

International Seminar  
on  
**International Relations: Nepal and the World Order**

Bhadra 10 - 12, 2079 | August 26 - 28, 2022  
Kathmandu, Nepal



Neeti Anusandhan Pratishtan, Nepal

📍 Kathmandu, Nepal  
📞 9847386571, 9847364187  
✉️ nenapinresearch@gmail.com



NeNAP  
Neeti Anusandhan Pratishtan, Nepal

# **International Relations: Nepal and the World Order**

(A Report of an International Seminar)

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## **Editors**

Keshav Raj Panthee, PhD

Abhishek Srivastava, PhD

Neeti Anusandhan Pratishthan, Nepal (NeNAP)

**ISBN:** 978-9937-1-7041-3

**Edition:** First, 2024

**Copies:** 1000

**Layout:** Neeti Anusandhan Pratishthan, Nepal

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#### **Distributor**

Neeti Anusandhan Pratishthan, Nepal (NeNAP)

#### **Printed at**

Nepal Printing Support, Anamnagar # 01-5706821

## पृष्ठभूमि

गतिशील चासोहरूले विश्व राजनीति, साभा संस्कृति र साभा आकांक्षाहरूलाई बढ्दो रूपमा मार्गीनिर्देशन गर्ने भएकाले नेपालजस्ता देशहरूले द्रुत रूपमा परिवर्तनशील र सधैं विकसित हुँदै गइरहेको विश्वव्यापी व्यवस्थासँग संलग्न हुनु र अन्तर्राष्ट्रिया गर्नु जस्ती हुन्छ । दोस्रो विश्व युद्ध पछिको विश्व प्रणालीले, विशेष गरी साना राज्यहरूलाई उनीहरूको आवाज उठाउने वातावरण सिर्जना गरेको छ । यसका साथसाथै, प्रविधि र सञ्चार माध्यमको विकाससँगै परिवर्तन र द्रुत भूमण्डलीकरणले विकासशील विश्वलाई आफ्नो सार्वभौमसत्ता र क्षेत्रीय अखण्डता परिभाषित गर्न र राष्ट्र निर्माणका लागि कोष र प्रविधिहरू प्राप्त गर्न अनुमति दिएको छ । यद्यपि आजको विश्व रणनीतिक प्रतिस्पर्धाबाट मुक्त छैन । यस प्रतिद्वन्द्वमा रणनीतिक रूपमा कमजोर धेरै राज्यहरूले प्रोक्सी युद्धहरू देखे पनि आफ्नो सार्वभौमसत्ता र स्वतन्त्रता कायम राख्न सक्षम छन् । विकासोन्मुख देशहरूले साभा चासोका मुद्दाहरूमा आफ्नो आवाज समय समयमा उठाउँदै आइरहेका छन् । यस परिप्रेक्ष्यमा आर्थिक विकास र वृद्धिमा फइको मार्दै गरेका दुई विशाल देश चीन र भारत बीचमा रहेको नेपाल थप चनाखो हुनु आवश्यक देखिन्छ ।

भौगोलिक, सामाजिक-सांस्कृतिक र आर्थिकरूपमा नेपालको भारतसँगको सम्बन्धलाई आत्मसात् गर्दै नेपाल र भारतका विद्वत्वर्गबीचको सामिप्यता बढाउने तथा नेपाल र भारतका शिक्षा क्षेत्रमा आवद्ध अनुसन्धानकर्ता एवं विद्यार्थीलाई विश्वका महत्वपूर्ण समसामयिक विषयवस्तु अन्तर्गत बहसमा संलग्न गराउने उद्देश्यले International Relations: Nepal and the World Order शीर्षकमा International Seminar को आयोजना गरेको हो । यस सम्मेलनले कमजोर राज्यहरूको दुविधा र अवसरहरूबाटे छलफल गर्न अन्तर्राष्ट्रिय सम्बन्ध (International Relations), मानविकी, सामाजिक विज्ञान, कला र संस्कृति, व्यापार, आर्थिक विकास, वातावरण, लोकतन्त्र र सुरक्षा विषयसँग सम्बन्धित क्षेत्रका विद्वानहरूलाई एकसाथ ल्याउने लक्ष्य राखेको थियो । विकासोन्मुख राज्यहरूले यस परिवर्तनशील संसारसँग कसरी राम्रोसँग मेलमिलाप गर्न सक्छन् ? र चीनको BRI को आक्रामक अभियान (साना राज्यहरूमा आर्थिक र पूर्वाधार विकासमा सहयोगको अभियानमा ऋण प्रदान गर्ने) एवं अमेरिकी नेतृत्वमा पश्चिमी देशहरूको बिल्ड ब्याक बेटर वर्ल्ड (B3W) अभियानमा कसको पक्षमा लाने जस्ता द्विविधात्मक अवस्थालाई मध्यनजर गर्दै यस सेमिनारले नेपाल र भारतलाई लक्षित गरी विविध विषयवस्तुमा सेमिनार पेपरहरूलाई स्थान दिएको थियो । परिवर्तित विश्व राजनीतिमा नेपाल, परराष्ट्र नीति, सांस्कृतिक सम्बन्ध, व्यापार र प्रविधि, जलवायु परिवर्तन, डेभलपमेन्ट २.०, डेमोक्रेसी २.०, नेपाल-भारत युवा संवाद लगायतका विषयमा नेपाल र भारतका विभिन्न विश्वविद्यालयका अनुसन्धानकर्ता विद्यार्थी तथा विद्वान् प्राध्यापकहरूले सेमिनारमा पेपर प्रस्तुती गरेका थिए ।

माथि उल्लेखित विषयवस्तुमा नेपाल र भारतका विद्वान् एवं विश्वविद्यालयका अनुसन्धानकर्ता तथा विद्यार्थीहरूबीच राम्रो अन्तरक्रिया हुनु आफैंमा एक उदाहरणीय पक्ष हो । यस्ता बौद्धिक जमघटले दुई देशबीचको समझदारीलाई प्रगाढ बनाउन मद्दत पुऱ्याउँछ । तत्कालीन सम्माननीय प्रधानमन्त्री शेर बहादुर देउवा, नेपाल कम्युनिष्ट पार्टी (माओवादी)का अध्यक्ष पुष्प कमल दाहाल एवं तत्कालीन उप सभामुख पुष्पा भुषालज्यूको उपस्थित एवं सम्बोधनले सेमिनारको अलगै महत्व भएको प्रष्ट्याएको छ ।

नीति अनुसन्धान प्रतिष्ठान, नेपाल (नेनाप) यस्ता सेमिनारहरूको महत्वलाई थप प्राथमिकता दिँदै सेमिनारमा प्रस्तुत विचार एवं कार्यपत्रहरूको संगालोस्वरूप सेमिनार पुस्तिका प्रकाशनमा ल्याएको यहाँहरूसमक्ष जानकारी गराउँदछौं ।

केशवराज पन्थी, पिएचडी  
कार्यकारी निर्देशक, नेनाप

## **Background**

As dynamic interests increasingly guide world politics, shared cultures and common aspirations, it becomes ever more critical for countries like Nepal to find ways to engage and interact with this fast-changing and ever-evolving global order. The post-war world system, in particular, has allowed small states to raise their voices. Simultaneously, the changes and rapid globalisation with the advancement of technologies and communication mediums allowed the developing world to define its sovereignty and territorial integrity and acquire funds and technologies for nation-building programs. Although the world today is not free from strategic competition over the spheres of influence, in this rivalry, many strategically located small-weak states witness proxy wars, yet they have been able to maintain their sovereignty and independence. Amidst this, developing countries find their foothold and significant voice on issues of common concern crucial for them.

Against this background, the seminar engaged scholars in more significant debates. It was successful in bringing together scholars from the interdisciplinary fields of International Relations (IR), Humanities, Social Sciences, Art and Culture, Trade and Economic Development, Environment, Democracy and Security to discuss the dilemmas of weak states and the opportunities brought about by the rapidly changing world order. A few questions raised in this context were: how best can the developing states reconcile with this changing world, including China's aggressive campaigning of BRI, which offers both economic and infrastructure development in many small states, on the one hand, and the US-led western countries' program-Build Back Better World (B3W) on the other. The issue of climate change and the unequal burden of climate sustainability still fall upon developing countries. Developing countries have been demanding the implementation of the climate change pledges adopted by the developed countries at the 1997 Kyoto Summit. In this context, the seminar concentrated on varied topics and themes like Nepal in the new global order; multilateralism,

mini-lateralism and multi-polarity in new world order; foreign policy contours of developing states, cultural connections: search for old roots, trade and technology: North-South debate, environment, climate change and the burden of developing states; development 2.0: industry and infrastructure, democracy 2.0: Actors and issues; Nepal-India youth dialogue: the way ahead and so forth.

We believe youths have the potential to lead the world. They have enthusiasm and zeal, along with feelings of responsibility. Realizing this power of the youth inspires them to create favorable situations to make the world a better place to live in. We believe the youth can solve contemporary issues. Thus, this seminar aimed to get ideas on international relations from the minds of the younger generation. We believe the new generation's ideas provide us the pathway to draft our international relations in the future, contributing to our understanding of the intent of youth. One of the purposes of the seminar was to provide a forum for our new generation, young people, and their understanding of these issues because the voice and opinion of the younger generation matter much in shaping the path of development.

Likewise, we realized that exposing the experiences of experts in different fields will help them shape their roadmaps for the future. So, the seminar was organized to listen to the expertise of scholars active in the field, not the theory-ridden papers of university professors. We expect that the participants, the young men and women educated in the region's prestigious educational institutions and universities, can develop innovative ideas.

Through this seminar, the young people from Nepal and India came together to discuss the issues collectively on one platform for the first time. We hope this will lead to a positive and creative narrative in the coming days. We hope that new ideas emerge based on nationality, national identity, and the country's status, respecting culture, civilization, ancient and glorious history, and each other's existence in the age of liberalisation.

Discussions and deliberations are not only based on the subject of international relations (IR) but also related conceptually to subjects such as development model, holistic development, sustainable development, merciful development and environment-friendly development, protection of the environment, and promotion of our cultural roots are the basis of mutual interests within international relations. Therefore, the seminar raised connected and complementary issues. All the participants actively participated and presented their original thoughts, contributing to the ongoing discourse as well as generating a new form of discourse from the youth's perspective.

We believe and are hopeful that the ideas presented and voices raised in the seminar will successfully guide the direction and eliminate all kinds of confusion seen in our international relations and all other issues.

Keshav Raj Panthee, PhD  
Executive Director, NeNAP

## कृतज्ञता

नेपाल-भारतका शुभाचिन्तक एवं विज्ञ बिचको लामो प्रयास र संवाद पश्चात् अन्तर्राष्ट्रिय सेमिनारले वैचारिक आधार प्राप्त गच्छो र सफलतापूर्वक सम्पन्न पनि भयो । यो सेमिनारको पृष्ठभूमिको सन्दर्भमा केही उल्लेख गर्न उपयुक्त दीखिन्छ । नेपालमा पहिले अन्तर्राष्ट्रिय सम्बन्ध विषयमा कलेज तथा विश्वविद्यालयहरूमा अध्ययन अध्यापन हुन थालेको थिएन । तर राजनीतिक शास्त्र विषय भने अध्ययन हुने गर्दथ्यो । त्यसैले अन्तर्राष्ट्रिय सम्बन्ध तथा सुरक्षा विषय अध्ययन गरेर फकिर्ने नेपालीहरूमा धेरैजसो भारतबाट र थोरै संख्यामा चीन एवं अत्यन्तै नगण्य संख्यामा पश्चिमा मुलुकबाट अध्ययन गरेर फर्केका नेपाली थिए । भखैरै मात्र त्रिभुवन विश्वविद्यालयमा अन्तर्राष्ट्रिय सम्बन्ध एवं कुटनीतिक विषयमा अध्ययन अध्ययापन हुन थालेको छ । अझै पनि यो त्रिवि.को पूर्ण विभाग हुन सकेको छैन । यसै सन्दर्भमा उपर्युक्त विषयमा अध्ययन गरेर फर्केका सबै विद्वानहरूसँग नेनापको प्रत्यक्ष चिनजान र सम्बन्ध भएकाले समय समयमा उहाँहरूसँग संवाद भेरहन्थ्यो । साथै भारतको दिल्ली विश्वविद्यालय, जवाहरलाल नेहरू विश्वविद्यालय एवं दिल्ली स्थित साउथ एशियन विश्वविद्यालयमा अध्ययन तथा अनुसन्धान गर्ने विद्वानहरूसँग पनि दिल्लीमा समय समयमा संवाद एवं परिचर्चा भइरहने गर्दथ्यो र अहिले पनि संवादहरू यथावत् नै छन् ।

त्यसैले अन्तर्राष्ट्रिय सम्बन्ध विषयमा अध्ययन गरेर नेपाल फर्केका सबैसँग र त्यति नै संख्यामा भारतबाट पनि बोलाएर दुई दिनको एउटा युवा विद्वानहरूको बीचमा औपचारिक संवाद गर्ने शुरूमा हाम्रो मनसाय तथा तयारी थियो । यति ठूलो आकारमा गर्ने र जान्छ भन्ने हाम्रो विचार, योजना तथा अनुमान थिएन । तर गर्दै जाँदा अन्तमा यसले ठूलो आकार लियो । नेपालका तर्फबाट डा. विनय कुमार मिश्रजीले कन्भेनरको भूमिका निर्वाह गर्नुभयो भने भारतको तर्फबाट को-कन्भेनरको रूपमा डा. अभिषेक श्रीवास्तवजीले भूमिका निर्वाह गर्नुभयो । सेमिनारमा नेपाल र भारतका बौद्धिक वर्गको जमघट गराउनमा उहाँहरू दुबैको योगदान अत्यन्तै प्रशंसनीय एवं सराहनीय रह्यो । उद्घाटन सत्रमा सम्माननीय प्रधानमन्त्री ज्यू. परराष्ट्रमन्त्री, माननीय मन्त्री, सांसद, परराष्ट्र मन्त्रालयका अधिकारी एवं विज्ञ, सुरक्षा निकायका प्रमुख, विदेशी राजदूतावासका महामहिम राजदूत एवं पदाधिकारीहरूको भव्य उपस्थिति रह्यो । साथै समापन सत्रमा सम्माननीय पूर्व प्रधानमन्त्री पुष्पकमल दाहाल (प्रचण्ड) तथा माननीय उप-सभामुख पुष्पा भुषालज्युको प्रमुख एवं विशिष्ट अतिथिको रूपमा उपस्थिति रहेको थियो । साथै यो सेमिनारमा नेपाली समाजका विभिन्न क्षेत्रका लब्धप्रतिष्ठित व्यक्ति, ओपिनियन मेकर्सका साथै सबै क्षेत्रको पूर्ण उपस्थिति रहेको थियो भन्दा यहाँ अत्युक्त नहोला ।

अतः कार्यक्रममा उपस्थित भई कार्यक्रमलाई सफल बनाउन सहयोग गर्नुहुने तथा प्रेरणा प्रदान गर्नुहुने सम्पूर्ण महानुभावहरू, नेनापका पदाधिकारी, कर्मचारी तथा सम्पूर्ण कार्यकर्ताहरूमा कृतज्ञता प्रकट गर्दछौं । साथै यो प्रतिवेदन तयार गर्ने ऋममा अडियो टान्सक्राइव गर्नुहुने राजश्री मिश्र एवं प्रतिवेदनलाई पुस्तकको रूपमा तयार गर्नमा सहयोग गर्नुहुने सबैमा हार्दिक आभार प्रकट गर्दछौं ।

नीति अनुसन्धान प्रतिष्ठान, नेपाल (नेनाप)

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**Day 1**  
**26 August 2022, Friday**  
**Inaugural Session**





**Dr. Binay Kumar Mishra**

Chief Guest, Rt. Honourable Prime Minister of Nepal, Shri Sher Bahadur Deuba; Guest of Honor, Honourable Minister of Foreign Affairs Dr. Narayan Khadka; Ministers, Members of Parliament, Former Ministers, Senior Leaders of the Parties, Government Officials; His Excellency Foreign Secretary, Government of Nepal, Their Excellencies, the Ambassadors of India, the USA and Israel, Officials from the Embassies, Chief of the Security forces and my humble pranams to all the senior dignitaries on and off the dais.

It is said that when people with good intentions gather in one place and have a cross- border exchange of ideas, it marks the beginning of a good initiative. This international seminar on Nepal and world order will be one such initiative.

Friends!! Nepal is home to an ancient civilization heritage. My country welcomes you all to these two days of intense brainstorming sessions wherein a lot of issues pertaining to the relations between the two great nations of the Asian continent will be discussed. We are confident that the young, ignited brains gathered here from Nepal and India will add another important perspective to the pre-existing narrative on Nepal-India relations, which will create a new opportunity for mutual growth and existence. I hope this stimulation brings a new paradigm to the scheme of things between Nepal and India and their existence in the new world order.

Without taking much time, I welcome all my friends from India, with whom I have had the great opportunity to work in the past and also my fellow citizens and friends from Nepal, with whom my future lies in taking our country on the global map. I thank the leadership under our Rt. Honourable PM Shri Sher Bahadur Deuba for supporting us and his presence in this important engagement.

I thank the MoFA, Dr Narayan Khadka, for his presence at the seminar.

I thank all the Honourable Ambassadors who have shared their views today.

I thank all the dignitaries who are sitting in front of the dais.

I thank all my NeNAP volunteer friends and all the other important organizations that have come together to put this through.

Gratitude to all our friends from the media who have come to cover this event.

Before I conclude my gratitude to all the delegates participating in the seminar for the next two days, I thank everyone present here.

Once again, thank you so much to all the participants !



**Deepak Kumar Adhikari**

Chair of the Inaugural Session, Dr. Binay Kumar Mishra; Chief Guest, Rt. Honourable Prime Minister of Nepal, Shri Sher Bahadur Deuba; Guest of Honor, Honourable Minister of Foreign Affairs, Dr. Narayan Khadka; Ministers, Members of Parliament, Former Ministers, Senior Leaders of Political Parties, Government Officials; His Excellency the Ambassadors of Israel, Officials from the Embassies of India and United States of America (USA), Chief of the Security Forces, scholarly paper presenters from Nepal and India; dignitaries who would chair different technical sessions, delegates participating in the seminar, distinguished invitees, sponsors, friends from the media, brothers and sisters.

On behalf of Neeti Anusandhan Pratishtan, Nepal (NeNAP), I express my immense pleasure in welcoming you to the inaugural session of this premier seminar on International Relations: Nepal and the World Order, which shall last for two days, i.e., tomorrow and day-after, at Nepal Bharat Maitri Pashupati Dharmashala, Tilaganga, Kathmandu. Young scholars below 40 years from Nepal and India will attend the Seminar. These scholars have received higher education from distinguished educational institutions in the region and have served their respective countries in different capacities. We are excited to listen to these scholars and learn from their new, brilliant and innovative ideas. We believe these scholars inherit our rich cultural heritage and lead it to newer heights in the days to come. We are also excited to understand their promises and speculate visions to shape the order of the upcoming world. We have listened to

our seasoned diplomats and their seasoned statements, planners, vision-makers, and leaders and benefited immensely from them. We think it is time to turn our ears to the young minds whose aspirations, ideas and visions will define the world order tomorrow.

You might be wondering what assumptions underpin this seminar and its guiding principles. It is worthwhile to ask what the world order tomorrow will or should look like, looking from Nepal as the point of reference. That makes this business extremely interesting.

Before we move on, we should agree on a common assumption that the image of the world we have conceived so far has been created from the perspective of the bigger economic and military powers. They defined the world and classified it as First, Second or Third world on their parameters, carefully placing themselves under the first category and relegating the other to the subsidiary categories. Smaller nations have, so far, remained stoic, patiently bearing the derogatory label of being members of the Third World. However, this name does not hold good anywhere except on economic and military fronts. Considering the minor economic and military factors, we foreground cultural and civilizational issues. In that case, the existing world order will likely fall apart, and a completely new order will likely emerge.

When culture and civilization also come into the central scheme of the world order, the overall picture looks different. We often take culture retrospectively, considering things of the remote past. Here, we redefine culture and do those noble practices that make us responsible and dignified, respecting the dignity of others. It includes all those noble acts we do as members of society, which make our thoughts, actions, and conducts noble and worthy of emulating. It cleanses our thought process, makes our foods and clothes healthy and decent, our speeches lucid and respectable, and our imaginations compassionate, noble and humane. It teaches us to take pride in the bigger hallmarks of our civilizations – things that have saved us as a people to this date. Yes, it is in contrast to some of the prevailing agencies and their ideas—teaching us to take pride in trivial things, and while being proud of those petty things, they

make us wrangle over those small, insignificant issues and consequently fractionalize society; bring discord and disharmony. On the other hand, culture inspires us to understand and respect diversity; that diversity is an expression of unity, not of differences. Hence, it teaches us that sticking to narrow and trivial issues and dividing ourselves along petty faultiness is not only wrong but also quite humiliating, disturbing and extremely detrimental to our ‘selves’.

