Indian people.

Nepal needs peace, political stability for the prosperity and that is also equally important for India. Nepal should run with the economic growth of India so that Northern India will have direct and positive effect. We all have to take initiations and play a positive role for this purpose. If we face a problem, India will also face a problem because of an open border. We have discussed these issues positively in this forum and we expect your suggestions and guidance to make our actions better. Important point is that people should feel the positive impact of our joint initiations for our actions. India has contributed a lot to the end of load shedding that has a positive effect not only in Kathmandu but all over Nepal. People are very positive towards India after this result.

Nepal is organizing BIMSTEC meeting and I hope that Indian Prime Minister, Shri Narendra Modi will attend the meeting. I hope Shri Narendra Modi will visit Janakpur, Lumbini and Muktinath at that time. Management is most crucial and, for that, we have to

manage our heart. Sometimes there will be a problem of management of heart. Hence, we have to forget the obstacles and blockades and go ahead for positive actions. We are doing all positive actions that we have made an agreement between IOC and NOC and trying to open for other private sectors for better trade on the petroleum products. We are trying to open the route for the private sectors that leads to the benefit of Nepal. I hope India will support Nepal for its prosperity and benefits.

I would like to say the diplomacy means it must be peaceful, respectful and result-oriented rather than propagandas. I am going to visit integrate check-posts and dry port after this seminar with counselor general of India. We will try our best to solve the problems in the trade between the two countries as well as the delay in transportation of goods. We are discussing to construct a laboratory in both side of Nepal and India. We are concentrating on the implementation so that the traders and the people from both the sides will be benefited. For the betterment of Nepal-India relationship, peace and prosperity of both the countries and utilization of people to people contact has no alternatives.

I would like to thank and congratulate all of you for playing a positive role and taking initiations in strengthening Nepal-India relationship. I always try to assure you, and I am with you if you need my support!



**Ambassador Virendra Gupta**

Thank you, Shri Deepak Kumar, Ambassador Shri Deep Kumar Upadhyay, all the delegates representing ARSP and guests! We discussed positively and Ambassador Upadhyay encapsulated in the best way that positive spirit of our thoughts was in the center of the our discussions. I would like to thank Neeti Anusandhan Pratishthan, Nepal for organizing this wonderfully well-managed program. The friends from Birgunj have managed this program in the best way that facilitated our wonderful discussions.

Regarding the program on the economic relationship between India and Nepal, we have best and sweet relationship for a long time. We can give the name as brothers, twin brothers or friends for our closeness. We have deep civilization contact. These factors play vital role in making us closer. However, at present, we have to think about the modern way for the tangible benefit for our people. Economic cooperation is primary to make the countries closer that I have understood after my experience in South Africa. Gandhiji stayed there for more than 20 years and Nelson Mandela was inspired by the non-violence movement of Gandhiji. We have this common points but the younger generation in South Africa are not interested in these issues. Hence, we have to think about the new ways of economic cooperation between India and South Africa. Similarly, economic cooperation between India and Nepal is the major agenda for our closer ties and mutual benefits. Our economic cooperation

and utilization of potentials determine our future relationships. We have discussed multiple topics including connectivity, infrastructure development, trade facilitation, power generation, energy sectors, etc. We have discussed these issues in the positive and constructive spirit. But the question is: will these outputs remain within the walls of this seminar hall or be utilized in appropriate sectors for our benefits?

It took almost two decades to end the political distance between India and Nepal at the Prime Minister level. Shri Narendra Modi ended the distance by making a bilateral visit to Nepal as a Prime Minister of India after 17 years. Obviously, Indian Prime Minister should visit Nepal frequently. His visit shows the importance that India gives to the Nepal-India relationship. The Prime Minister of Nepal has also given priority to the relationship with India and highlighted that the issue of economic distance contributes to the political instability. The issue is: how does Nepal gain economic prosperity? Regarding the possibilities of economic prosperity in Nepal, only India cannot bring economic prosperity in Nepal. Nepal has many options and so has India. If any investors reach here and do not get a viable environment and opportunities for the investment, s/he will move to Bangladesh or Sri-Lanka or Myanmar or any other countries. Nepal can make cooperation with other countries such as European, China and other countries.

We Indians must change our bias and traditional mindset about Nepal that it is the Zone of Indian influence. In this date, it is not true and Nepal is a sovereign, independent country with many options to get cooperation and make mutual relationship for its prosperity. What is the option for Nepal? What will be position of India in such options? If there is a realization that Nepal can be benefited with the close relationship with India, there is kind of mindset that there will be the influence of India and India will get the advantage and the benefit goes to India. Obviously, India will be benefited but Nepal will be more benefited. If we think about our benefit, both of us will get benefits.

I think Nepal should go forward in such a spirit that Nepal should think about its own benefit. We have to examine our options and go for implementation in a better way. We discussed agriculture, and in this area Nepal can find out the options all over the world and finalize among them which could be beneficiary to proceed. In Nepal, leaders use popular slogans or mantras and give speeches by standing on the stage and blaming India but better is to leave such slogans or mantras.

In India, there is a mindset that Nepal has no option and it will obviously come with us. If it is on a bureaucratic level we cannot move ahead. Such thoughts may harm Nepal but we should think that this will harm India as well. The same thinking should be in Nepal. If we both think about our benefits we can be benefited. Geography makes us closer. If we think about own benefits we can be benefiter. This seminar generates the positive messages and spirits which will be hopefully beneficiary for our economic cooperation and prosperity. After this program we must move ahead with this spirits. We should send these messages and spirits up to the governmental level for our positive progress. Thank you!

## Nepal-Bharat Relations : Economic Development and Cooperation





















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