We should be open to pertinent changes. Instead of sticking to old, outdated things, we must go for the best available alternative that currently works. Otherwise, we are likely to be out of fashion in no time. A Sanskrit proverb says:

यस्यास्ति सर्वत्र गतिः स कस्मात् स्व-देश-रागेण हि याति नाशम् ।

तातस्य कूपोऽयम् इति ब्रुवाणाः क्षारं जलं कापुरुषाः पिबन्ति ॥

“This well is of my forefathers,” say the fools fated to drink dirty water from that well. Only the timid do not want to change. If the old things are not relevant in today’s times and space, we should discard them. They should go stock and barrels. The new generation is ready to accept new things from anywhere non fundamentally.

One more thing comes to my mind. Our diversities define our identity as a nation. We have different big and small constituents. We do love each of them, and that is quite natural. However, we must also have the magnanimity to think beyond that and take pride in our bigger achievements and contributions. This thought leads us to have a global outlook, universal belonging and planetary considerations.

Geography and economy alone cannot and should not define the world order. As Chanakya, the great scholar, inspires us saying,

कः कालः कानि मित्राणि को देशः कौ व्ययागमौ ।

कश्चाहं का च मे शक्तिरिति चिन्त्यं मुहुर्मुहुः ॥

What the situation is at present; who my friends and foes are; what the situation is in the country where I reside; my income and expenditure are well balanced; what my present status is; and finally, how capable

and powerful I am. We must always consider all these aspects and take appropriate action accordingly. We should consider that many other intangible things should come into play, and we should discover or invent newer parameters to define the world order tomorrow.

When I say Nepal, I am using the name as a representative. Many countries like ours, especially in Asia, Africa and Latin America, are rich cultural and civilizational centers, yet they have been eclipsed by one fog or another. As a result, when we discuss International Affairs at the global level, the voices of these countries are often back grounded. When do our issues, resolutions and decisions become ‘global’ if we do not take our stakeholders, despite the sizes of their geography and economy?

Before imagining an inclusive world and a just world order, I think it will be worthwhile for us to define International Relations from the perspectives of our youths. What, in the first place, are International Relations for them? Is it merely the political or diplomatic relations among nations? Is it security issues, trade and commerce, import and import of goods, military exchange or migration of citizens? Is it also sharing natural resources, fighting the common evil together, or dealing with common problems like climate change, fossil fuel crisis and dwindling critical resources? Does International Relations also entail culture and civilization? Does it have any room for intangible heritages like art, architecture, music, dance and literature?

The older definitions will not do. Newer thoughts should come up, and undoubtedly, they should come from the younger generation. We should leave it to them to define the world tomorrow. They must respond to the existing divisions and mitigate them so that every nation has a say on the international stage and the world does not get divided among humiliating cleft lines.

This seminar hosts scholars from Nepal and India to understand why Nepal and India matter. There are a couple of reasons, both logistical and strategic. Speaking logically, Nepal and India do not have much

diplomatic decorum to observe. Traveling between Nepal and India is easy, as there are no visa obligations, and not many migratory hassles, including high travel expenses, bother us. Strategically speaking, India, as the biggest democracy in the world, stands as a big ideal and model for emerging democratic nations like Nepal. Over the years, India has emerged as one of the most reliable and decisive international players. Maintaining a neutral and non-aligned stance, India has become the center of hope for all, including conflicting and hostile countries, as they believe that India can show the path ahead and resolve the existing crisis, including wars and other minor disputes. In the wake of these developments, scholars with first-hand experiences from India can be extremely resourceful. Similarly, scholars from Nepal will represent an emerging country that has institutionalized peace, cultivated and nourished democracy, and sent the world the most enduring philosophies of peace and mutual co-existence on the cultural front.

The planned seminar, scheduled to take place tomorrow and the day after, will progress in a partly informal way so that speakers can open up better and discuss the issues with the whole of their hearts. Seasoned scholars with long work experiences on the fronts of mutual relationship and diplomacy will chair the sessions, no doubt, but the entire arrangement will guarantee an ambience of informality, freedom and unrestrained expressions.

We hope the seminar will chart out meaningful ideas to help us define our mutual relationship between Nepal and India and the world order tomorrow. We also believe the discussions help us address the voices, needs and aspirations of smaller countries like Nepal and give them a meaningful and dignified presence in the new emerging world.

I thank the Rt. Honourable Prime Minister of Nepal, Shri Sher Bahadur Deuba, for sparing time and gracing this session as its chief guest despite his extremely busy schedule in the Prime Minister's Office. I also thank the Honourable Minister of Foreign Affairs, Dr. Narayan Khadka, for being with us this evening as our Guest of Honour. I thank our esteemed guests of honor, their Excellencies, the Ambassadors of

India, the USA and Israel, for managing time and kindly accepting our invitations to grace this session. I thank paper presenters from India and Nepal, Chairs of different technical sessions, participants, friends from the media and all our invitees and well-wishers for your presence, goodwill and support.

Thank you very much.



**Mark Templer**

Acting Deputy Chief of Mission (DCM), USA

धन्यवाद । सभाका सभापतिज्यू सम्माननीय प्रधानमन्त्रीज्यू माननीय परराष्ट्र मन्त्रीज्यू विशेषातिथिज्यूहरू । कार्यक्रममा आमन्त्रण गर्नुभएकोमा धन्यवाद । हामी यहाँ आज किन उपस्थित छौं ? मलाई लाग्छ कि यस कार्यक्रमको उद्देश्य धेरै राम्रो छ । हाम्रा पुस्ताहरूले लोकतन्त्रका लागि धेरै योगदान गर्नुभएको छ । उहाँहरूले देखाउनुभएको बाटोमा अगाडि बढ्ने जिम्मेवारी अब युवा पुस्ताको काँधमा आएको छ । विश्व कै भविष्य युवा पुस्ताको नेतृत्वमा अगाडि बढिरहेको देख्दा हामीलाई खुशी लागेको छ । हामी विश्वास गछौं कि नेपालीहरूलाई अवसर दिइयो भने उनीहरूले अद्भूत काम गर्न सक्छन् । नेपालीहरूले यो कुरा बारम्बार प्रमाणित गरेका छन् । अंग्रेजीमा अलिकाति व्याख्या गर्न चाहन्छ ।

This week, I had a chance to meet nine Nepali climbers, including Mingma Sherpa (14 Peaks fame), and they reached the top of Mt. Denali in Alaska, United States. It's our highest mountain for us, but for Nepal, it's just a small hill. The greatest mountaineers in the history of the world are all from Nepal. We have seen Nepali-founded companies flourish in both countries. I think of K & A firm. It's run by a Nepali American in America. It has created hundreds of jobs in both countries. It's helping American utilities upgrade their greens to do green power. Similarly, Lifra Technologies, run by a Nepali, helped American cities distribute vaccines during the COVID crisis. Nepali Americans are doing great things all over the world. We think of people like Bishnu Maya Pariyar. Her story is part of the Massachusetts state school curriculum, and she advises the mayor of New Jersey City. Kiran Joshi founded Incessant Rain Studio, which created animation for Kung Fu Panda. Pradip Humagain just returned from America, and he is the football team's coach. Arthur Gunn, also known as Dibesh Pokharel, was a runner-

up in the 2020 American Idol competition. Prabal Gurung designed outfits for Barack and Michelle Obama. Nepali peacekeepers are all over the world. Nepal is the second-largest provider of peacekeeping forces and the largest per capita, and it has a strong tradition of loving peace. Nepal is known for its amazing people and beautiful scenery and its strong commitment to democracy, human rights, and global peace. Everything the United States does here in Nepal is to support this country's amazing people and empower them to do even greater things at home and abroad.

अन्त्यमा, म फेरी अलिकति नेपाली भाषामा व्याख्या गर्न चाहन्छु । जहाँसम्म अमेरिकाको नेपालसँगको सम्बन्धको बारेमा कुरा छ, हामी स्पष्ट छौं र स्पष्ट पार्न चाहन्छौं । हामी नेपाललाई एक बलियो, सार्वभौम, लोकतान्त्रिक र समृद्ध राष्ट्र भएको हेर्न चाहन्छौं । हामी पारस्परिक सम्मानमा आधारित सम्बन्ध चाहन्छौं । हामी नेपाल र आफ्ना छिमेकीसँग पारस्परिक सम्मानमा आधारित बलियो सम्बन्ध बनाएको हेर्न चाहन्छौं । अन्त्यमा पुनः एकपटक भन्न चाहन्छु । हामी नेपाललाई pro USA, pro India वा pro China होइन pro Nepal भएको हेर्न चाहन्छौं । अमेरिका नेपालको लोकतन्त्र र मानव अधिकारको संरक्षण र आर्थिक समृद्धिमा हातेमालो गर्न चाहन्छ । यहाँहस्ताई आउँदै गरेको बढादशैंको शुभकामना । आयोजकलाई पुनः एक पटक धन्यवाद । नमस्ते ।



**Hanan Goder**

His Excellency Ambassador of Israel to Nepal

I apologize; my Nepali is not as fluent as my friend's. मेरो इजरायली नाम हानेन गोदेर हो तर मेरो नेपाली नाम दिल बहादुर हो। This seminar is on international relations; I think the title is Nepal and the World Order. We have an open question: Is there a world order? Is there an order, or maybe there is a disorder? Has diplomacy led the world to achievements and eternal peace, or has it led to conflicts? Unfortunately, there was a different vision in the last 10–20 years; today, the vision is different. However, there must be peace and order that respects all countries.

When we talk about Nepal, whether we talk about the Nepal of 2022 or a few hundred years ago, when it was a tiny kingdom surrounded or even locked and not open, things have changed not only in Nepal but worldwide. Things have also changed in the Middle East. I come from Jerusalem; I come from Israel. It's a small country. The size of Israel is about one of the provinces of Nepal. Many people, when they hear about Israel, they think it's a big country. It is not. Still, we are all equal. One hundred ninety-three members of the United Nations are all equal. We all have the vote and are equal and sovereign in this aspect. Nepal and Israel established their relations very well in 1960. We mark it and celebrate it.

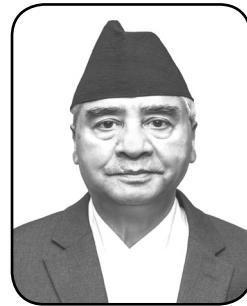
In Sundarijal, in the BP museum, we had a very nice event to remember the courageous step taken in 1960. Israel and Nepal have had excellent relations ever since. Israel will never forget. At that time, Nepal was the first and, for 30 years, the only country in this part of the world to have relations with Israel. Thank you. I think this is a lovely example of how

countries can cooperate over the years. And when countries cooperate, especially when they are small countries, it is for the benefit of both countries. As we look at the global map, we know we have small, small, medium, and big countries. It is a reality, but the importance of countries in this world is not defined by their size or area. In this aspect, we must remember that despite being small, you have your moral views. Prime Minister, your views here are more important than those of other big countries. I don't want to say the name because your international policy is of no interest to me. Your international policy is becoming this way because you view everything as it is. This is an important message that you need to understand. Big or small, we are all the same. Sometimes, when you are a small country like Nepal or Israel surrounded by big forces, the reality is that when big forces conflict, it becomes our problem.

On the contrary, when big forces are allies, it also becomes our problem. In either case, it is a challenge. For small countries, running international policy is always a challenge.

We appreciate your friendship and ensure that it will continue for the first 62 years, the next 62 years, and 622 years. Thank you very much for all the good efforts, good relations, and good work that you are doing.

धेरै धेरै धन्यवाद ।



**Shri Sher Bahadur Deuba**

Rt. Honourable Prime Minister

Honourable Minister for Foreign Affairs, Distinguished Scholars, Media Persons, Ladies and Gentlemen !

I feel happy to address the inaugural session of this international seminar. I thank the Neeti Anusandhan Pratisthan, Nepal (NeNAP) for convening this event.

In the fast-changing international environment, events like these can help better understand the context and elements of international relations.

Today, the world is witnessing significant events in international politics that will impact the future course of the world order.

It is natural for us to expect that any change in the world order must take care of the needs and aspirations of developing countries like Nepal.

Therefore, Nepal always speaks for a world order that is just, equitable, inclusive, and fair to everyone. We call for a world order that respects the principles enshrined in the Charter of the United Nations. We strongly believe in multilateralism with the United Nations at its center.

Dear Friends,

The COVID-19 pandemic disrupted lives, livelihoods and economies everywhere. The fallout of economic distress has been more acute in the developing countries, including in our region.

The pandemic revealed the anomalies of the unequal world –where the most vulnerable were the hardest hit.

The economic hardship caused by the pandemic is multiplied by other large-scale crises in recent times.

The prices of fuels, food and fertilizers have surged, supply chains have been disrupted, and international travel costs have risen.

The inflationary pressures have added stress on the economies. The least developed countries, in particular, face the cumulative brunt of the crises.

Such mega crises will impact Nepal's planned graduation process from the status of an Least Developed Country (LDC).

In addition, non-traditional threats, such as climate change, add to the difficulties. Climate change poses an existential threat. As Nepal is a country with high mountains, the impact is more acute.

Ladies and Gentlemen,

Nepal's foreign policy is guided by the parameters outlined in our Constitution.

The principles enshrined in the charter of the United Nations, non-alignment, international law and values of world peace make the essence of our foreign policy.

Sovereign equality, territorial integrity, mutual interest and mutual benefits guide our foreign policies.

We enjoy cordial and friendly relations with both of our neighbors.

Our relations with our friends in the extended neighborhood, big powers, development partners, and the countries of destination of our migrant workers have been traditionally friendly and cooperative.

Nepal's contribution to international peace and security through participation in the United Nations (UN) peace operations has been widely acknowledged by the international community. This contribution is unique and distinct, and Nepal has rendered it for the past 64 years in the service of the UN mandate. At present, Nepal stands as the second largest troop-contributing country in the UN peace keeping mission.

We advocate for complete and general disarmament of all weapons of mass destruction and reallocation of those resources for economic development.

We believe in the peaceful resolution of disputes through diplomacy and dialogue, which is morally correct and in the interest of greater humanity.

The maladies that the world is confronting today must be addressed for good. Concerns of the poorest and most vulnerable countries should receive priority both in terms of policies and action. As a peace-loving country, Nepal remains committed to playing its due role in such endeavors.

In this vein, we believe in an inclusive, democratic, and just international order that offers opportunities to all states, big or small, rich or poor, to prosper and thrive.

I am confident that the deliberations of this seminar will be fruitful in assessing the various dimensions of international affairs.

I wish you every success of the seminar.

Thank you!



**Day 2**  
**Session I**  
**Nepal in the New Global Order**





**Deepak Kumar Adhikari**

आप सबको मेरा सादर अभिवादन एवं शुभ प्रभात । आज से कल शाम तक होने वाली इस सेमिनार में उपस्थित सभी जनों को मैं स्वागत तथा अभिनन्दन करता हूँ । इतने दूर से आप लोग यात्रा करके आए हैं, उसमें अगर कुछ कष्ट हुई हो तो भगवान पशुपतिनाथ की कृपा से आप उसे भूल जाएंगे । भगवान पशुपतिनाथ के दर्शन करते ही आप उन सारे दुःख एवं कष्टों से मुक्त हो जाएंगे । मैं एक बार पुनः आप सभी जनों का हार्दिक स्वागत करता हूँ । हम दोनों देशों के नागरिक नेपाली, हिन्दी एवं अंग्रेजी तीनों भाषा बोल एवं समझ सकते हैं, इसलिए मेरा आग्रह है कि हम इन तीनों भाषाओं में से किसी भी भाषा में अपना विचार रख सकते हैं । शाम को यहाँ के सम्माननीय प्रधानमन्त्रीजी की धर्मपत्नी अर्थात् फर्स्ट लेडी द्वारा आप सब के लिए रात्रीभोज का आयोजन किया गया है । उसके लिए हम शाम को छह बजे निकलेंगे और हमसे और भी लोग उसमें जुड़ेंगे । इस सेमिनार की सारी गतिविधियाँ इसी स्थान पर होगी । नेपाल और भारत में ज्यादा दूरी नहीं है एक दो घण्टे की बात है, तो आपको कभी भी स्वागत है ।

इस सत्र में मैं कुछ प्रमुख पदाधिकारीयों एवं आयोजक समिति के सदस्यों का परिचय कराना उचित समझता हूँ । प्रवेश आचार्यजी नीति के बोर्ड के सदस्य हैं और पेशा से चार्टर्ड एकाउन्टेन्ट हैं । पंकज कर्णजी ने आई.आई.टी रुक्की से एम.टेक किया है और यहाँ इन्जिनीयरिंग कन्सल्टेन्ट चलाते हैं । आप भी नीति के बोर्ड के सदस्य हैं । सागर श्रेष्ठ जी ने भी आई.आई.टी रुक्की से एम.टेक किया है और जनकपुर इन्जिनीयरिंग कलेज में प्रिन्सिपल के रूप में कार्यरत हैं । आप नेपाल इन्जिनीयरिंग काउन्सिल के सदस्य के साथ साथ नीति के भी बोर्ड के सदस्य हैं । बिमल सुवेदीजी भी नीति के बोर्ड के सदस्य हैं, और आप ने नेशनल स्कुल अफ ड्रामा (NSD), नई दिल्ली से मास्टर तक की अध्ययन की है । डा. दिपेश के.सी. जी नीति के बोर्ड के सदस्य हैं । आपने जे.एन.यु. से क्रस बोर्डर क्राइम शीर्षक पर पिएचडी की है और अभी reportersonlineportal.com के प्रधान सम्पादक हैं । उसी तरह से रामचन्द्र शाक्यजी नीति

के कार्यकारी सदस्य हैं और उनका स्वर्य का व्यवसाय है। डा. प्रेमराज न्यौपानेजी नीति के बोर्ड के सदस्य हैं और नेपाल संस्कृत विश्वविद्यालय में बुद्धिजम के सहायक प्रोफेसर हैं। नारायण ढकालजी प्राज्ञिक विद्यार्थी परिषद् के राष्ट्रीय संगठन सचिव हैं। डम्बरबहादुर सुनारजी भी नीति के बोर्ड के सदस्य हैं, आप ने अन्तर्राष्ट्रीय सम्बन्ध (International Relations - IR) विषय में South Asian University (SAU), नई दिल्ली से स्नातकोत्तर तक की अध्ययन की है। वर्तमान में आप चीन से पिएचडी कर रहे हैं। विराट कृष्ण थापा जी की भी पढाई Jawaharlal Nehru University (JNU), नई दिल्ली से हुही है और अभी आप अपना स्वयं का एनजीओ चलाते हैं। तीर्थ अर्यालजी चार्टर्ड एकाउन्टेन्ट हैं। शिवप्रसाद तिवारी जी नीति में आवद्ध होकर शोध का कार्य कर रहे हैं। निकेश लम्साल जी lawyer हैं और आप भी नीति के बोर्ड के सदस्य हैं। रीता शर्माजी नीति के कोषाध्यक्ष हैं। सन्तोष आचार्यजी नीति के कार्यालय प्रमुख हैं और उनके साथ अभी निकेश जी भी सेमिनार का कोअर्डिनेशन कर रहे हैं। आयोजक समिति के सदस्य के रूपमें सन्दीप जी हमारे साथ कन्धा से कन्धा मिलाकर चट्टान की तरह खड़े हैं। आप सभी भी इनसे परिचित हैं। आप पालपा के हैं और आप ने लम्बे समय तक भारत में रहकर संगठन का कार्य किया है। अभी आप नेपाली कांग्रेस में आबद्ध हैं। बाँकी यहाँ अन्य कई कार्यकर्ता भी व्यवस्था में लगे हुए हैं। मोहन श्रेष्ठजी नीति में अनुसन्धानकर्ता हैं और अन्य जिनका परिचय रह गया है उनको हम बाद में जोड़ेंगे।

कई बार हम विचार करते हैं कि हमारा कार्यक्रम तथा सेमिनार का राष्ट्रीय मोडल किस प्रकार का होगा ! लेकिन यह सेमिनार हमारा है तो मोडल भी हमारा ही चलेगा। इसलिए इस प्रकार के बन्धन से हम मुक्त हैं। इसका मूलभूत अवधारणा तब आया था जब नेपाल में आई.आर विषय का अध्ययन स्नातकोत्तर स्तर पर शुरू हुआ मात्र ६ साल हो रहा था। यह विषय त्रिभुवन विश्वविद्यालय में अभितक भी पूर्ण विभाग नहीं बना है। still it has not become a full-fledged department of Tribhuwan University (TU), it is a programme. इसलिए TU डिपार्टमेन्ट प्रमुख न कह कर कोअर्डिनेटर कहता है। शुरूआती दौर में नेपाल के लोग आइ.आर. विषय अध्ययन करने के लिए मात्र भारत और चीन जाते थे और अध्ययन करके वापस आए हुए उन सभी स्कलर्स से नीति का अच्छा सम्पर्क था और समय समय पर उनके साथ गतिविधियाँ भी होती रहती थी। लेकिन इस विषय पर औपचारिक चर्चा हो और एक दूसरे का ज्ञान साझा किया जाए, इस उद्देश्य से यह अन्तर्राष्ट्रीय सेमिनार का आयोजन किया गया है। कहा गया है कि Man has much knowledge even though he/she is not perfect. सभी में भिन्न प्रकार की कला होती है। हर किसी के पास हर तरह की कला नहीं होती है। और यहाँ सभी अपने-अपने क्षेत्र के अनुभवी लोग हैं और जब भी यहाँ किसी भी विषय पर बात होगी, तो हम जरूर आपसे विचार विमर्श करेंगे। यहाँ सेमिनार के बारे में काफी चर्चा हुई है और मिडिया ने भी इसका बहुत प्रचार किया है। गत सोमवार इसी विषय

पर हमने पत्रकारों के साथ वार्ता भी रखा था। यहाँ के सिनियर करेस्पोन्डेन्ट जो फरेन बिट्स देखते हैं, उन सब को और सभी सम्पादकों को भी बुलाया था। हमने विचार किया है कि हम दो दिनों में पुरे विषयों पर चर्चा तथा विमर्श करेंगे एवं न्याय भी करेंगे।

भारत और नेपाल को यदि दो बिन्दुओं पर देखा जाए तो भारत का नेपाल में शिक्षा के क्षेत्र में बड़ा ही योगदान रहा है और है। पुराने समय में नेपाल के लिए सामान्य तथा उच्च शिक्षा प्राप्त हेतु भारत एकमात्र गन्तव्य था। एक कहावत है कि जब ज्ञान चाहिए तो काशी चले जाइए और न्याय चाहिए तो गोरखा चले जाइए। शिक्षा के लिए काशी का बहुत बड़ा योगदान रहा है। बहुत पहले मेट्रिक का बोर्ड कोलकाता था। और पटना विश्वविद्यालय विश्वविद्यालय का बोर्ड था। त्रिभुवन विश्वविद्यालय बनने के बाद नेपाल धीरे धीरे शिक्षा में स्वावलम्बी होता गया। भारत से अध्ययन करके वापस आए हुए नेपालीओं के बीच में यहाँ कुछ एलुमनाइजेशन भी चलते हैं और ५-६ तो prominent registered organisations के रूपमें कार्यरत हैं। उदाहरण स्वरूप IIT Roorkee का Indian Institute of Technology, Roorkee Alumni Association of Nepal (IITRAAN), पूर्णे का Film Institution, Film and Television Institute of India, Pune (FTII) का Graftii Nepal, चण्डीगढ़ से इन्जिनीयरिंग अध्ययन करके वापस आए हुए लोगों का Society of Nepalese Architect and Engineer of Chandigarh (SONEAC) और Architect अध्ययन करके वापस आए हुए लोगों का Society of Nepalese Architect (SONA) है।

इस तरह नेपाल और भारत के बीच काफी बड़ा शैक्षिक नेटवर्क है। लेकिन गत ३०-४० साल में paradigm shift हुआ है। इसलिए नई पीढ़ि को नए तरिके से सोचना चाहिए। भारत जाने के लिए और कोई कागजपत्र की आवश्यकता नहीं है। पहले तो पासपोर्ट की भी आवश्यकता नहीं थी। मगर सन् १९९९ के घटना के बाद से दोनों सरकार ने पासपोर्ट को अनिवार्य कर दिया।

हम लोग एक ही संस्कृति के हैं। कई बार यह बताया जाता है कि हम एक जैसे दिखते हैं। मेरा कहना है कि जब हम एक ही हैं तो दिखेंगे भी एक ही जैसे। उदाहरण के लिए हमारे यहाँ रमेश कुमार दुंगेल जी हैं जो अगस्त्य गोत्री के अध्यक्ष हैं और उनके सारे सदस्य कर्नाटक से हैं। भूगोल इसके लिए कोई बाधक नहीं है। उसी तरह कश्यप ऋषि, पतञ्जलि ऋषि एवं शास्त्र, संगीत आदि भी हमारी साभा हैं। शास्त्रीय संगीत की साधना कोई लखनऊ, कोई दिल्ली, तो कोई नेपाल में करते हैं। यह सब नेपाल और भारत दोनों के साभा हैं। ईश्वर हमारे एक हैं, मानविन्दु हमारे एक हैं। आज के आधुनिक युग में हम बस दो देश के नागरिक के रूप में प्रस्तुत हैं। मूलतः हमारी गर्वनाल (एमलिकल कोर्ड) एक है, हमारी भाषा, वेश-भूषा, खान-पान, रहन-सहन, संस्कृत और परम्पराएँ आदि एक ही हैं। इसलिए हमको छोटी-छोटी

चिजों से ऊपर उठकर बड़ी चीजों पर विचार करना चाहिए। हैं तो हम एक ही लेकिन कुछ चीजों पर बातें हमको अलग अलग भी करनी पड़ती हैं, तो कुछ चिजों पर हमें बातें और कार्य मिलकर भी करनी पड़ती हैं।

इस सेमिनार से उभर कर आए हुए सभी महत्वपूर्ण बिन्दुओं को हम सरकार को देंगे। उन सभी विषयों को लागू करना सरकार के अधिकार क्षेत्र का विषय है। यहाँ जो भी विषय रखने वाले विज्ञ हैं उनकी आयु ४० साल से कम होंगे। Seniors लोग मात्र chair करेंगे। Session पर विषय वही रखेंगे जिनको पेपर प्रस्तुत करना है। लेकिन जिनको आर्टिकल देना है उनके लिए आयु की कोई सीमा नहीं है। इस सेमिनार का पूर्ण विवरण सहित आप सभी के आर्टिकल को भी हम पुस्तक के रूपमें छापेंगे। किसी को मञ्च से रोल मिलेगा तो किसी को मञ्च के निचे से रोल मिलेगा लेकिन सभी का रोल बराबर हैं और बराबर रहेगा। आप सभी को मैं पुनः स्वागत, अभिनन्दन करता हूँ और बधाई देता हूँ।

नीति अनुसन्धान प्रतिष्ठान, नेपाल का एक लिडिंग थिङ्क ट्रांस्फर रिसर्च इन्सटीट्युशन है। इसके साथ साथ यह एक सामाजिक संस्था भी है। हम सारे संशाधन को समाज से जुटाते हैं। न्यूनतम व्यय में अधिकतम कार्य हो, यही हमारा कार्यपद्धति है। समाज के विश्वास से जो हमें सहयोग मिलता है उसका सही मात्रा में सदुपयोग होना चाहिए। इसमें से कोई विषय छुट गया हो तो हमारे संयोजक उसको पूरा करेंगे। पशुपति आरती का कल शाम को अवसर मिलेगा और दर्शन के लिए कल सुबह का अवसर मिलेगा। जिनको इच्छा है अभी ब्रेक के समय में भी जाके आ सकते हैं। पशुपतिनाथ के चार दरबाजे ९:०० से ९:१५ को खुलते हैं परसों सुबह भी उसके लिए पर्याप्त अवसर है। धन्यवाद।



**Dr. Mrigendra Bahadur Karki**

In India, they have been attempting to develop Indianness through education policy. So Deepak Ji suggested that we develop Nepaliness in Nepal. Having said this, I am fortunate to chair this first session. I do not know many Indian participants, though I know some of them. My colleagues Nihar Nayak Ji and Sandeep Ji are here. After each of our introductions, we will definitely have opportunities in the future.

To a great extent, Deepak Ji correctly mentioned that we are from the very same territory. Territory does not only mean land. Land (भूगोल) has developed its civilization. I was invited to Oxford University to share my ideas in 2019. There is one Science and History Museum at Oxford University, where I found bhugol vidhya. It is based on some adhyaya of the Bhagavad Gita. At that time, we had only one geographical territory based on culture. We did not have political territory like Nepal, India, China, Bhutan, Sri Lanka, etc. These are the new phenomena. If we believe in the Axial age civilization proposed by Karl Jasper, we will know who we are. We Nepali people are not only the collection of three crore individuals. Our own history, civilization, culture, politics, and everything else invade us. In this context, we, to a great extent, share very common ancestral and civilizational routes. Side by side, we have to realize that we are different too. In this context, I would like to recite that one statement by the Indian foreign minister some months back in Europe. Very shortly, I am going to publish an article about Nepal-India relations focusing on anuyae to citizens, anuyae means some Dharma. We are followers of that dharma. At that level, we have one identity; at

another level, we are citizens, i.e., citizens of India and Nepal. Having this kind of citizenship boundary, of course, we will have different sorts of domains as well. We have a relationship with India to Nepal from anuyae to citizens. We don't have such anuyae relations with the United States or the United Kingdom. We are lucky enough to be the same anuyae of the same Dharma.

Nevertheless, we must accept that we are in two different sovereign countries. In this context, we cannot adequately understand the Nepal-India relations, influencing European and American epistemological positions. I agree with the Modi's government and vice chancellor in this context. We have to dig out who we are. By borrowing knowledge from Britain, the US or any other land, we cannot employ it in our socio-cultural set-up. Without any further delay, I invite our other four presenters.

# **India-Nepal Relations: Opportunities and Challenges**

**Dr. Abhishek Pratap Singh\***

## **Abstract**

India and Nepal share a unique relationship with open borders and cultural and religious similarities that have helped to build people-to-people contacts. Though these similarities helped these countries develop close relations, the nature of the relationship has changed over the years due to the changing global landscape and emerging geopolitics in the South Asian region. The present paper seeks to analyze this relationship from political, strategic and economic perspectives. The recent development and new trends in the relationship between the two countries are fundamental to the study, especially concerning the present government's neighborhood first policy. This paper also discusses the various areas of differences between the two countries. Nepal's close proximity to India makes their bilateral relationship very important for India, but China's growing influence in Nepal has led to some new geopolitical and economic sustainability challenges for the Himalayan state.

## **Keywords**

Geopolitics, civil society, diplomacy, assistance, security

## **Introduction**

India and Nepal have been culturally and historically connected. These countries share a close bond regarding history, culture, economy, geography, and politics. These countries also share commonalities like religion, rituals, food habits, and lifestyles. Both countries have shared long-term political and economic relations. Given that Nepal is geographically landlocked, it is highly dependent on India for trade-export and import. Naturally, India has given too much importance to Nepal in its neighborhood-first policy. From independence to the

\* PhD in Chinese studies from JNU and Assistant Professor, University of Delhi

present, there has been natural fondness and warmth in the bilateral relations between both states. In recent years, India has tried to reshape its relationship with Nepal under the Modi government, focusing on the opportunity to strengthen mutual ties and deepen cooperation. The high-level visits from the Indian side to Nepal, especially led by Prime Minister Modi's official visit in 2014 and 2022, had become a 'turning point' in the relations between the two countries.

Despite being small and landlocked, Nepal is geo-strategically significant in South Asia. Since it is a buffer state between India and China, it's significant for both these countries. Nepal shares borders with India and China; Limpiyadhura and Lipulekha are closer to Tibet, which is strategically significant for China. For India, Nepal is too significant from a security perspective, especially when the Sino-India relationship is not at a smoother level. This factor has emerged as a key concern for India in recent years due to China's rising involvement in Nepal through aid and investments. The Nepali government welcomed China's engagement in the state, but there are domestic concerns within Nepal regarding these projects. China is shaping its diplomacy in Nepal with Belt and Road Initiatives (BRI) through large-scale aid, loans and investment in big projects.

India has always taken a positive and supportive approach to Nepal. However, due to some political nuances, the domestic response from Nepal has sometimes led to some differences between the two countries. In recent years, Nepal has been critical of India's role in its domestic policies. This critique resulted in some issues in bilateral relations. However, despite these issues backed by India's neighborhood first policy, we had paid due attention and significance to the South Asian countries, preferably Nepal, to widen this developmental partnership with Nepal.

### **Political Relations and Leadership**

Nepal shares borders with five Indian states: Uttarakhand, Uttar Pradesh, West Bengal, Sikkim and Bihar. Therefore, it is crucial for cultural and

economic exchange. We can analyze the importance of Nepal for India in different ways; Nepal is strategically important for India's national security and its position in India's role perception in regional politics. Nepal's geographical position as a 'buffer state' can play a significant role against any possible aggression from the east towards India. India's growing position as an economic and political power in the world has also provided an opportunity for its neighboring countries, including Nepal. The present government has prioritized India's political and economic relations with South Asian countries as the 'first and utmost priority' under its foreign policy agenda. India's positive stand towards Nepal is creating a new phase of relationship between the two countries.

The Prime Minister of Nepal, Sushil Koirala, broke protocol and received Modi at the airport, giving him a nineteen-gun salute on his arrival.<sup>1</sup> The people of Nepal gave him a celebratory public welcome. Prime Minister Modi's visit to Nepal was historic as he was the first foreign leader to address the Nepalese parliament after democracy returned in the Himalayan state. His speech at the Nepalese parliament opened a new phase in bilateral relations. The Prime Minister was concrete in his articulation and an interesting reflection on the ongoing relations between the two countries. "Modi's speech at the Nepalese parliament was a graceful reflection on the trials and turbulence that have shaped Indo-Nepalese ties over the last few years with a promise of a change of course in the coming years".<sup>2</sup> After years of territorial issues between Nepal and India, which had created tension between these countries, they took the initiative to improve their bilateral relations. In June 2021, the new path of cooperation began with India supplying one million COVID vaccines, testing kits and other medicines to Nepal. During

1 Pant. V. Harsh (2016) "Indian Foreign Policy an Overview" Published', by Manchester University Press, PP. 107- 117

2 Indian Express (August 3 2014) "Narendra Modi Wins Hearts by Using Nepali in Address Speech," Available at <https://indianexpress.com/article/world/neighbours/narendra-modi-wins-hearts-by-using-nepali-in-address-speech/>

the pandemic, India promised every possible support to its neighboring country without any conditions.<sup>3</sup>

With the change in leadership in Nepal, India also looked towards strengthening its bilateral ties benignly. With Sher Bahadur Deuba becoming the Prime Minister of Nepal in 2020, he has signaled ‘new and deeper cooperation’ with India. Deuba shared a telephone conversation with Prime Minister Modi and focused on the friendly relationship between the two countries. Both desired to foster new steps in building this relationship into new heights and success.

In January 2021, the Foreign Minister of Nepal, Pradeep Gyawali, was on an official visit to India, where he met his counterpart S. Jaishankar. He said both countries have a “common commitment to resolve the border issues”.<sup>4</sup> During the Deuba government tenure, high-level visits took place several times for further cooperation and working together. A Foreign Secretary-level meeting was held in Kathmandu, where Vinay Mohan Kwatra met his Nepalese counterpart, Bharat Raj Paudyal, and emphasized strengthening bilateral relations. Both courtiers have been showing interest in maintaining cordial relationships and continually exchanging dialogue. This has been backed by the highest political leadership from both sides, resulting in meaningful gains for the bilateral relations. The recent visit of Nepalese PM Prachanda highlights the bilateral willingness of the leadership to move beyond contentious issues and focus on mutually beneficial aspects. This has been the driving force behind India’s neighbourhood policy under the leadership of PM Narendra Modi.

### **Chinese Adventurism in Nepal**

China’s growing presence in Nepal has become a serious concern for India’s security in this region in recent years. Nepal’s strategic

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<sup>3</sup> *The Times of India*, (December 20, 2021) “Nepal Makes Efforts to Reset Bilateral Ties with India Amidst Change in Top Leadership” Available at <https://timesofindia.indiatimes.com/india/nepal-makes-efforts-to-reset-bilateral-ties-with-india-amidst-change-in-top-leadership/articleshow/88539663.cms>

<sup>4</sup> Dec 28, 2021 *The Times of India*, [www.toi.com](http://www.toi.com)

importance has led China to give preference and focus on building bilateral cooperation with the mountain state. Chinese have aggressively pushed the logic of building a China-Nepal bilateral relationship to help reduce Nepal's dependency on India in the political and economic domain. Moreover, some sections of the Nepalese leadership are more inclined to seize the chance to collaborate with China on larger developmental goals. Nepal and India have always maintained strong connections. However, in recent years, there seems to have been a change in Nepal's foreign policy orientation, with a stronger focus on broadening its diplomatic ties with major countries.

In line with this move, relations with China have been improved. The blockade episode in 2015 tarnished the Indian image, and this incident increased the Chinese role in Nepali development projects. The five-month "blockade" of the Indo-Nepal border, from September 2015 to February 2016, was entirely the fault of India and was the main cause of the misery experienced by ordinary Nepalis (Singh 2016).

China materialized upon this and gave a clear impression of broadening ties with Nepal. This incident provided an opportunity for the Chinese side to influence Nepali politicians. In 2016, China lobbied for the continuation of the Oli government in Nepal. Another prominent episode was when the National Communist Party of Nepal, led by Pushpa Kamal Dahal, came to power in December 2022 with Chinese support after the dissolution of parliament. (Baral, Biswas, 2017)

Over the past ten years, cooperation between China and Nepal has advanced regarding aid and foreign direct investment (FDI) into Nepal. In 2016, China overtook India as the biggest aiding nation to Nepal. In the same year (2016), both the states signed ten Memorandums of Understanding (MoUs) on various areas of cooperation. These agreements cover multiple areas, including the exploration of Nepal's oil and gas reserves, the use of China's seaport facilities, the improvement of rail connectivity, and the construction of a transmission line.

Amid growing mutual trust in bilateral relations, China and Nepal signed a MoU on Belt Road Initiative (BRI) cooperation on May 12, 2017, which marks Nepal's official entry into the China-led major international project. Xi Jinping's government has offered Nepalese Rupees 56 billion in assistance to Nepal for its development. Nepal has joined China's Belt and Road Initiatives (BRI) investment in the Kathmandu- Kerung Railway. Around the new shift and momentum in bilateral relations, the visit of Chinese President Xi Jinping to Nepal was termed "as high-level visit, sharing of communist ideology, training, as well as development models" (The Economic Times, Jul 11, 2020). Annual development assistance has been hiked to \$120 million. Today, China is also engaged with airport expansion projects at Pokhara and Lumbini. Rather than compete with China, India needs to up its own game.

Moreover, the same year, the joint military exercise between China and Nepal and the decision to build and expand the Chinese railway to the borders with Nepal became a significant concern for India (Sharma 2018). In recent years, China has indicated interest in establishing trans-Himalayan connectivity through Nepal, particularly through projects connected to the Belt and Road Initiative (BRI). These developments have raised worries in India about possible geo-political implications as well as concern about the Chinese military's access and presence close to India's borders.

According to a senior Indian diplomat, India gave a more nuanced understanding of China's foothold in Nepal and how India should perceive it. He argues that India has ignored the historical connections between Nepal and China and limited China to mere intruders or aliens, posing security challenges to India (Gokhale, 2021). At some levels, India postulated that Nepal also shares the same understanding without assessing the needs and expectations of Nepalese themselves. China's economic prowess and clout are hard to match, threatening India's privileges in Nepal. Suppose India is to retain its interests in Nepal. In that case, it should focus on its own capacity to outdo China and need

to show some political will to address contentious issues with Nepal (Sidgel, 2018).

However, the Chinese assistance to Nepal will not come without any cost. In the name of a mutual win-win formula, the Chinese have made many outreaches in other South Asian countries, just to leave them with huge state debt on weak economic formulations. The recent case of Sri Lanka is an example of Chinese aid diplomacy and debt trap. Sri Lanka is in a deep economic crisis, skyrocketing inflation and depleting foreign reserves. Pakistan, too, is in the middle of a political crisis and facing an economic one. Nepal, likewise, is foreseeing a financial crisis and has banned the import of vehicles and other luxury items due to declining foreign exchange reserves. Nepal Rastra Bank, the country's central bank, said that they have been seeing symptoms that there may be some crisis in the economy, mainly because of growing imports.<sup>5</sup> Apart from increasing its engagement with Nepal, India is silently trying to check China's growing influence in Nepal through economic diplomacy.

It has solidified Nepal's opinion that Beijing has respected Nepali sovereignty while New Delhi has unfairly meddled in domestic affairs to further its agenda. It's high time that India reconfigures how it deals with the political elites of Nepal, resolves resentments regarding the 1950 Treaty of Peace and Friendship, takes the border encroachment complaints seriously, and rationally approaches the trade and transit crises. These are some ways through which India can check the rising influence of China in Nepal because, in the Himalayas, China is no longer happy to remain a mere spectator.

### **India's Developmental Partnership with Nepal**

The development cooperation and partnership between India and Nepal dates back to 1951 with the construction of Gauchar Airport in Kathmandu, the capital city of Nepal. India's development efforts in

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<sup>5</sup> 11 April, 2022 Business Today, <https://www.businesstoday.in/latest/world/story/chinas-debt-trap-diplomacy-in-the-region-and-how-it-impacts-india-329371-2022-04-11>

Nepal aren't just limited to infrastructure development but also include sharing technical expertise and knowledge. It has provided many capacity-building initiatives in Nepal in the last decades. This has helped to grow the Nepalese economy and built public infrastructure for the well-being of their people. The cultural dynamism between both countries has always been the driving force to foster various developmental initiatives.

If we look back at the history of India, the post-independent years witnessed growing synergy in developmental areas between both states. Despite being a newly independent country, India took a key and preferred role in aiding Nepalese development projects. The institutionalization of India's development initiatives came with the establishment of the India Aid Mission (IAM) in 1954. The mission was tasked with coordinating and monitoring projects funded by India. The IAM was replaced with the India Cooperation Mission (ICM), with a bigger mandate not only limited to aid but also covering the review of projects and their socio-economic impact (Chaturvedi 2012). Eventually, in 1980, the ICM made way for the Economic Cooperation Wing within the Indian Mission in Nepal.

The India-Nepal development partnership has continued and expanded for over seven decades. The development projects include large and intermediate infrastructure projects, community development programmes, post-earthquake reconstruction and disaster relief in general, energy cooperation, etc. India has played a significant role in supporting infrastructure development in Nepal. It has assisted in constructing roads, bridges, airports, and hydroelectric projects. Special attention has been given to connectivity projects, including integrated check posts and the construction of cross-border roads, such as the Mahendra Highway and rail links. The Jayanagar-Kurtha section of the Jayanagar - Bardibas rail link was inaugurated by the Indian Prime Minister and his counterpart on 2nd April 2022; it has the distinction of being the first broad gauge rail link (Embassy of India, Nepal 2022).

India has paid attention to infrastructure investment in the health, education, and energy sectors since the 1970s. Under such initiatives, projects like Nepal-Bharat Maitri Trauma and Emergency Centre (in Kathmandu) and Nepal Bharat Maitri Vidyalaya (in Pokhara) came up (ibid.).

Given Nepal's large hydroelectric potential, India has assisted Nepal in developing its energy industry. Several hydroelectric projects, notably the Upper Karnali and Arun III projects, were built in Nepal with help from India (The Print, 2022). Building on this momentum, India and Nepal have agreed to increase the latter's hydropower export quota to 10,000 MW over the next ten years. By promoting clean and renewable energy sources, these initiatives seek to ease Nepal's energy shortage. Motihari-Amlekgunj Petroleum Pipeline in 2019 has been touted as the first cross-border pipeline in South Asia and has brought laurels to the energy cooperation between the countries. India has also become a favourite and important center of education for Nepali students. "The government of India provides around 3000 scholarships annually to Nepali students for doing various courses in India and Nepal" (Ranjan & Gurung, 2021, p. 95).

Apart from the infrastructural projects, the two countries entered into an MOU for the Small Development Projects (SDP) Scheme in 2003, later renamed High Impact Community Development Projects (Goyal, 2019). It aimed to implement projects covering social sectors at the grassroots level and involved the participation of local authorities and communities. Priority sectors, such as schools, safe drinking water, adequate drainage and sanitation facilities, electrification, etc., were the locus and focus of the programmes. Building sufficient capacity, creating new infrastructure, and improving the standard of living was its main motive. The Indian Mission directly spent the grants for SDPs till 2018, after which they needed to be routed through the Nepalese government (Chaturvedi et al. 2013).

Unsurprisingly, India was the first country to offer USD 1 billion in aid to Nepal after the earthquake of 2015 to carry out reconstruction and rehabilitation programmes. Furthering its commitment towards a disaster-resilient Nepal, out of the projects undertaken to commemorate the 75 years of diplomatic ties, 45 were projects for reconstruction after an earthquake. Lastly, we cannot ignore Indian support to Nepal in the form of election vehicles, school buses and ambulances, and the conservation of cultural heritage. India has focused on perception management and has shied away from commenting on Nepal's domestic developments. Its neighborhood-first policy has prioritized accommodating its neighbor's interests, economic needs, and aspirations through economic integration and connectivity.<sup>6</sup>

## Conclusion

In recent decades, the Nepal-India relationship faced quite complex situations and challenges. However, with India's emphasis on its "Neighborhood First" policy and diplomatic maneuvering between both countries, given the changing geopolitical realities in the region, the bilateral relationship has been on the upswing under Modi's leadership. The Prime Minister of India began with a cordial and positive approach when he invited the Prime Minister of Nepal to the oath-taking ceremony in New Delhi. In addition, given India's rising position in global geopolitics and economic clout, Nepal's contemporary leadership sees India as an opportunity and trusted neighbor in South Asia. The old historical and cultural tie still resonates with the Nepali mindset.

Over the years, China has grown its influence in Nepal to achieve its political, economic and strategic interests. This has also driven the more significant political desire to cooperate and build new trust on bilateral issues between India and Nepal. China is trying to minimize India's role in Nepal's economy as well as in politics. China is a major strategic concern for India, and it has a negative impact on Nepal-India relations.

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<sup>6</sup> *ORF Commentary, India Nepal Relations Soar High, 07 June, 2023, <https://www.orfonline.org/research/india-nepal-relations-soar-high/>*

In the given context, there is a need to have a more effective foreign policy and diplomatic engagements towards Nepal. And given Nepal's weak developmental foundations and fragile political system, India, as the closest democratic neighbor, plays a key role in building new convergence points in bilateral relations. Moreover, in the recent visit of the Nepali PM to India (June, 2023), issues like connectivity, trade, and people-to-people contacts also took precedence. Nepal faces issues like recession with an increasing trade deficit, rising commodity prices, unemployment, and declining foreign direct investments. The visit has led to building more sustainable economic engagements between both states and helping with Nepali economic crises. India has played a significant role in economic and political stability in Nepal and now needs to balance India's interests in Nepal. As the future looks, both countries have to work on resolving bilateral issues, increasing engagements and productive collaborations on key sectors, strengthening more trust, and establishing a suitable time between both countries. It will pave the way for better economic growth and well-being of the Nepali citizens and is also an attempt for a conducive and secure regional unity and brotherhood. The recent visits indicate that India and Nepal are moving beyond their fraught phase and taking this "hit" relationship to "Himalayan Heights."

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# **The New World Order: Implication for Nepal**

**Dr. Sarvsureshth Dhammi\***

## **Introduction**

There have been several twists and turns in the international order since the demise of the bipolar system after the disintegration of the Soviet Union. What we are witnessing now is generally called an emerging world order. We witnessed the Wuhan Virus, later termed COVID-19 due to power politics, third-world dependency on vaccines and economic development on world powers, expansionist aggression in the Indo - Pacific, and rattling of Europe for energy due to the Russia-Ukraine war. While assessing these major aspects of the 21<sup>st</sup> century, we can say that the international system is in flux with liberal hegemony, 'debt trap' to 'data trap', and exploitation of the weaker countries turning into global terrorism. This is not new to the world; after the end of the Cold War, this is a phase where the world became more vulnerable due to new variants of diseases, environmental security issues, a so-called peaceful rise of China and its encroachment of neighbouring countries' territories. The study will attempt to understand the unprecedented new world order, the wave of Chinese foreign capital and its engagements with the global south. The study also looks into the subject of exploitation through economic interdependence. Within this context, the study proposes how Nepal can play an important in the urgent requirement of South-South Cooperation.

In the contemporary world, the matrix of power has transformed with the development of the economy and the concept of globalisation. Many countries developed their economy and challenged the traditional powers in terms of politics in international relations, economic influence and strategic cooperation at regional and international levels. The world is also witnessing the unique way exploitation of the Chinese through

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\* Assistant Professor, Department of Defence and Strategic Studies, University of Allahabad, Prayagraj

soft loans, interest-free loans, and the idea of supporting third-world countries through investments in their natural resources reserves and development of roads and infrastructures, especially to transport these natural resources out of these countries for China's industrial growth.

### **What is the Shape of the World Order?**

Firstly, over the past two years, it has been observed that the world is on the road to new expansionism. From 12 founding members of the North Atlantic Treaty Organisation (NATO) in 1949, it reached 31 countries by 2023. In addition, the Russian and Ukraine War is also going on the same issue of NATO expansionism. There have been lots of loss of lives and the economy in Ukraine, which directly and indirectly hit the European Union economy hard. Britain changed two Prime Ministers because of economic issues since the war started. The natural gas supply chain from Russia to Europe was disrupted, directly impacting the European economies.

Secondly, the rise of Russia in terms of growth of their economy after the disintegration of the Union of Soviet Socialist Republics (USSR)/ Soviet Union in 1991, advancement in military hardware, reinvention by their leadership and Russian President Putin's aspirations to make the country great again in the new world order has challenged the Western hegemony. Exploration of hydrocarbons plays an important role in supporting and achieving Russia's foreign policy objectives. By selling discounted oil, Russia was successfully able to protect and maintain its economy at the time of severe economic sanctions by the US-led Western Block. In addition, Russia was also successfully able to reach out to West Asian, African, Latin American and Indo- Pacific countries to maintain its political, economic and strategic relations.

Thirdly, since the beginning of the Cold War, China silently and successfully filled the vacuum created by the West and Soviet Union. In the beginning, right after Mao came into power in 1949, China reached out to all the weaker and newly independent countries in the world for their moral support. China's idea of non-alignment was way more

advanced than the idea of other non-alignment movement founding member countries. In the first fold of their strategy, China started the development of their economy, arms industry and strategy to fill the gaps created by the West and Soviets. It helped China develop economic opportunities in third-world countries between 1949 and 1970. In the second phase of their strategy, between 1971 and 1991, the Chinese started supporting these countries on political and strategic grounds. In the third phase, between 1992 and 2023, the Chinese government gave arms support to all the anti-west countries where Russians were not able to reach out and created a unique ecosystem for their industries, followed by the ‘Debt Trap’, which forced many smaller countries to surrender their natural resources reserves, their geographical strategic locations to develop infrastructure and ports by China to support its military and industries to exploit third world counters.

It helped the contemporary General Secretary of the Central Committee of the Chinese Communist Party to spread its aggressive agendas. In recent years, China took over the control of a strategic port in Djibouti, Sri Lanka, and managed to secure its presence in Maldives, Pakistan at Gwadar port, Bangladesh, and Myanmar in Coco Island, challenging the idea of the Indian Ocean as a Zone of Peace. There was a protest in Sri Lanka against the Chinese presence in the country. Bangladesh’s finance minister, Mustafa Kamal, has warned that developing nations must ‘think twice’ about taking more loans through China’s Belt and Road Initiative. There are continuous border confrontations between India and China. There are reports on Nepalese and Bhutanese land grabbing by China. Realignment of Nepal against ‘debt trap’ and data trap’. Chinese opened support to Myanmar’s Army to suppress the protest for democracy. There are protests against the Chinese government and companies in Africa.

### **Where does the Contemporary World Stands Now?**

Power politics in the world has again turned multipolar. At present, several countries in the world are challenging each other’s dominance in terms of politics, economy and strategy. The world recently witnessed

the expansion of NATO, BRICS+7, Shanghai Cooperation and QUAD. Countries in each organization are trying to secure their interest in forming new organizations and signing new agreements of cooperation bilaterally and multilaterally. There has been a rise in confrontation between the US and China in recent years, challenging each other dominance in the region and extra regions. On several occasions, the US imposed economic sanctions and banned exporting critical technologies to China. Both countries also intensified the trade war and cyber warfare. There are reports on how the Chinese government runs secret police stations in many countries in the West to support its foreign operations.

There is a trust deficit in the contemporary powers in the world, which is creating nervousness in third-world nations. Most of the underdeveloped countries are not able to make up where they should stand and support. Exploitation by the Chinese companies in the African continent and political influence by the Chinese government also created insecurity in third-world countries. The exploitation in the name of globalisation in the third world pushed for South-South Cooperation. However, with their limited resources, they could not make a difference. Food security, employment generation, social and health infrastructure, clean, drinkable water availability, and economic security remain the primary challenges in third-world countries. The third world's dependency on the vaccine from the contemporary powers proved how the new world order treats or addresses the issues of the Global South.

### **Where does Nepal Stand at Present ?**

Before COVID-19, the average growth rate of Nepal between FY09 and FY19 remained at 4.9 per cent, which is better than that of many third-world countries. Over 60 per cent of their population got vaccinated by August 2022. However, the pandemic slowed economic growth, leading to domestic job creation shortages. There is a surge in debt levels- Nepal recorded government debt to GDP of 37.70 per cent of the country's gross domestic product in 2020, which may reach 43 per cent in 2022. Higher merchandise imports and lower remittances have

increased pressure on the government. In addition, instability in the Nepalese government to address the issues of the economy after the Russia and Ukraine conflict put more stress on Nepal's economy.

There is a large infrastructure gap in Nepal to support its economy. Nepal's economy is primarily based on tourism. Most of Nepal's employment generation growth is in the tourism and hospitality sectors. But after COVID-19, there has been a steep fall in tourists and a generation of jobs in this sector. There is a steep fall in religious tourism from India to Nepal. There is no other industry in Nepal to support its economy. Educational institutions are under stress to match the world slandered, especially with the South-Asian countries. Many Nepalis are forced to leave the country for better opportunities. Skilled and educated youth are not able to get jobs in Nepal. Most of them are absorbed in India and West Asia to get employment and send remittances back to Nepal.

Nepal's non-alignment with its traditional partners like India, the US and Israel is leading the country towards insecurity. Moreover, Nepal is also going through political unrest and instability in government. Chinese influence in the upper hierarchy of Nepalese political leadership shows the inability of national politics to decide Nepal's future. Chinese ambassador to Nepal is seen visiting powerful politicians' houses to make peace between political parties. There is a rise in cyber security issues in Nepal. The country is getting into hybrid cyber warfare, shifting from the 'Debt Trap to Data Trap' of China. Many illegal Loan apps started working from Nepal and mining confidential information of Nepali and Indian people. There are reports of how these illegal loan apps are exploiting people. In December 2019, 122 illegal Chinese nationalists were held in Nepal involved in financial fraud through electronic transactions.

### **Implications and Suggestions for Nepal**

In recent years, there have been several incidents when Nepal became a tug-of-war between China, India, Israel and the US. In this political pull and push, it has been observed that Nepalese political, economic, and strategic independence are coming under Chinese influence. China

has the advantage of sensing the political force-in-waiting in politically unstable countries and has successfully put in the required diplomatic efforts to enhance its political, economic and strategic leverage. To counter Chinese influence ('Debt Trap'), Nepal needs to handle economic interdependence and political stability better.

Nepal needs to diversify its Foreign Direct Investments (FDI) to fill infrastructure gaps. There is a need to invest in transport and communication systems, self-sustainable technologies, green energy, hydro power production to export energy-deficient countries in Asia, adventure sports tourism infrastructure, well-planned verified IT industry, expansion of medical education infrastructure and more higher education and scientific intuitions for the youth.

Lastly, there is no difference between Hard and Soft Power; both are the same regarding political, economic and strategic objectives. South-South Cooperation for Nepal is urgently required based on Mutual Interest and Mutual Gain.

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## **Nepal-US Relations: Retrospect and Prospect**

**Sumit Kumar\***

Since the US and Nepal established diplomatic relations in 1947, the two countries have deepened bilateral cooperation in several areas, including political, economic, people-to-people engagement, humanitarian help, and others. The US has also provided financial assistance for developing basic infrastructure in Nepal. In December 2021, Prime Minister Deuba participated in the Leaders' Summit for Democracy hosted by US President Joe Biden and shared "Nepal's experiences in the journey of democracy and democratic transformation." In July this year, US Assistant Secretary of State for South and Central Asia Donald, visited Kathmandu to boost the ties. This visit assumed high significance in the backdrop of the Nepali Parliament ratifying the USD 500 million Millennium Challenge Corporation (MCC) agreement in February this year. At the commencement of the 75<sup>th</sup> year of diplomatic relations between the two countries this year, US Ambassador to Nepal Randy Berry said, "Throughout these 75 years – and through the decades of change that have occurred in both of our countries – the United States and Nepal have stood with one another." This, in turn, has underlined the strong bond the two sides enjoy.

The sustained political engagement and cooperation in other areas do not mean the relationship is free from Challenges. For example, the increasing closeness between China and Nepal is seen as a cause of concern for the US. The two sides are far from realising the relationship's full potential. In this context, this paper examines the nature and direction of the relationship between the two countries.

The diplomatic relationship between Nepal and the US was established in 1947 by the signing of the Commerce and Friendship Agreement. However, the prevalence of the Cold War and the desire of Nepal to pursue an independent policy created obstacles to fostering the ties

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\* Assistant Professor, Department of Political Science, University of Delhi

between Kathmandu and Washington. Nevertheless, the emergence of the People's Republic of China and the annexation of Tibet by the Communist regime of China attracted the US attention. The alteration of geographical boundaries in South Asia because of the disappearance of Tibet as a buffer state increased the fear in the US strategic community about the possibility of the spread of communism in Nepal and beyond in South Asia. Hence, the US needed to ensure the sovereignty and integrity of Nepal to promote peace and security in South Asia as well. This and other factors led the US to take concrete measures to develop a working relationship with Nepal. More to the point, the Truman administration strongly felt that Nepal was vulnerable to a communist threat, and any communist subversion in Nepal could affect the security of other South Asian countries. Thus, foreign assistance, if focused on some of the vital socioeconomic sectors, could contribute to making visible improvements in the living standards of the poor and thereby discourage them from being political tools in the hands of radical forces. David Schneider wrote that the US "interests center on its strategic location and on our consequent interest in orderly economic development and the evolution of stable political institutions which provide for public participation in government." They believed that ultimately if economic growth and development were achieved, countries like Nepal would attain democracy and political stability, which would make them favorably disposed towards the West and potentially contain the further expansion of communism in Asia. They also believed that for Nepal, US influence could be used to counter undue outside influence on the parts of India and China. On January 23, 1951, the US and Nepali ambassadors in New Delhi concluded an agreement under the Point 4 programme providing for American assistance in surveying Nepal's mineral resources. The February 1951 political change delayed the implementation and expansion of the agreement. Later, in January 1952, the US Technical Cooperation Mission established its office in Kathmandu, and the American aid programme in Nepal became institutionalized. US policy objectives toward Nepal include supporting democratic institutions and economic

liberalisation, promoting peace and stability in South Asia, supporting Nepalese independence and territorial integrity, and alleviating poverty. The US became Nepal's first bilateral aid donor in January 1951 and has since contributed more than \$1.4 billion bilaterally and multilaterally to that country. American foreign policy interests in Nepal seek to prevent the collapse of Nepal, which, should it become a failed state, could provide operational or support territory for terrorists. Such a scenario could be destabilizing to the security dynamics of the region. The US played a pivotal role in including Nepal as a member of the United Nations.

The US also intended to promote democracy in Nepal and provide developmental assistance to its people.” Strengthening Nepal to prevent a Maoist takeover was crucial for achieving US regional and bilateral goals, including preventing the spread of terror, enhancing regional stability, promoting democracy, and protecting US citizens in Nepal. US attention to Nepal has focused on issues related to the Maoist insurgency in recent years though non-military assistance has been far more significant. Moreover, the US saw that a permanent post in Nepal's capital would also provide a channel of information regarding Tibet. Consequently, the US Ambassador to India, Ellsworth Bunker, described the importance of Nepal's independence as a “stone in the arch of world freedom and progress.” He further commented: We, all freedom-loving countries, want to keep each stone in place, for each is as necessary and important as any other. To help Nepal contribute to that arch is reason enough for our assistance. During 1958-60, the U.S. government also assisted in sectors such as roads, bridges, and ropeways.

The US signed the first Panchayat Development Project Agreement in January 1963 with the objectives of a) providing advisory assistance in planning, administration, training and self-help development, b) establishing an administrative framework and procedures through which project activity could be directed and applied, c) reorienting and training the government's staff, and d) establishing a broader framework at the

village and district levels for planning and decision making. More to the point, the US administration focused on (a) helping Nepal maintain its independence and neutrality, (b) containing the possible threat of communism, (c) supporting Nepal's development efforts to become a modernized and developed economy, and (d) enhancing Nepal's western orientation. In turn, the US provided military assistance of US\$ 1.8 million during 1965-66.

The end of the Cold War further enabled Nepal and the US to improve bilateral relations. While freedom from Cold War compulsions, the emergence of the US as the sole superpower, and the improving relationship between American and India allowed the US to pay more attention to South Asian countries, including Nepal, Kathmandu also indicated the willingness to work with Washington to address its national interests. In so doing, the two sides have witnessed fostered cooperation in security and defence. For instance, Nepal and the US established a military exchange programme in the 1990s. A group of US Pacific Command forces reportedly engaged in month-long joint military exercises in Nepal in early 2003. The exercise was meant to improve force interoperability and to boost Nepal's tactical efficiency. In May of that year, the US Ambassador to Kathmandu was quoted as saying that the United States "does not seek to establish any U.S. base in Nepal and the United States does not have any strategic interest in Nepal," adding that the US military is there "just to train the Nepali soldiers in anti-terrorist techniques." America consigned 5,000 American M-16 rifles to Nepal in January and February 2003. These weapons were expected to be combined with a scheduled shipment from Belgium of 5,500 advanced automatic rifles to enhance Kathmandu's anti-insurgency capabilities significantly. The US State Department listed the Communist Party of Nepal (Maoist) as an Other Terrorist Organization. Some 200 Nepali police and Royal Nepal Army officers received anti-terror training under an anti-terror training agreement between the two sides. The US had provided Nepal with light weaponry and other military assistance to assist Nepal in its fight against the Maoists.

In 2019, the US provided \$1,150,134 to Nepal under Foreign Military Financing (FMF) and International Military Education (IMET) and training. High-priority items for FMF assistance to the RNA include “small arms, grenade launchers … night vision goggles, body armor, secure communications equipment, spare parts for mobility platforms, and armor plating.” The United States also provides development assistance to Nepal under the Child Survival and Health (CSH) programmes, Development Assistance (DA), and Economic Support Funds (ESF). In 2019, the US also bought an M28 Skytruck for Nepal under a \$19-million agreement. The fourth Nepal-US Bilateral Land Forces’ Talk meeting concluded in Kathmandu on October 3, 2023. This is the highest engagement between Nepal and the US Army in June 2018. The three-day meeting dwelt on several military- and defence-related cooperations between Nepal and the United States of America.

Deputy Commander Major General Christopher Smith of the US Pacific Command led the US delegation, while Major General Ashok Sigdel led the delegation from Nepal, according to the Nepal Army. This is the first meeting after Nepal refused to join the US-initiated State Partnership Programme in June last year. At the meeting, disaster response, relief, preparedness, US assistance for Nepal Army personnel deployment, and various peacekeeping missions, among other things, were discussed, and the US will continue assisting in those areas as per an existing agreement, according to the Nepal Army. One participant said they neither brought up the SPP issue nor put forward any new measures or framework of cooperation. Smith led a 22-member delegation at the meeting, while Sigdel led a 14-member delegation comprising officials from foreign, finance and defense ministries. After the conclusion of the talks, Major General Smith also called on Defense Secretary Kiran Raj Sharma and Chief of the Army Staff General Prabhu Ram Sharma. Nepal Army believes that such meetings will further deepen the cordial relations between Nepal and the US, the army said in a statement. Nepal Army has submitted a list of its requirements to the US, as they have pledged to provide two sky trucks. The Americans have also

offered to supply US-made Bell helicopters in Nepal's preparations to buy two MI-17 helicopters from Russia. The US is going to provide two M28 block 05 Skytrucks to Nepal. The Aerospace manufacturer Polish PZL Mielec has won a \$30.4 million contract to provide light transport aircraft to the Army's air wing. This contract involves two new, commercially produced M28 Block 05 aircraft, associated aircraft training, spares package, medical equipment, six months of field representative services, and ferry flight service for the M28 Block 05 aircraft from Mielec, Poland, to Kathmandu, according to reports. The aircraft were ordered under a US Foreign Military Financing programme. The M28 Skytruck is capable of high-altitude short take-off and landing and is said to be ideal for Nepal's high-altitude short runways, as it requires less than 500m of runway length. The aircraft were procured to replace the sole M28 previously operated by the Nepal Army's air wing, which was donated by the Polish Air Force in 2004 and crashed in 2017. The Commander of USPACOM, Admiral Harry B Harris Junior, witnessed a multi- nation military drill in Nepal to train defence personnel to participate in UN peacekeeping missions in 2017. in December 2019, then US Assistant Secretary of Defense for Indo-Pacific Security Affairs, Randall Schriver, visited Kathmandu and held talks with then Nepal's defense minister Pokhrel and senior Nepal Army officials to discuss Nepal's inclusion in the SPP. Nepalese media outlet Kathmandu Post reported by citing sources that the commander of US Indo-Pacific Command, Admiral John Aquilino, visited Nepal before Sharma's journey to the US. Nepal Chief of Army Staff General Prabhu Ram Sharma visited the US from June 27 to July 1, which local media called "increased high-level political and military engagements between Kathmandu and Washington."

The US' increased interest in building ties with Nepal has not developed in a vacuum. In this context, one major factor that has attracted the US's attention towards Nepal is the China factor. Over the last decade, China has intensively focused on expanding its foothold in South Asian countries. Consequently, Nepal has received a special place in China's

South Asian policy. More to the point, by 2022, China has promised to invest \$10.74 billion in different projects. China's interference in the internal matters of Nepal has also increased. Nepal has already supported China's Belt Road Initiative. There is a danger for Nepal falling into Chinese debt trap diplomacy, and it threatens Tibetan refugees living in Nepal. Nepal choosing China over the US will also indicate at least the beginning of the end of US dominance in the region. At the same time, since the relationship between India and the US has improved, New Delhi has accepted the US's increasing involvement in South Asia. After all, India also wants to check the increasing presence of China in the region.

The US and Nepal have signed a trade and investment framework agreement, providing a forum for bilateral talks to enhance trade and investment, discuss specific trade issues, and promote more comprehensive trade agreements between the two countries. In 2016, Nepal became one of the few countries with a single-country trade preference programme with the United States. Principal US exports to Nepal include agricultural products, aircraft parts, optical and medical instruments, and machinery. In 2021, U.S. exports also had significant amounts of vaccines, face masks, and coal. U.S. imports from Nepal include carpets, felt products, dog food, handicrafts, jewelry, and apparel. Total bilateral trade is \$300 million annually, making the U.S. among the top half-dozen trade partners of Nepal. With \$52.4 million worth of Foreign Direct Investment (FDI) stock in Nepal as of July 2020 (3.1 per cent of total FDI), the U.S. is among the top 10 foreign investors in Nepal. The US Embassy aims to support Nepal's economic development by providing technical assistance (TA) where possible, including through specialized USG agencies such as the USPTO and USTDA. The Embassy is also supporting the US Development Finance Corporation (DFC) in increasing its portfolio of investments in Nepal.

In February 2022, the Nepali Parliament ratified the Millennium Challenge Corporation (MCC) with over a two-thirds majority, paving the way for receiving the grants amounting to US\$500 million from the American government for the construction of electricity

transmission line and for repairing and maintenance of roads in Nepal in the next five years. This development indeed assumed massive importance for the relationship between Nepal and the US because, in 2017, this issue emerged as a prominent bond of contention between the two sides. More to the point, MCC was formed by the US Congress in 2004 to provide grant assistance for promoting economic growth, reducing poverty and strengthening institutions. It partners with developing countries, committed to good governance, economic freedom and investing in their citizens. In 2017, Nepal and MCC signed a five-year US\$500 million grant agreement. In addition, the Nepal Government would pitch in US\$130 million. The agreement aimed to construct a 400kv transmission line, including a link to the Indian border to facilitate electricity trade and the maintenance of a 305km road under the agreement.

However, before the Nepali Parliament could rectify the agreement, some sections of the Nepalese political class argued that the Nepal-MCC pact was intended to bring Nepal under the US block in the Indo-Pacific. For example, they said that the US Department of State's report, "A Free and Open Indo-Pacific: Advancing a Shared Vision," talked about MCC being a major part of the US Indo-Pacific Strategy. More to the point, the communist parties were the strongest opponents of this pact. But, later, they indicated that they would change their position on the issue, saying that the government could ratify the deal with some modifications or changes. The left political parties' stand angered the US. Consequently, Washington rejected this demand. At the same time, before the visit of MCC Vice President Fatema Z. Sumar to Nepal on September 9, 2021, MCC tried to pacify the voices of the opposition in Nepal. In fact, with regard to concerns about some provisions of the agreement, MCC informed the Nepalese Ministry of Finance that the will of Nepal would prevail. For example, MCC said Nepali law will prevail over Section 7.1 of the Compact, which states that "...this Compact, upon entry into force, will prevail over the domestic laws of Nepal." On the need for parliamentary ratification, MCC replied that

the Compacts with all member MCC partner countries are international agreements to avoid conflicts with the domestic laws. Under Nepali law, parliamentary ratification was required for the Compact to become an international agreement. MCC also elucidated that the Compact is neither an agreement under the USIPS nor a part of any US military strategy. A strong relationship between the US and Nepal long predates the Indo-Pacific Strategy.

Realizing that the left political parties and some other political groupings were not inclined to appreciate the merit in the MCC-Nepal agreement, the US administration leaked a letter written to the US by Pushpa Kamal Dahal (Prachanda) and Sher Bahadur Deuba, requesting the MCC to grant time till 28 February 2021 to create a conducive environment to get the pact ratified. At the same time, the US administration asked Nepal to ratify or ties with Nepal would be reviewed. Undoubtedly, Nepal became aware that the US action would negatively impact the flow of economic assistance from the US and global institutions. Consequently, these and other actors finally led Nepal to ratify the agreement with the MCC.

The relationship between the people of the two countries has always been strong. The US administration sponsors several fellowships, including the Fulbright scholarship, to attract Nepali students. Consequently, there is a sharp rise in the number of Nepali students in the US. Several American organizations, including USAID, Peace Corps, and others, have been working in Nepal for people-to-people connections for a long time. In 2019, Nepal received over one thousand US tourists, the largest number from any other country. The Ambassador's Fund for Cultural Preservation helps preserve cultural heritage worldwide. In nearly 20 years, this programme has supported 25 cultural preservation projects in Nepal, investing more than \$3.8 million. One result of this programme includes Kathmandu's beautiful Gaddi Baithak. In the last two years since the beginning of the pandemic, the United States has donated nearly 3.8 million COVID-19 vaccine doses to Nepal and given over \$124.8 million in COVID assistance. Since 2007, Pacific Angel operations have been the cornerstone of the U.S. Pacific Air Force's engagement efforts to partner with host nation military personnel throughout the Asia-Pacific region to improve the

lives of tens of thousands of people and integrate operations with like-minded military and civilian professionals. Pacific Angel 17-4 concluded on August 20, 2017, with a closing ceremony in Gorkha, Nepal, after partnered care and infrastructure enhancements improved the lives of thousands in the community.

Though the relationship between Nepal and the US has improved, the two countries are still far from realizing the full potential of their ties. High-ranking US officials, including the President, should visit Nepal to infuse a new momentum in the relationship. The US can also help Nepal in healthcare, education, digitalization, and other areas. Moreover, the US needs to build trust in the Nepali people to improve its relationship with Nepal, not to counter China. Instead, it is interested in the welfare of the people of Nepal. The US should explore more ways of investment in Nepal. The US and Nepal have huge prospects for cooperation in climate change, cyber security, science and technology.

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**Session II**

**Environment, Climate Change, and the Burden**

**of Developing States**





**Dr. Arzu Rana Deuba**

I am really honoured to be here at this seminar on International Relations Nepal and the World Order, inaugurated yesterday. As a Nepali, I am pleased to see lots of interest here, especially among the young scholars of India and Nepal. These deliberations and dialogues bring out new ideas and cement close relations between our two countries, which are interdependent based on our culture, heritage, history, and geography. Moreover, I opine people have realized that cultural identities and development processes are the key to the progress of humankind. The session I will chair today is significant to how human beings will move forward in the next few decades. We will talk about climate change, a challenge for people. It will become an even greater challenge for people living in the hottest part of the world. We certainly are not responsible for creating changes in global temperature, but we are surely bearing the brunt of it and will be bearing the brunt of it in the future. Therefore, the voices raised by our country should be listened to very carefully. I have been on this part of looking at climate change and trying to raise issues about it for a very long time. I am in 6<sup>th</sup> decade of my life right now, and I think it has been a few decades since I have been working on it. I am very happy to see younger generations whose voices will be louder, more organized and facts-based. I invite the first presenter of this session.

# **Environment, Climate Change, and Burden of Developing States**

**Dr. Jitendra Sen\***

## **Introduction**

People worldwide depend significantly on the natural environment for their health and livelihoods, especially in developing countries. The environment is one of the major resources for the growth of the economy of developing countries. But, recently, around the globe, many environmental issues have been worsening, like air and water pollution, climate change, soil degradation, over-exploitation of natural resources, biodiversity loss, deforestation, desertification, and ocean acidification. These problems are the root of poor water quality and access, vector-borne diseases, and exposure to toxic chemicals. These factors cause many deaths, diseases, and disabilities worldwide, particularly in developing countries. These environmental challenges strengthen the relationship between environmental sustainability and poverty reduction. So are new economic opportunities related to green growth and technology. This is why it is essential to help developing countries improve and sustainably manage their natural environment. One of the most contentious issues in the debate over global climate change is the perceived divide between the interests and obligations of developed and developing countries. Equity demands that developed the source of most past and current emissions of greenhouse gases-act first reduce emissions. But their steadfast resistance to limiting their emissions has led to claims in some quarters that developing countries are not doing their fair share. Indeed, the Bush administration, in rejecting Kyoto, declared the Protocol unfair to the United States because it does not mandate action by large developing countries. Accepting emission limits, however, is not the only measure of whether a country is contributing to climate change mitigation. Efforts that serve to reduce or avoid greenhouse gas emissions, whether or not undertaken in the name of climate protection, nonetheless contribute to climate mitigation. These efforts can occur across virtually every sector of an economy.

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\* Faculty of Social Work, Government Madhav Arts and Commerce College, Ujjain, Madhya Pradesh

## Meaning of Environment

The term ‘environment’ is widely used and has many definitions, meanings, and interpretations. What does the term ‘environment’ mean? In popular usage, for some people, the term ‘environment’ means, simply, ‘nature’: in other words, the natural landscape together with all of its non-human features, characteristics, and processes. To those people, the environment is often closely related to notions of wilderness and pristine landscapes that have not been influenced - or, at least, imperceptibly affected - by human activities. However, for others, the term ‘environment’ includes human elements to some extent. Many people would regard agricultural and pastoral landscapes as part of the environment. In contrast, others are yet more inclusive and regard all elements of the earth’s surface - including urban areas - as constituting the environment.

## Indian Approach to Environment

Indian philosophy, lifestyle, and cultural practices are based on the science of protecting nature and hold the key to solving environmental issues like global warming. Traditional Indian knowledge is purely scientific and based on Indian philosophy; lifestyle is key to making the world a better place to live, free of global warming. This Vedic wisdom manifests a philosophy of law and human governance based upon the idea of the peaceful co-existence of the community. The welfare of each element of our ecosystem is the welfare of each member of the community, and ultimately, the survival of each of us and the earth is dependent upon it. According to Vedas, protection and worship of nature is the Dharma of every individual.

There are four Vedas:

- i. Rigveda
- ii. Atharvaveda
- iii. Yajurveda
- iv. Samaveda

**1. Rigveda:** According to the Rigveda, the universe consists of five elements. These are Earth, Water, Air, Fire, and Space. Hindus consider that man and nature are the same as they are made up of this ‘Panchbhuta.’

**2. Atharvaveda:** According to the Atharvaveda, pure water cures many ailments and prevents diseases. The Atharvaveda also states that one can only take from the earth and nature as much as one put back into them. This concept is related to the present-day principle of Sustainable Management of natural resources.

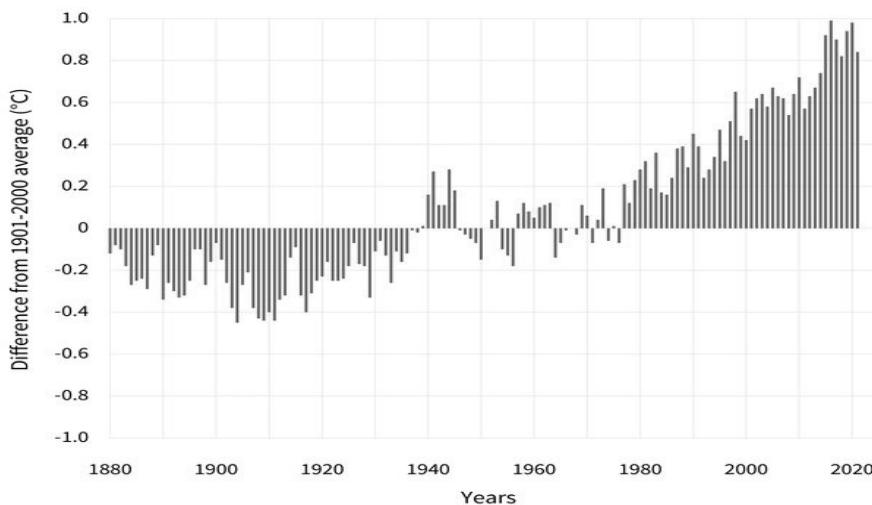
**3. Yayurveda:** The Yajurveda preaches that Yajna makes the atmosphere free from impurities and stink. Yajnas were performed to purify the surrounding air, keep the environment healthy, and satisfy the God of water (Varun) to get rains.

**4. Samaveda:** Yajna helps keep away mosquitoes and other insects that are harmful to the health of humanity.

**Climate Change:** The long-term shifts in temperatures and weather patterns or a change in global or regional climate patterns, which are attributed mainly to the increased levels of atmospheric carbon dioxide produced by fossil fuels, can be the best form of describing climate change. Climate change has already started destroying the environment and nature in many ways. Its impact is increasing day by day all around the globe, leading to death and illness from increasingly frequent extreme weather events, such as heat waves, storms, and floods. Human-induced climate change is related to the use of fossil fuels as the emission of carbon dioxide, the most important greenhouse gas, is a direct result of the combustion of such fuels. It is worth noting that the developing countries.

**Global Warming:** According to NOAA scientists, the global surface temperature for 2021 was the sixth highest since record-keeping began in 1880. In a separate analysis of global temperature data released today, NASA has 2021 tying with 2018 as the sixth-warmest year on record. December's global surface temperature tied with 2016 as the fifth highest in the 142-year record.

## GLOBAL AVERAGE SURFACE TEMPERATURE

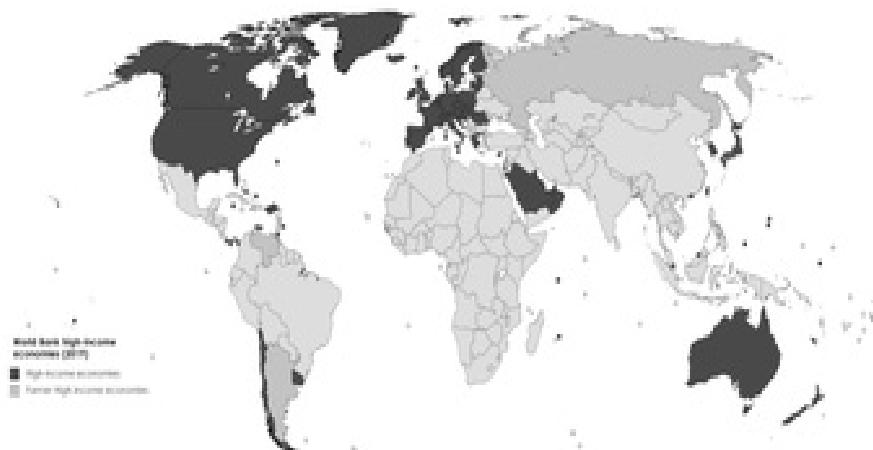


Earth's temperature has risen by  $0.14^{\circ}$  Fahrenheit ( $8.08^{\circ}$  Celsius) per decade since 1880, but the rate of warming since 1981 is more than twice that:  $0.32^{\circ}$ F ( $0.18^{\circ}$ C) per decade. 2021 was the sixth-warmest year on record based on NOAA's temperature data. Averaged across land and ocean, the 2021 surface temperature was  $1.51^{\circ}$ F ( $0.84^{\circ}$ C) warmer than the twentieth-century average of  $57.0^{\circ}$ F ( $13.9^{\circ}$ C) and  $1.87^{\circ}$ F ( $1.04^{\circ}$ C) warmer than the pre-industrial period (1800-1900). The nine years from 2013 through 2021 rank among the ten warmest years on record.

### Meaning of Developing States

A developing state is a sovereign state with a less developed industrial base and a lower human development index (HDI) relative to other countries. However, this definition is not universally agreed upon. There is also no clear agreement on which countries fit this category. The term low and middle-income country (LMIC) is often used interchangeably but refers only to the economy of the countries. The World Bank classifies the world's economies into four groups based on gross national income per capita: high, upper-middle, lower-middle, and low-income countries. Least-developed countries, landlocked developing states, and small island developing states are

all sub-groupings of developing countries. Countries on the other end of the spectrum are usually referred to as high-income or developed countries. The 47 least developed countries are often referred to as the Fourth World. These are the countries at the lowest end of the poverty scale with the lowest level of development. The official abbreviation LDC is often confused with the “low developed countries. The current 47 countries, with a total of 1.08 billion people, account for 13.80% of the world’s population. The vast majority comes from Africa. This is followed by a few countries in Southeast Asia, as well as Oceania. Europe and America are unrepresented, with one exception. According to the IMF definition, there are 152 developing countries with a population of around 6.69 billion. At 85.33%, this is a considerable proportion of the world’s population. It includes Central and South America, Africa, almost all Asian countries and numerous other island states.



World map representing Human Development Index categories (based on 2019 data, published in 2020)

Very high ( $\geq 0.800$ )

Low ( $\leq 0.549$ )

High (0.700–0.799)

Data unavailable

Medium (0.550–0.699)

## Key figures in comparison

(All figures weighted according to population share)

	Developing countries	World	USA
Total population	6.7 bn	7.8 bn	331.9 m
GNP per capita	5,620 USD	12,070 USD	70,430 USD
Government debt (% of GDP)	56.1 %	93.9 %	119.0 %
Expenditure on education (% of GDP)	3.9 %	3.7 %	4.9 %
Unemployment rate	6.6 %	6.2 %	5.5 %
Literacy rate	83.2 %	86.7 %	0.0 %
Electricity access	89.1 %	90.5 %	100.0 %
Birthrate	18.7 %	17.3 %	10.9 %
Life expectancy	71.4 years	72.7 years	77.3 years

### **The Burden of Developing States**

Climate change and poverty are intertwined with each other because climate change disproportionately affects poor people in low-income communities and developing countries around the world. Those in high poverty have a higher chance of experiencing the ill effects of climate change due to increased exposure and vulnerability. Climate change is the main burden of developing states because, without serious adaptation, climate change is likely to push millions further into poverty and limit the opportunities for sustainable development and for people to escape poverty. Climate change aggravates the effects of population growth, poverty, and rapid urbanization. With the adverse effects of climate change across the globe, developing states are going to witness many million people getting pushed below the poverty line by 2030, which is going to be a burden for developing states. Also, for developing states, the most important thing is development in every way, like in the economy, health sector, agriculture sector, etc., but because climate changes like rising temperatures and decreased air ask and quality affect kids by increasing asthma attacks and allergies, worsening pregnancy

outcomes, creating food insecurity, increasing mental health problems, developmental delays, and changes in their genetic makeup.

## Conclusion

Reduction in greenhouse gas emissions and improvements to energy efficiency and vehicle fuel economy increases in wind and solar power, biofuels from organic waste, setting a price on carbon, and protection of forests are all potent ways to reduce the amount of carbon dioxide and other gases trapping heat on the planet. No single principle or approach at present identifies developed countries and their citizens cleanly and persuasively as the entities that should shoulder the burden of mitigation and adaptation. More sophisticated analysis reconciles competing arguments based on cumulative emissions, ability to pay, or benefits received. Global Development Rights was the most philosophically robust and policy-relevant vehicle for climate burden allocation of the three analyses that shared such pluralist foundations. This approach is far from perfect and far from easily reconciled with the existing global climate regime. All these ways will help the developing states reduce the effects of climate change, which will help them increase their economic and well-being sector, which will help them build a developed country. Apart from these measures, the Indian traditional knowledge-based lifestyle can also help achieve the goal of protecting the environment, which brings daily consciousness about nature.

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**Session III**

**Democracy 2.0: Actors and Issues**





**Dr. Ram Thapaliya**

Good afternoon, everybody. We will try to make this session as energetic and enthusiastic as possible. As presenters, you know that your time frame is 10 minutes each. Without further delay, let's proceed to the presenters.

I think my job is only to chair this session and facilitate this session to proceed respectfully. I tell the organization and participants that these sessions are exciting to me. I hope you will equally enjoy the sessions. All the questions and answers presented were loud and clear. The democratic act and issues are a vital elite of core democratic values. Journalists, civil society, and the government address many issues in media. Governance and people participation is one of the main issues to sustain democracy, especially in the global era. We will also have to go through the form of government. When talking about democracy, we must not forget to analyze what form of government the country has. Whether it is a dictatorship, whether it is a party grooving at dictatorship, whether it is an extreme theocracy, whether it is communism, whether it is a military dominant dictatorship or whether it is a party-dominant dictatorship that we were facing in the regime. That's the message we can learn from our neighbor country respectfully. So another important part of the discussion is that although each religion's history has left a distinct legacy of culture and language, religion can be useful to all. Obviously, it all depends on the country. However, there is a need for sustaining force to add on democratic processes and institutions

throughout the democratic process. The difference is that India, for example, is the largest democracy in the world. They started with many revolutions at the beginning. Gandhi Ji started the sacrifice model. Sometimes, in a democracy, that model is also important; maybe it depends on the context. There are so many things we can learn from our history. Many of them have been presented here very well. Another part is the principle, equality, and justice of human beings. Without these, there is no democracy. The system should be one person, one vote. That's why today, in the global era, when democracy is concerned, India comes up among every respected university in the world. Democracy is a factor that unites the country. It provides opportunities focused on decentralization and initiates growth. Within democracy, there are conflicts as well. Conflicts are the serenity of democracy. Especially developed countries or newly reintroduced democratic countries like Nepal will have many challenges. Democracy is an interest-based approach. It addresses the need-based approach. We are in the religion. Why don't we learn from each other? Why don't we identify the needs of the country? I noticed some PhD scholars in international law and democracy are here. I recall once Dr. S Jai Shankar, Foreign Minister of India, had met Ranjit Roy, then prime minister of Nepal. Roy asked him, 'Why don't you go with the Ukraine, European, or US ally? because you seem to have the biggest problem in the regime'. He replied, 'Yes, we recognize that thirty years from now, international monetary fund data says India will compete with China in the number one position. Why should I invite another conflict to one conflict that we have? Why to make the crisis worse and conflict complex? We don't need an ally. We are perfectly capable of dealing with it ourselves. He had the power to say that because strong institutional mechanisms are tremendously growing in India. That is the sustenance of democracy. PM Modi, when asked about democracy, said that when we talk about democracy, without undervaluing the aspirations of people and without respecting the culture and norms of the country, how can you sustain democracy? It is essential to really have to realize and acknowledge that factor. One important aspect of Nepal and its foreign policy is that

we are very clear about the non-align moment. I thank the organizers for presenting this seminar wonderfully. I have seen and hosted many such small to big seminars. I have found that the Prime Ministers do not have enough time to attend such seminars, but the organizers and their team managed to invite the Prime minister and diplomats and not only that, but they also showed up wonderfully. The one who will be an ambassador said, why don't you focus on Nepal first? That is, exactly, what Jaishankar Ji said back then. Our priority, our nation should be focused. We are very sincere and serious about respecting equality within our neighbor country. That is not a power-based approach. That is an interest-based approach. I was taking notes about some of the history professors mentioned here. Some challenges to democracy are hostile impressionist culture and the spread of hierarchy superpowers. That's why we are proud to say that we first focus on country and religion for regional security. Otherwise, there is no point about global security. Another concerning challenge is political terrorism. The forms of political terrorism are very vast. It can be from all different sources. This challenges democracy and ethnic conflict. Nepal isn't moving toward ethnic conflict; instead, we are miraculously trying to manage the identity of each stakeholder. Lastly, I would like to say that this session was wonderful. All three gentlemen presenters, professors, and respectful journalists presented their subject matter and the needs of this seminar insightfully. On behalf of the organizers, participants, Nepal, and myself, I would like to say we are all happy and satisfied. Since our honourable Prime minister inaugurated this seminar, congratulations to all of us. Thank you to Rana Ji, Deepak Ji, all their teams, volunteers and Santosh Ji. I hope your stay in Nepal will be wonderful. I wish all the participants will go back to India with great memories and the softness of the touch of Nepal and Nepali. Historically, we have had people-to-person relationships irrespective of the governance. I request that this strong, unique relationship between Nepal and India be continued. I also request organizers to keep organizing such programmes that tie sustainable democracy and diplomacy. Thank you.

# **Nepal-India Relations in the Context of China: Past, Present and Future**

**Amritpal Kaur\***

## **Introduction**

Nepal, nestled in the Himalayas, has a long history with India. As in the case of almost all South Asian neighbors, Nepal has common cultural-historical-religious and civilizational links with its southern neighbour. For the longest time in their shared history, Nepal-India relations were independent of the influence of any other country; however, in the recent past, Chinese influence in Nepal has emerged as an equally powerful condition to tint this historical relationship. In the words of Prithvi Shah, Nepal is like a yam caught between two boulders, that is, between India and China. To an extent, it is this approach that constantly pushes Nepalese decision-makers to ‘Balance’ their relations with India by constantly wooing China or showing the ‘Chinese Card’. However, as this paper suggests, the close relationship with China would come at a cost, which many countries, including the South Asian neighbor Sri Lanka, are finding hard to repay. In this context, the paper asks: Is the Indian ‘Big Brother’ fright too big to offset the detrimental costs of Chinese debt? The answer to this question is that with India, Nepal has always shared a close civilizational relationship that has stood the test of time and has also come without any debt trap. Ultimately, the cost and benefit analysis of this relationship should simplify Nepal’s diplomatic approach in this context.

## **India and Nepal: Through the Lens of History**

In his book *A History of Nepal*, John Whelpton argues that India and Nepal have historically shared close civilizational relations. Since the ancient times of Licchivi and Shakya sanghas and the birth of Gautama Buddha, there have been close relations between India and Nepal. This closeness increased with the introduction of the Hindu religion in the

\* Research Scholar, Centre for Political Studies, JNU

Nepali hinterland and the hilly areas, including Kathmandu Valley. Especially in the medieval era, when several Rajput clans started to migrate towards Nepal from North India, the mainland Indian culture hugely reached Nepal, so much so that even the priests for Pashupatinath Temple came from India. The inception of Rajput clans into the Nepali political landscape culminated in the Shah dynasty under Prithvi Narayan Shah, a Rajput himself, in the 1790s. The declared aim of Prithvi Narayan Shah was to create a Hindu Kingdom in Nepal vis-a-vis the Mughal Kingdom in India.

For the longest time, Indian states never meddled with Nepali politics. They were satisfied with the intermittent tributes coming from Nepal, and its internal system remained untouched. However, this mutually oblivious relationship changed when the Nepali state became ambitious to occupy territories in India, including Kumaun and Garhwal on the western flank and Sikkim on the eastern flank. Maharaja Ranjit Singh of Punjab checked the surge of the Nepali army in the Western Sector. On the other hand, in the east, the British Indian army kept the Nepali Army's advances at bay leading up to the Treaty of Sagauli in 1815, when Nepali authorities agreed to give back the Indian territories in the East of its border and accept British Resident into Nepali Court. This treaty fundamentally changed the relationship between India and Nepal since, with the Resident in Nepali Court, British Authorities became part of the Palace intrigues. The critical position of Nepal was not lost on the British Indian authorities in terms of Nepal being a buffer state between two major empires in Asia at that time, British India and the Russian Empire. The British involvement in Nepali politics was to keep the buffer state of Nepal intact to protect their Indian empire. In the future, Nepal became a reliable friend of the British Empire, especially during the Rana rule when Nepali soldiers became a part of the British Indian Army to fight the First World War. It is this precedent of Gurkhas' position in the army of independent India that a substantial number of Nepali nationals serve in the army of their southern neighbour.

The present state of Indo-Nepal relations is based on the relationship between the Independent Indian authorities and the Nepali Monarchy, as well as the political parties of Nepal, especially the Nepali Congress, which was founded along the lines of the Indian National Congress. The shift in the relationship came when King Tribhuvan sought Indian refuge to run away from the Rana despotism. Since the age of five, Tribhuvan was a titular king of Nepal, ruling only in the name of Rana premiers holding the reins of his reign. He sought to change the status quo by running away with his family to the Indian embassy and eventually to India to negotiate his terms with the real rulers of Nepal. Ultimately, he successfully ended the Rana supremacy and returned to Nepal as a King with full powers. After Tribhuvan, his son Mahendra had a different approach towards India and South Asia. It was the time when the Indo-China war was fought, and later, India fought with Pakistan. Mahendra sought to ‘Balance’ India with other neighbours, prominently with China, which had come closer to Nepal after the annexation of Tibet as an autonomous region with China. The fear of India overshadowing Nepal has been an overwhelming concern for the Nepali leadership, and this concern was quite evident in how King Mahendra carried out his relations with India and the outside world. However, the situation changed when India defeated Pakistan in the 1971 war, and Bangladesh was created. At the same time, Sikkim was tilting towards India and with Sikkim absolving into the Indian territory, India would have three side borders with Nepal. However, King Mahendra passed away in 1972, making his heir Birendra the next King. Though Birendra sought to balance India with other countries, his more significant challenge was the demand for democratization in Nepal and the surging Maoist campaign. At the same time, Birendra sought to reduce Indian influence in Nepal by declaring Nepal a ‘Zone of Peace’, effectively distancing himself from the Treaty of Friendship signed between India and Nepal in 1950. The Zone of Peace declaration was a cause of concern for India because, through this, Birendra sought to take Nepal out of India’s influence and open the way for Nepali-Chinese relations. There were many issues which affected Nepal-India relations during the reign of

Birendra, which included Nepali resentment of Indian support for the Democratic forces within and outside Nepal, the acute dependence on India concerning the arms and ammunition of the Nepali army and the general ‘anti-Indian’ sentiment in Nepal. At the same time, China was fast emerging as a force to reckon with in the South Asian region since the 1960’s. It had, in part, to do with the annexation of Tibet and the growing rivalry between the Soviet Union and China, as well as China-India antagonism in the South Asian region after 1962. The fact that the Maoist movement rose in Nepal almost simultaneously points towards the niche for Chinese influence in the country at the informal level.

The decade of the 1990s saw some of the crucial changes in Nepal and India. King Birendra decided to usher in Panchayati Raj in Nepal with the monarchy, giving way to democratic politics under pressure from the country’s democratic parties. At the same time, the Maoist movement was raging, making Maoist groups a potent political force in Nepal. India had a grave concern about the Maoist movement in Nepal because India, too, was reeling under the Communist-Maoist-Naxalbari movement and its violent repercussions; there was a fear that it could create a Red Corridor across the two countries. It was also a time of political instability in India when governments at the central level were not able to finish the full term. This instability was also reflected in Indian foreign policy. Against this background, I.K. Gujral rose in 1997 with his Gujral Doctrine. This farsighted document sought to ally the fears of the South Asian Neighbors with India’s Big Brotherly attitude. The doctrine argued that since India has disproportionately large territory, people and resources commensurate with it, India should be able to act generously with her neighbours. The Indian generosity will not only win the trust of other South Asian countries but also create an environment of peace and prosperity in the region. The Gujral Doctrine was a path-breaking idea to manage the intra-regional diplomatic affairs in the South Asian region. It also became the guiding force for the Indian approach in the region.

The new millennium saw the tragedy of the Royal Massacre in Nepal, and its grave aftermath reverberated through the politics of the country. The new King, Gyanendra, wanted to rule the country as a monarch. However, the strong democratic forces and the Maoist movement made it difficult for the King to continue his reign. Gyanendra, too, wanted to ‘balance’ India by playing the China card. One example of this phenomenon was his insistence on incorporating China as an observer in the SAARC, an idea India was quite against. However, the rule of Gyanendra did not last long, and the surging tide of Jan Andolan in the later years of the first decade of the twenty-first century forced the King to abdicate his throne. In 2008, in the place of the monarchy, Nepal became a democracy with Maoist groups taking center stage. Though almost all Nepali parties have had relations with the Chinese government, the tilt of Nepali Maoists towards China is far greater because of their ideological relation and the historical support that China gave to the Maoist movement in Nepal. On the other hand, India has always supported democratic forces in Nepal.

According to Bhatia et al., due to this bonhomie, China has emerged as the biggest foreign direct investment in Nepal since 2015. However, India remains the largest trading partner of Nepal. In recent years, China has emerged as the preferred developmental partner of Nepal involved in several developmental projects in the country. In 2017, Nepal became a member of China’s One Belt One Road Initiative. Nepal opened its northern border for trade and infrastructure development. Lhasa will soon be connected with Kathmandu through a railway link. Nepal will access Chinese seaports for its exports.

On the other hand, as the reality stands, Nepal still heavily depends on India for its access to the sea lines of communication and trade. The Nepal-India border is an open border whereby Nepali people and traders can enter India without a visa or other requirements. A substantial number of Nepali people work in India visa-free; the Indian Army was a reputed employer of the Gurkha soldiers, whose service and pension facilities make them relatively well-off in Nepali purchasing power parity.

## Chinese Footprints in South Asia

Recently, China has been active in the South Asian region. From Pakistan to Bangladesh, Sri Lanka, Maldives, Nepal, and Bhutan, China has been involved in infrastructure projects or giving out loans to their governments. China has become a major power in the world; it sees itself as the legitimate front-running power of Asia. In contrast, countries like India and Japan fall behind it. In this light, Chinese excursions in South Asia are seen as China's natural muscle flexing into the region. However, this muscle flexing has its share of repercussions for the countries in the region. The Chinese financial help, as argued in the recent research in the area, does not come without strings attached. There are upfront and hidden costs to be paid for the easy and accessible loans from China. Recent research suggests that the Chinese model of lending money for developmental purposes differs from the prevalent model of lending and foreign aid. According to the study of AIDDATA, the majority of Chinese investment comes in the form of loans to developing countries, and China seldom gives out financial aid.

The difference between loans and financial aid is that financial aid contains quite a rate of interest and accessible repayment facilities. In contrast, loans are essentially commercial and tend to follow strict rules of repayments. Secondly, Chinese lending is done through financial firms in China, such as the China Development Bank. These institutions have developed extensive rules and timelines for the loan disbursement. At the same time, the collateral against the loan comes in the form of crucial assets of the said country, territory, resources or other items to collateralize. Furthermore, the Chinese loan debtor must avoid the other international creditors known as the Paris Club. The debtor also has to promise to disavow restructuring the debt in the event of difficulty in repayment, meaning that the debtor will have to repay the loan with interest without reprieve or delay.

Furthermore, in the name of investment, China gets a swift entry into the destination country where the investment project must use Chinese labour and technology. Eventually, the Chinese ventures gain a foothold in other countries and become a threat to domestic industries. This was

the case in Maldives, eventually leading to the country's anti-China sentiments. In the book *Banking on Beijing*, the authors note a similar trend: Chinese firms tend to give out more loans than aid, which, in effect, comes with near-market interest rates. For many developing countries, it becomes a problem to repay the debt due to the high-interest rates and opaque conditionality, which are often detrimental to their national interests.

This research is significant in the context of South Asia for various reasons. First, the majority of countries in the South Asian region are relatively small in economic size; the amount of financial help would be substantial in their respective terms, and if the Chinese banks press on recovering the loans, the economies of these countries would be in jeopardy, which in effect would impact the stability and security in the region. Secondly, the way South Asian countries court China indicates their desire to 'Balance' India through an extra-regional power, but what needs to be realized is the fact that, unlike China, India never forced her neighbors with economic stringency and the necessity to repay at any cost. Rather, India advanced the *Gujaral Doctrine* for a peaceful and stable South Asia. It begs whether it is worth courting China just to keep psychological peace in 'Balancing' India and whether this 'Balance' itself is needed. Clearly, the costs outweigh the benefits in many ways since Indian aid to the neighbouring country does not involve the watertight conditions that commonly accompany Chinese loans. Thirdly, India will soon become a focal point of China in the coming decades because, barring China, only India is the country in the Asian region to have the significant human resources and economic heft to become a major force to reckon with. With India's association with the Quadrilateral Security Dialogue, including the USA, Japan, and Australia, the cumulative influence is bound to be greater than any single country's. India is the pivot for this churning. Finally, most South Asian countries have taken loans from China in one way or another, and in the event of an economic crisis, these countries might not be able to withstand the Chinese pressure. The research into how China lends

gives a rational perspective to the potential borrowers of the trouble ahead in terms of the easy loans provided by China.

In this context, Sri Lanka's case is a cautionary tale for other countries. As the economic crisis unfolded in the country, the excessive rate of interest amounting to a high peak made Sri Lanka default on its foreign loan repayment. However, even in this context, China did not restructure the loan that it had given, which roughly amounts to over 8 billion USD. The Chinese insistence on the loan repayment, in light of the 99 years of lease of Hambantota Deep Seaport to China, only points towards the other side of the Chinese picture, which has remained conveniently hidden from the world. The weaponization of the economic tools is, in fact, at full display in the case of Sri Lanka, which also has a punitive impact on the country's sovereignty and territorial integrity.

## **Conclusion**

India and Nepal have shared deep historical relations. In contemporary times, when diplomacy and economics are fluid, countries like Nepal must remember the time-tested relationships that can contribute to their stability and security. In balancing two big rocks, Nepal must also consider how these countries have acted towards it and other nations. As the saying goes in Hindi, History is the only reality! It is only true in our times when the shifting dunes of international relations the tested and trusted relations should form the basis of the strategic policies of the countries. And it is in this light that the present Indo-Nepal relations should be seen.

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# **Exploring Perceptions: Online News Media in Nepal and its Implication in International Relations**

**Birat Krishna Thapa\***

## **Abstract**

This paper explores the use of online news media, its coverage and implications on Nepal's international relations. With the rapid development of technology and internet access, Nepal has seen fundamental changes, creating multiple channels to receive information. Scalable and rapid use of social media has created a space for online journalism with 3190 registered online portals to disseminate news and information according to the list available at the Ministry of Communication and Information Technology, Department of Information and Broadcasting Nepal (DOI). A fundamental question this paper seeks to answer if not entirely, is the "neutrality" of media and "ethics" in Nepal's international relations with its neighbors and beyond. The key focus areas include the Kalapani, Lipu Lekh, Limpiyadhura issue, and the Millennium Compact Corporation pact with the United States. It also examines public opinion, eventual relations and its impact on both nations. The role of the online portals, their presence in social media and the current trends of information dissemination of global powers in collaboration and partnership with Nepal shall be analyzed.

The impact of online news portals and "public opinion" leads to positive or negative relations with major powers. The questions of neutrality and public perception created by online news portals by "manufacturing consent" remain at the heart of this research. Understanding how online portals disseminate news and create "public opinion" in their favor, also sheds light on our understanding of its impact on Nepal's international relations with other major global powers. Exploring the impact and the consequences of this public perception on Nepal's international relations with other major powers, we assess future actionable policies and or approaches that the government can adopt and the changes online

\* Advisor of Literary Aisle

portals can make for the dissemination of information for the general public in shaping opinion that will not work on the contrary and be beneficial for lasting sustainability and mutual growth.

## **Keywords**

Public opinion, manufacturing consent, online portal, implication, international relations, dissemination, media and partnership

## **Introduction**

The Nepali people rely heavily on disseminating news to frame an opinion and educate themselves about the outside world and the events unfolding within the country. The dissemination process has evolved from the government-owned printing press to private newspapers. The rapid technological advances toward the end of the 20th century directly impacted the rapid increase in online journalism, although online journalism is considered a relatively new phenomenon (Acharya, 2019).

Since its inception as a major force for disseminating information, digital media has taken an important role in shaping public opinions in Nepal. Online media portals have a greater task at hand. They create a mental image of any issue and present it to the general public. Nepali society is not self-contained and so small that everyone knows everything that happens with ideas and events that are even out of hand or hard to grasp (Lippman, 1922).

The advent of online news media in Nepal has faced challenges in providing accurate, fact-checked news to the general public. The outcome has not been positive concerning the relations with major global powers who are also development partners.

There are 3190 registered online portals for news dissemination in Nepal, according to the list available at the Ministry of Communication and Information Technology, Department of Information and Broadcasting Nepal (DOI). The Constitution of Nepal 2015, under Article 19, guarantees freedom of press freedom. It states, "...there shall be no prior censorship of publications and broadcasting, or information

dissemination, or printing of any news item, editorial article, feature, or other reading material, or the use of audio-visual material by any medium, including electronic publication, broadcasting, and printing. Provided that nothing shall be deemed to prevent the making of laws from imposing reasonable restriction on any act which may undermine the nationality, sovereignty, and indivisibility of Nepal, or the good relations between federal units, or jeopardize the harmonious relations subsisting among different caste groups, and tribes, or communities, or an act of treason, or defamation of social dignity, of individuals through the publication and dissemination of false material, or contempt of court, or material that incites criminal offense or an act that is contrary to decent public behavior and morality, or disrespects, labor or incites untouchability or gender discrimination". (Nepal, 2015).

Further, clause 2 states that if there is any broadcasting, publishing or printing, or dissemination of news, article, editorial feature, or other material through the medium of electronic equipment or the use of visuals or audiovisuals, no radio, television, online publication or any digital or electronic equipment, or press, or another kind of media outlet, shall be closed, seized, or their registration canceled for publishing, or transmitting, or broadcasting such materials. Provided that nothing in this clause shall be deemed to prevent the making of Acts to regulate radio, television, online, or the use of any other kind of digital or electronic equipment, printing press, or another medium of communication (Nepal, 2015).

The "right to communication" has broadly given far-reaching powers to disseminate information online with a little mechanism to monitor, authenticate or ensure that the information being publicly shared is coming from a credible source. Online news portals in Nepal should not be given the space to interfere with state interests and the international arena. Taking a realist approach that views international politics as an interstate struggle, online news portals are domestic actors that have wielded considerable influence through the dissemination of information. With the rise of technology, Nepalese are not far behind, and most are well aware of the issues surrounding them, but the acceptable public

opinion in cases of various online portals has divided the general public (Chutel, 2014).

Online dissemination of information has massive reach among the Nepali public, who rely heavily on the information published. Nepal has seen a significant rise in Internet use, and with this technology, online media has been gaining traction. “The advent and growth of the Internet have opened opportunities for communication that never existed before”, and the Internet is a medium whose reach is increasing daily and can provide information simultaneously to millions across the globe (Liu).

### **Digital Dissemination and Public Opinion in Nepal**

Public perception is deeply rooted in the information received. The information not only updates the readers of the world around them or Nepal in the context of the events happening around the globe, it creates a perceptive image of each incident reported. Online journalism is mostly considered a free medium available with the help of internet technology.

The dissemination thus comes with little or no control over the disseminated information. In an online quarterly journal of the Press Council of Nepal, Ek Raj Pathak states, “The need is clear for a separate media for online - its registration, management, renewal, monitoring, and other legal aspects. Pathak points out that there has been, “a constitutional provision, a state practice to prove that it has been aware of online media” (Acharya, 2019).

Table 1: Access of online portals to Nepali population

No. of Online Portals	Total Population of Nepal	Population with access to the internet %	The population that uses online portals as a news medium
3190	29,192,480 (Twenty-Nine Million, One Hundred and Ninety-Two Thousand Four Hundred and Eighty)	90.56%	44%

Table 1 shows the extent and reach of online portals to the Nepali population. An online portal reported that “as per the statistics, most people access the internet on their mobile phones. Mobile internet users comprise 65.68 per cent of the total internet user population till mid-June. More than 12.052 million people have access to 3G internet services. Of them, 9.590 million people are using the 3G internet service of Nepal Telecom, which is the largest number, and 2.462 million people are using the internet service of Ncell” (Feed, 2021).

Public opinion in Nepal is largely shaped by what the readers consume through digital portals. It is primarily seen that Nepalis have access to these digital portals using their mobile smartphones, which are primarily based on Android.

### **Core Issues and Strained Relations**

This paper selects two major issues reported on numerous media outlets, causing an uproar among the Nepali public. For those who consumed the information for weeks, it had a tremendous impact on their opinion, ultimately catapulting them to the “manufacture of consent” (Chomsky, 1988).

The Kalapani, Lipu Lekh, and Limpiyadhura areas were scrutinised when online portals broke the news in different outlets invigorating nationalism with great fervor. Major media outlets termed it an “encroachment”, “dispute”, and “issue”. It has been a strategic issue for a long time that sent ripples of divisiveness among Nepalese people, majorly hyped by the media. Online journalism played a crucial role in providing critical information regarding this subject matter, which went on for several months in the online portals, creating such an impact that the Government of Nepal decided to release a new map and change its coat of arms.

“Law Minister Shiva Maya Tumbahamphe registered the bill on the second amendment to the Constitution of Nepal to amend Schedule 3 of the statute, related to Article 9 (2). The Article is related to the coat-of-arms of Nepal listed in Schedule 3. “Dashrath Dhamala, under-

secretary at the Secretariat, has been quoted by The Kathmandu Post, “The law ministry has registered the amendment bill to the Parliament Secretariat which to be discussed in both the Houses. The House of Representatives (HoR) and the National Assembly have to endorse the bill with a two-thirds majority (Kathmandu Post, 2020).

The online media pressure was enormous and a catalyst to frame an opinion on nationalistic sentiments. Several online portals in Nepali and English went further to being self-opinionated, seldom backed by topographical research, and many had open-ended conclusions. The unifying public pressure mounted on the current government in place to take stringent action. The bill was unanimously passed in both houses of parliament, irrespective of partisan politics. “The second amendment to the constitution of Nepal received the presidential seal on Thursday evening, completing the entire process to incorporate the country’s new map in the national emblem. The president has authenticated the amendment bill as per Article 274 (10) of the Constitution of Nepal (Kathmandu Post, 2020).

The role of online digital media thus led to strained relations between the two friendly nations; it took a step further for both sides by creating an atmosphere propelled by online media from both sides to create a perception of distrust. Constant editorial pieces were written contrary to the amicable relations shared by the two nations. Different articles and commentaries on various online portals put undue pressure on each side to engage in highly nationalistic rhetoric. This allowed the establishment to increase their political mileage, sometimes overlooking aspects that may have been worked on to have a diverse public opinion based on facts and research based opinions.

We see a ‘propaganda model’ where media personnel disseminate information, making it newsworthy for the general Nepali public, transmitting it without evaluation and with little concern for long-term consequences. Manipulative intent made digital mediums highly objective in their reporting rather than substantive for providing proper information to the general public (Chomsky, 1988). It is clear from

the data derived from Table 1 that Nepal has concerned eyes who are very aware of political news. With the advancement of technology and outreach, a lot of attention is being given to what is happening in the country. A fundamental problem arises from the free information being disseminated daily from over a thousand different sources backed by social media: ‘It is a one-sided relationship’ between the people and online digital media in Nepal (Lippman, 1922).

The second core issue that strained relations was disseminating information regarding the Millennium Compact Agreement (MCC) signed with the United States. The public perception generated in its aftermath portrayed the powers of online digital media. There have been rare occurrences of shaping public opinion contrary to the donor agency in Nepal, where agencies have involved since the post-democratic phase. The constant propaganda model used by online digital media elevated public outrage.

“Fake news on MCC is becoming a trending topic in Nepal. False stories and eye-popping headlines on MCC are difficult for the readers to evaluate or judge. Several of such fake news seems to have disseminated on the pretext of nationalism with a narrow mission to discredit the U.S. efforts and assistance to Nepal”. Following such coverage that stirred nationalism within the Nepali public, it led to political ramifications. The government in power had to do everything within its reach to show that nothing within this was being done that was contrary to the aspirations and prospects of Nepal. It was reported that Speaker of the House of Representatives Agni Prasad Sapkota took a step further, stating that he would resign rather than endorse the MCC from the Parliament, which is fake news. It came from an online digital media named “aafnokura.com” (Hub, 2022).

The problem faced by the establishment during that period was undoubtedly ratification of the agreement. It led the U.S Assistant Secretary of State Donald Lu to convey a strongly worded message to the leaders of Nepal that it will go to the extent of reviewing its relations in the event of its failure to ratify the MCC compact from the

Parliament, according to multiple officials familiar with the conversation (Kathmandu Post, 2022).

### **Far-reaching and Unchecked Powers of Online News Media**

The ‘right to communication’ has broadly given far-reaching powers to disseminate information online with a little mechanism to monitor, authenticate or ensure that publicly shared information comes from a credible source. Online news portals in Nepal should not be given space to interfere with state interests and the international arena. Taking a realist approach that views international politics as an interstate struggle, online news portals are domestic actors that have wielded considerable influence through the dissemination of information. With the rise of technology and its reach in the Nepali public, they are not far behind, and most are well aware of the issues that surround them, but the acceptable public opinion in cases of various online portals has divided the general public (Chutel, 2014).

Online digital media has the power to shape public opinion in Nepal. Three corresponding criteria are fulfilled in the ‘organizational principle of information, the ability of the format to create a narrative framework, as was with both cases of the ‘Border Dispute’ and ‘MCC’, the delivery of relevant and timely or epistemologically significant information and the extent to which online news media promoted a deliberative perspective to both the issues (Kluver, 2002).

There are several challenges that digital media in Nepal face, and the dissemination of their information is a testament to how they uphold their journalistic values. ‘Mediatization of society is now a reality, and with the expansion of the internet and social media, digital portals are increasingly impacting and shaping public opinion. Undoubtedly, “in today’s media landscape, it is becoming increasingly complex, fast-paced and competitive. Online portals have not been able to ‘uphold cardinal principles, accuracy, truthfulness, fairness, objectivity, independence, and public accountability (Subedi, 2022).

One of the core problems faced in the field of online journalism or digital media portals in Nepal is the compensation provided, which hasn't been enough, and the long hours of work. This puts a lot of unwanted pressure on the journalist to write content created for a purpose rather than relevant information at hand. There is no data related to the total workforce of news media organizations. The Federation of Nepali Journalists (FNJ) website mentions that it has 13,264 members. The Minimum Wage Committee includes some data related to journalists working in different media organizations. According to a report from 2018-2019, the "total number of journalists working in few online media, 100 were working for OnlineKhabar.com. The wages are not determined accurately, and there is no audit system to where the funds come to operate these digital portals" (Nepal T. R., 2021).

There is no revenue information regarding media houses or online media portals. The source of funds and the wages it provides to the journalists are crucial factors that will help mitigate the risk it poses by disseminating misleading information to the general public. "The Inland Revenue Department felicitated Gorkhapatra Corporation for paying the highest tax in 2015 in the category of publishers. They inquired how that could be possible when other publishing organisations did more transactions than the corporation" (Nepal T. R., 2021). Similarly, the COVID-19 pandemic has resulted in job losses for many in the media industry. "Journalists can hardly be expected to fulfill their duty if they do not feel safe about their jobs. Working journalists often work round the clock and have been deprived of reasonable remuneration and job incentives. A study found that around 32.3 per cent of journalists in private media houses do not receive the minimum monthly wage of Nepalese Rupees 24,300 (\$202.47) while 25.8% do not have appointment letters" (Subedi, 2022). There is a strong urgency for a mechanism to be in place to audit the source of funds and see that the online portals are well-managed and monitored for the integrity and authenticity of the information they disseminate to the general public. Otherwise, online media are easy targets of the interference of government actors,

political parties, and market and international actors who may take undue advantage to create a narrative and shape public opinion.

## Conclusion

The cases of publishing fake news in the media are on an upward trend, but if left unchecked, it will create hindrances in the future and may lead to further complications in Nepal's international relations. Amicable relations with U.S. and India were hampered, leading to further accusations and unnecessary deliberations while the public was generally engrossed in the debate which had no substance. Online digital portals must be 'symbiotic', and sources and information must be accurate while they publish their information in their portals. It needs a 'steady and reliable flow while at the same time remaining 'objective' (Chomsky, 1988). This cannot be achieved if journalists are not paid and the numerous online portals in place disseminating news and information have no funding source.

A recent report titled Misleading News in Media: a Study of Newspapers and Online News Portals of Nepal by Media Action Nepal 2021 found the following,

Table 2: Misleading News in Media

News Items	Published Articles	% of False Articles	Misleading Headlines	Disinformation	Misinformation	Misleading News Source
49051	25760	4%	36	23	19	1739

The other crucial findings of the report stated that "appealing and saleable, but misleading headlines, that do not match relevant news texts also lead to spreading misleading information. Such headlines aim to make news go viral, reach a wider audience, and are widely shared on social media. Two per cent of the news stories are published with misleading headlines" (Nepal, 2021).

Several recommendations can be made based on the data and the hindrances caused by misinformation and creating a false narrative. The

Government of Nepal (GoN) has to intervene by bringing in stringent policies to audit the source of funds for online digital media. Create a mechanism for appropriate wages and working hours for journalists. They were tightening online portal registrations and controlling online activity in line with mandated laws set by the DOI. GoN needs to check catchy and misleading headlines shared on social media by online news portals and determine their authenticity. It needs to validate press cards and a certain minimum code of ethics to be followed by journalists who work online or are involved in disseminating information through digital portals and social media. Each online media portal adheres to the aspirations of the media as a part of a stronger, thriving democracy where a narrative is not built to mislead the general public.

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**Session IV**  
**Foreign Policy Contour of Developing States**





**Dr. Deepak Prakash Bhatta**

Honourable Member of Parliament

As Nepal has special and cordial relations with India, several books and articles at the formal level and state-to-state institutions at the informal level are always around. In the above light, holding these kinds of seminars complements this bilateral relationship. Especially Neeti Anusandhan Pratishthan, Nepal which has been focusing on policy research for a couple of years now. My special thanks to Deepak Kumar Adhikari, who has worked closely with researchers, academicians and policymakers here. I am sure the panelists here will have the topic they will focus on. I would like to talk about how Nepal relies on two distinct civilizations and political systems as changing intrudes of the developing states are practicing their international relations, foreign policies and economic strategies. As panelists and participants have been hearing all the rules and systems about the seminar, I wouldn't want to go into much detail. But I will mention two things here: In our South Asian and sub-regional parts of the world, comparatively, people contribute less to international relations theoretically. Most of the IR theories are dominant discourses from the West. But since the last three decades, Asian theories have contributed to new dimensions of International relationships. Linking it to some problems of our societies, especially in Nepal, each year as the data reflects, 5-7 thousand people have been killed in road accidents. In India it's 1.5 lakh. An advanced democracy and superpower nations like America also deal with gun violence. Every year, 35,000 people are killed in gun violence there.

These are only indicators; when we make policies or deal with foreign governments, these un dealt areas must be kept in mind. When we talk about Indian civilization, we have seen how it dealt with liberal policy during the first and ongoing Modi's governance. We have all faced and overcome the COVID-19 pandemic challenge. Now, democracy at this conjuncture is dealing differently with the vast and radical changes in ICT. We shall get to the first paper to be presented without delaying, as requested.

# **The Changing World Order: Prospects for India and Nepal**

**Dr. Charu Ratna Dubey\***

## **Introduction**

The world order, which emerged in the Cold War and developed during the post-Cold war phase, based on the principles of Liberal Internationalism, is facing unprecedented challenges. The threats posed by the rise of authoritarian China and stubborn Russia, diminishing old established theories supporting multilateralism, re-emergence of nationalistic policies and the pandemic caused by the virus influencing the set of arrangements established and accepted globally. The newly independent countries of Asia, Africa and Latin America had benefited up to a great extent from the world order led by Liberal Internationalism. India and Nepal supported the global institutions and valued multilateral cooperation to establish a rule-based international order. The emergence of a Chinese version of the ‘new world order’ posed a different set of challenges. This chapter intends to discover and reinvent the nature and character of the roles and responsibilities of India and Nepal to cope with the emerging global scenario dominated by China. It investigates the possibilities of India and Nepal working together to preserve peace and stability in an upcoming world order.

World order is a ‘set of arrangements established internationally for preserving global stability’. This is the widely accepted definition of world order among scholars of international relations. Bull (1977; 18) validated the definition and called world order as “patterns or depositions of human activity that sustain the elementary or primary goal of social life among mankind as a whole”. While defining world order, Bull argued that the world order is not just about the states and hence differs from the international order. For him, world order entails the order among mankind, not necessarily living under the state, i.e., nations, tribes, empires, etc. He further argued that world order has a

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\* Assistant Professor, Chanakya University, Bengaluru

wider connotation because it deals with the order that exists within a state.

Scholars and practitioners of international diplomacy, like Kissinger (2015), claimed that a variety of world orders existed and “no truly global order has ever existed”. Rather than calling the post-Westphalian world an ‘order,’ he characterizes it as a ‘system’. Although he recognizes the importance of the Peace of Westphalia, he writes, “the 17<sup>th</sup>-century negotiators who crafted the Peace of Westphalia did not think that they were laying the foundation for a globally acceptable system” yet argued that the ‘orders’ existed in Europe, China, Middle East and Asia had significantly distinct tenets. By the end of the 19<sup>th</sup> century, the global scenario started changing. The big empires locked horns against each other, which gave birth to a ‘total war’ popularly known as World War I.

By the end of the war, scholars, particularly from history and political science, came forward, and a new subject, international relations, came into existence to understand the behaviour of states towards each other. The history of this subject is typically described through a series of Great Debates. Wæver (1998) writes, ‘there is no other established means of telling the history of the discipline’. The first Great Debate started between the two mainstream theories of International Relations around WW II. Lake (2013) writes, “The first Great Debate, which began on the eve of World War II, supposedly unfolded between the idealists, dominant from the founding of the discipline in the early 20<sup>th</sup> century, and the realist, who triumphed in the decade after 1945”. The idealist/liberal paradigm of international relations constitutes one of the core theories of understanding world politics and continues to remain a significant event in the 21<sup>st</sup> century.

### **Liberal International Order**

The liberal ideas lead to the emergence of Liberal Internationalism or Liberal International Order (LIO) in international relations. The idea was initiated by Woodrow Wilson and further evolved by Harry Truman and Franklin Roosevelt. Liberal International Order has transformed

itself with time and is constantly evolving. It is significant to note that the LIO is not based on certain fixed principles but it simply manifests itself in accordance with liberal ideas such as open and free markets, the presence of international institutions, democratic society, progressive change, collective and cooperative security, etc. From a historical perspective, the world has experienced what can be described as liberal ascendancy, which has elevated the status of liberal states from weak to powerful states in leadership roles.

In the Cold War phase, LIO expanded along with its institutions, which put the United States at the centre-state of global politics. Deudney and Ikenberry (1999) believe the LIO is a complex composite of key elements. Firstly, Security Co-binding is an attempt by liberal states to overcome the problems of anarchy in the international sphere. While realists believe that states pursue balancing in order to overcome the anarchical system, liberals tackle the issue by tying down and locking each other into institutions and mutually constraining each other. Co-binding confines potential threats into predictable and restrained order, thereby eliminating the need to balance NATO. This is a good example as it is a complicated trans-governmental political process, not just a typical realist alliance.

Secondly, hegemony may be described as an asymmetrical power system in international relations. A key characteristic of LIO is the ‘penetrated American hegemony’. While hegemony is traditionally viewed as an extension of neo realism, American hegemony is much more than an order based on simple superior and subordinate relations. It is much more liberal because it incorporates features such as consent, cooperation, transparency, and a decentralized structure with multiple access points to policy-making instead of simply being based on coercion. Instead of acting as an instrument of oppression, hegemony provides a framework within which transnational interactions can flourish, and more countries can be added to LIO (2009).

Third, the existence of countries like Germany and Japan as ‘semi-sovereign and partial states’ seems like a realist anomaly but actually

plays a crucial role in the LIO. Realists expected both nations to revert back to their original great power status before the war, but the fact that they didn't speak volumes for the Western liberal order. Another substantial argument towards LIO is that both nations have voluntarily foregone nuclear weapon acquisition and have engaged their military resources in multilateral arrangements.

Fourthly, a key characteristic of the Western liberal order is an open economy. While the realists believe this to aid hegemonic stability theory, liberals state that the open economy adds not only to the social goals of 'embedded liberalism', such as social welfare, but also political reasons, such as how it aids the expansion of capitalism. Free trade encourages other countries to change their interests and character in a liberal and democratic direction, resulting in a more strategic and politically friendly framework.

The fifth and final dimension of LIO is civil identity. Realists believe that the most important identity of an individual is national identity, as it ensures states with legitimacy and a foundation for resource mobilization in the face of external threats. Liberals, on the other hand, believe that without a strong sense of community and common identity, no lasting political order will exist. Political identity, culture, and political system all rely on each other. A widespread civic identity that is distinct from cultural, racial, and religious identities is an integral component of the Western political order. A consensus around a collection of norms and values, most notably liberal democracy, constitutional government, human rights, private property-based economic structures, and tolerance of diversity, are at the heart of Western democratic identity.

Ikenberry (2009) identified three different versions of LIO. According to him, Liberal International Order 1.0 was based on the ideals proposed and propagated by Woodrow Wilson after WWI. At the heart of this version of LIO was the League of Nations. In his speech on July 4, 1918, at Mount Vernon, he declared, "What we seek is the reign of law, based on the consent of the governed and sustained by the organized opinion of mankind". Apart from establishing a global collective security body to protect peace and stability, this version also focuses on open trade,

national self-determination and a belief in progressive change, which certainly had an idealist worldview.

Meanwhile, Liberal International Order 2.0, which came into being in the late 1940s after the end of WWII, had a realist approach to looking at the emerging global scenario. ‘In the shadow of the Cold War, a new logic of liberal internationalism emerged. It was a logic of the American-led liberal hegemonic order in which the United States started shaping the world order. This version of LIO is in crisis, and as it had happened in the past, there is a fair chance that the old US-led hegemonic order will pave the way to a new variant of Liberal International Order 3.0 as a post-hegemonic liberal order.

### **Challenges to Liberal International Order**

The established rules and regulations of the present-day world order are in crisis. For the last seven decades, the Western liberal order has dominated the world. This order had been tied to US power. The challenges associated with the 21<sup>st</sup> century due to the emerging global scenario made the old established structures obsolete. While the Western liberal order had enjoyed a long and superfluous journey, scholars such as Ikenberry, in his recent article *The end of liberal international order?* (2018) believe that the foundations of the post-war liberal hegemonic order are weakening. He analyses the shift and diffusion of American hegemony in the global power spectrum. The shift from unipolarity, however, doesn't necessarily mean a shift towards multi-polarity or a China-led world order but simply veering away from the America-led hegemonic order. Realists such as John Mearsheimer deem a point of contention, whose main argument against Liberal International Order is that it can only be manifested in the unipolar world order. Realists believe the world was in a bonded order from 1945 to 1989. After the collapse of the USSR (the only challenger of the LIO), the US expanded the Western-led ‘bounded order’ into the LIO, which was only possible as the US was the chief hegemonic power in the unipolar world order.

The turbulent domestic politics of liberal democracies across the globe further elevated the crisis. The issues plaguing these states include

rising inequalities, economic stagnation, financial crisis, corruption, etc., while the democratization of new states has been put on the back burner. The present scenario doesn't surprise critical theorists as this is the textbook definition of a legitimization crisis as described by Jurgen Habermas. The state has weakened as it cannot carry both globalisation and social welfare, which leads to the erosion of the embedded character of LIO and gives rise to discontent and resentment among its citizens. Since both economic and political liberalism challenge ideas of nationalism, to counter these liberal forces, there has been a rise of populist and nationalist movements, not only in developed democracies like the USA and Europe but also new and developing members of the LIO like India, Brazil, Philippines, etc. The LIO must not be seen as an enemy of nationalist ideas but as a tool for their advancement.

According to John Ikenberry, the founding pillars of the post-war LIO are weakening because of the tectonic shifts. The US and its European allies are losing traction in international politics, ending the unipolar movement. This can be seen as a gradual diffusion of power slowly moving away from the West. The rise of China and the re-emergence of Russia is unbalancing the old established order. He writes (2018), '... this shift is probably not best seen as a transition from an American to a Chinese hegemonic order, a 'return of multipolarity or a 'rise of non-West''. He further says that the chances of China replacing the US as an illiberal hegemon or the global South collectively posing a direct threat to the US-led LIO appears distant, yet the US and its allies will have a difficult time supporting and defending their favourable world order. Ikenberry calls it the 'crisis of geopolitics, rooted in the tussle between the US-led Western liberal order and the Chinese authoritarian order.

The challenge to address this crisis is becoming even more complex due to the growing disagreement among the old allies. The transforming nature and scope of the global challenges such as climate change, the proliferation of WMD, global terrorism, etc., showcased faultlines among these countries that were leading the post-war world order. The small homogeneous group of these leading countries, which

now have distinct national interests, projected different challenges to multilateralism in general and global governance in particular. Subsequently, countries from Asia, Africa and Latin America began to seek their impactful roles and greater voice on globally significant platforms, adding more complexity to address this challenge. He writes (2018) ‘This crisis of liberal order today is in part a problem of how to recognise the governance of this order’.

Apart from this, Ikenberry pointed out the diminishing democratic culture and ethos among Western democracies. These countries are facing severe challenges from within as another crisis the liberal order is witnessing in contemporary times. Western democracies and other democracies in different parts of the globe are finding it difficult to address rising economic inequality, financial crises, political polarization, and protectionism, giving way to the ‘crisis of liberal democracy’. The democracies are under pressure due to resurgent populist and xenophobic movements in different parts of the world. Rachman (2016) wrote, “West’s centuries-long domination of world affairs is now coming to a close. The root cause of this change is the extraordinary development in Asia over the last fifty years. Western political power was founded on technological, military and economic dominance, but these advantages are fast eroding. And the consequences are now defining global politics” (p3).

The scholars of IR agree upon the characteristics of the 21<sup>st</sup> century, which are very different from those of the previous one. It is believed that in the present-day world, no power (state) in international politics can enforce its preferences on a global scale. American unilateralism ended, particularly after the financial crisis of 2008, which made Ruchir Sharma, financial analyst and author, denote Pre-2008 as Before Crisis (BC) and Post-2008 as After Crisis (AC). At the same time, power in international politics is more diffused than it had ever been in history. Unlike the Cold War era, today’s world does not have binary ideological competition, and new power centers emerged in the form of rising powers as well as non-state actors, including multinational

corporations (MNCs), Non-governmental Organizations (NGOs), terrorist organizations etc. The most significant aspect of this century is the intensified economic interdependence and interconnectivity with a high degree of political divergence. Economic inequality at home in different parts of the world and the migration crisis, particularly in West Asia, sprouted nationalist governments and fed populists.

The post-Cold War world was a patchwork of economic and military alliances between the Atlantic powers, including Japan, Korea and Australia. Countries of Asia, Africa, and Latin America were left out from taking part in shaping the global governance of that phase, too. Rising powers like India and China and regional powers like Brazil, South Africa and Russia understood this contradiction as a harsh reality.

This disenchantment of not getting a due place in world affairs because of the Western colonial era imperial impulse gave birth to institutions like BRICS and Shanghai Cooperation Organisation (SCO). As a result, the growth of 'Regional Worlds' started as a new phenomenon in world politics. During this period, New Delhi evolved well beyond non-alignment to multi-alignment. In the present-day world, Indian foreign policy can be best described as what former Prime Minister of India A B Vajpayee called 'alignment with all'. Indian leadership was sure of its role in Asia since World War I. Bal Gangadhar Tilak, a prominent revolutionary and national leader of the Indian freedom struggle, wrote a letter to Georges Clemenceau in 1919 at the time of the Paris Peace Conference stating, 'India is a self-contained harbour no design on the integrity, has no ambition outside India. She would, therefore, be a powerful steward of the League of Nations in the East for maintaining peace in the world order.'

### **An Emerging Order/ Disorder?**

The world we live in today is very different. Two contending and even contradictory forces simultaneously define this century. These forces are- forces of convergence and forces of disruption. The recession of 2007-09 changed the notion that was projected and popularized by

Francis Fukuyama's 'End of History and the Last Man'. The rise and emergence of populist sentiments in countries all over the globe can be seen as the result of 'anti-globalisation' sentiments. Anti-economic and anti-cultural attributes mostly trigger this phenomenon. The backlash against globalisation is because of the rising inequality and reject the spread of liberal values of politics and economics. Haass (2008) wrote, "The principal characteristic of twenty-first-century international relations is turning out to be non-polarity: a world dominated not by one or two or even several states but rather by dozens of actors possessing and exercising various kinds of power."

The formation of ASEAN and SCO on geographical lines depicts regionalism creeping into global politics. However, new stakeholders, such as non-state actors cutting across geographical boundaries and the emerging Westphalia-plus world order encompassing sub-national actors like mega-cities, create a 'cobweb' in the global structure. In the last few decades, the nature of global politics has changed not only in terms of structure but also the tectonic shift that happened, which is worth noticing. Indo-Pacific is a new term added to the lexicon of scholars, governments and policymakers. Earlier, it was scarcely used in international politics, and this region was called 'Asia-Pacific'. According to Shashi Tharoor and Samir Saran (2020), the 'Idea of Indo-Pacific' captures three interrelated patterns - China's intentions to become a trans-continental economic power, India's emergence as the power to be reckoned with and a possible counter-balance to China and the role of the United States. In 2015, a retired Peoples Liberation Army (PLA) colonel, in his widely acclaimed book titled *The China Dream: Great Power Thinking and Strategic Posture in the Post-American Era* thoroughly discussed the Chinese version of the new normative order and writes "In the East Asia's tribute system, China was the superior state and many of its neighbouring states were vassal states and they maintained the system of tribute and rewards...This was a special regional system through which they maintained friendly relations and provided mutual aid. The appeal and influence of ancient China's

political, economic and cultural advantages were such that smaller neighbouring states naturally fell into orbit around China, and many of the small countries nominally attached to China's ruler dynasty sent regular tribute".

On the other hand, after WW II, the United States built its economic and defence relations with the countries in the region, particularly with Japan, South Korea and East Asian countries (Asian Tigers), by making them realize the economic potential of a liberalized economy. Such engagement by the United States with the region's countries, commonly referred to as the 'hub and spoke' system, is now at stake because of the augmented Chinese trade and commerce relations. Now, these countries, particularly Japan, South Korea, Australia and the Philippines, are leading trade partners of China, converting the Indo-Pacific into a ground zero for the contest between the United States as an established power and China as an emerging power, threatening the foundations of the world order. Rachman (2016) elaborated on the contest: "The central theme of global politics during the Obama years has been the steadily eroding power of the West to shape international affairs. This erosion is closely linked to the growing concentration of wealth in Asia- and, in particular, the rise of China. One of the consequences is the dangerous rise in military and tensions within Asia itself, as a rising China challenges American and Japanese power and pursues its controversial territorial claims with renewed aggression.'

Allison (2017) highlights the dangerous 'Thucydides Trap' where rising power is inevitably destined for conflict with the established existing power. Since the war between Athens, the rising power of the contemporary Greek world, and Sparta, an existing power almost 2500 years ago, he argued that twelve ended in war out of sixteen similar cases. He wrote in his book that 'Americans urge powers to accept a rules-based international order. But through Chinese eyes, this appears to be an order in which Americans make the rules, and others obey the orders' (p. 147). The events of the recent past, particularly the withdrawal of the United Kingdom from the European Union, known

as BREXIT and the election of Donald Trump as the 45<sup>th</sup> president of the United States, brought significant transformation in global politics. The fall of the Davos Man and the global revolt by the nationalists and traditionalists against the liberal order resulted in the rise of what is popularly called the rise of the ‘strongman era’.

### **Prospects for India and Nepal**

India’s status on the global high table has been increasingly institutionalized recently. While India is not a ‘revisionist power’ that seeks to redefine international order, it neither seeks to be ‘co-opted in the international order controlled by the West’. India must move from being a ‘rule-taker’ to a ‘rule-maker’ in global politics. India, with a population of 1.4 billion<sup>1</sup> as per the World Bank, is poised to play a significant role in the international order. India is one of the fastest-growing economies with a high projected economic growth rate. In its recent press release titled ‘Indian Economy Continues to Show Resilience Amid Global Uncertainties’, World Bank claimed that ‘The overall growth remains robust and it is estimated to be 6.9 per cent for the full year with real GDP growing 7.7 per cent year-on-year during the first three quarters of the fiscal year 2022/23.’<sup>2</sup> India’s growth rate is now driven by the skilled labour force, its large domestic market and its focus on technological advancement and innovation. As per the projection, the economic growth rate is going to remain the same for the coming years, showing its capability to become a significant player in the global economy soon.

In the post-Cold War phase, India became more engaged with the world. Mohan (2003) mentioned two crucial events that changed the course of Indian foreign policy. The collapse of the Soviet Union and economic globalisation paved the way for India to establish strategic partnerships with countries around the world. The nuclear tests conducted by India enhanced its position all over the world and gave impetus to its strategic

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<sup>1</sup> *Population, total | Data (worldbank.org)*

<sup>2</sup> *Indian Economy Continues to Show Resilience Amid Global Uncertainties (worldbank.org)*

goals. India could revamp its relations into strategic partnerships with the United States, Australia, Japan, and France based on shared interests and values. Since the world order is shifting to the Indo-Pacific, Indian partnerships with the significant powers of the world along with regional players would enhance. India's strategic location provides significant geopolitical importance. Since India also seeks to play its part and looks at itself as a key country which wants to maintain its influence, its strategic location makes India even more important.

India's soft power, which includes its culture, religion and philosophy, has the potential to become a major asset in the changing international geopolitical environment. Due to increased interconnectivity and interconnectedness, India's soft power has grown in recent years. The popularity of Indian cinema, music, cuisine, and yoga is augmenting all over the world. In the coming years, India's soft power is likely to become more monumental in building relationships with different countries. Since Narendra Modi became the Prime Minister, India started taking a leadership role in climate change. India is now focusing on reducing greenhouse gas emissions and promoting renewable energy use. With more than 170 countries, India signed the Paris Climate Agreement in April 2016 and announced that India would quadruple its renewable power under the government scheme to supply electricity to every household.<sup>3</sup> India is now working with other countries to mitigate the challenges of changing climate conditions. This will help India grow its influence in different parts of the world.

Nepal is a landlocked country with two giant neighbors, India and China, facing challenges and opportunities. In the contemporary world, particularly with the focus shifting to the Indo-Pacific region, Nepal's geopolitical significance increased. Nepal can potentially become the transit hub for trade and commerce between India and China. Establishing itself as a 'sweet spot' between the two rising powers can boost Nepal's economy and its regional influence. Not having direct access to the sea,

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<sup>3</sup> *India signs historic Paris climate agreement along with over 170 nations | India News, The Indian Express*

the major challenge before Nepal is global connectivity. To resolve this once and for all, Nepal involved itself in several regional connectivity projects under the South Asian Association for Regional Cooperation (SAARC)<sup>4</sup> as well as Belt and Road Initiatives. Such and similar connectivity projects can help Nepal boost its economy and integration with different parts of the world.

Nepal is famous for adventure tourism, cultural tourism, and religious tourism. Tourists come to Nepal to visit the high peaks of the Himalayan range, world-famous Hindu temples, and Buddhist monasteries. Nepal must focus on its capability to attract more tourists by developing world-class infrastructure, including all-weather roads, hotels and resorts, and sports such as ice hockey, skating, skiing, etc. in the post-COVID phase, tourism is gaining grounds that would help Nepal's soft power also. Nepal's soft power includes its cultural heritage, natural beauty, and spiritual traditions. But Nepal is also vulnerable to natural calamities such as an earthquake. The recent 2015 earthquake that killed around nine thousand people was the most devastating calamity that happened in the recent past. Climate change related issues such as melting glaciers due to the rise in temperature is also causing anxiety among leaders and citizens alike. Nepal must address these concerns as soon as possible to navigate the changing international environment.

## Conclusion

India and Nepal enjoy deep historical, cultural, and economic ties. These neighbors share a unique bond popularly termed as Roti-Beti ka Rishta that also has geopolitical significance. A complex interplay of numerous factors, namely, shared border, trade and investment, security, etc., shape the bilateral relations between India and Nepal. Both countries share a long porous border of more than 1700 km, which gives smooth access to the people of both countries. Open borders have their challenges, and the Indo-Nepal border is no exception. Security concerns such as cross-border terrorism, illegal immigration and smuggling of arms

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<sup>4</sup> *India, Bangladesh, Nepal finalise MoU to boost trade and connectivity - Hindustan Times*

and drugs always cause issues between these two neighbours. Being the most significant aspect of bilateral relations, India and Nepal must develop a mechanism to address the border-related problems. Indo-Nepal Joint Working Group (JWG) to discuss border management and security meets regularly. The recent meeting was held in June 2022, in which JWG discussed the progress made on ‘the signing of the Mutual League Assistance Treaty, Extradition Treaty and other outstanding MoUs to be signed between the two countries.’<sup>5</sup> India and Nepal had already agreed to cooperate on intelligence sharing and joint patrolling to counter security threats, yet a lot has to be done in the area.

In trade and economic ties, India remains the largest trade partner of Nepal. Despite several glitches, both neighbors have trade crossing US\$ 7 billion in the financial year of 2019-20. This happened due to the increased exports. In the last ten years, Indian exports to Nepal have gone up eight times, whereas Nepal’s exports to India have doubled. Nepal, as India’s export destination, had improved exceptionally from 28<sup>th</sup> in 2014 to 11<sup>th</sup>, as per the data shared by the Ministry of External Affairs of India in 2022. People-to-people exchange is crucial as both countries give visa-free entry in their respective territories. As per the data available, around eight million Nepalese citizens work or study in India, whereas 6 lakhs Indian reside in Nepal. The bilateral remittance flow between India and Nepal is approximately US \$3 billion from Nepal to India and US \$ 1 billion from India to Nepal.<sup>6</sup> Indians constitute around 30 per cent of tourists in Nepal. To strengthen people-to-people exchange, India-Nepal Ramayana Circuit had been launched along with a sister-city agreement between Kathmandu-Varanasi, Lumbini-Bodhgaya and Janakpur-Ayodhya. The government of India also provides scholarships to scholars studying in India and Nepal.

Both neighbours understand the urgent need for cooperation; hence, they are trying to resolve the bilateral issues causing a trust deficit. Most bilateral disputes are related to border demarcation, whether Kalapani, Lipulekh or Limpiyadhura. India and Nepal must cooperate to

5 Press Information Bureau ([pib.gov.in](http://pib.gov.in))

6 Microsoft Word - Bilateral Brief - 22 March 2022 ([mea.gov.in](http://mea.gov.in))

mitigate the bilateral issues causing problems. Considering the shifting geopolitical focus, the role of India and Nepal increased to maintain peace and stability at the regional and global levels.

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# **Small States as Big Contributors: A Study of Nepal's Troops in the United Nations Peacekeeping Operations**

**Ritwik Raj\***

## **Abstract**

The United Nations (UN) relies on Peacekeeping Operations as a crucial component of its global efforts to establish and uphold peace and security. The effectiveness of these operations relies on states' capacity to contribute financial resources and troops. Despite limited resources, small states such as Nepal have emerged as the biggest contributors to UN Peacekeeping Operations (UNPKOs). Nepal is one of the largest troop-contributing nations, highlighting its substantial commitment to UN peacekeeping efforts. This article aims to explore the case of Nepal, a small state that has emerged as one of the largest troop-contributing countries to UNPKOs. By studying Nepal's participation in peacekeeping missions, we can gain insights into the motivations and factors that drive small states to engage in UN peacekeeping operations. Furthermore, this research sheds light on how Nepal's foreign policy objectives align with its commitment to promoting international peace and security through peacekeeping efforts. The study of Nepal's study as a small state contributor to UNPKOs carries important lessons for the international community.

## **Keywords**

Nepal, peacekeeping operations, small states, united nations, vasudhaiva kutumbakam

## **Introduction**

The idea of a peacekeeping mission has developed from the concept of collective security, aimed at benefiting humanity as a whole, and inspired by the philosophy of "Vasudhaiva Kutumbakam". The UN

\* Assistant Professor, IP College, University of Delhi

peacekeeping goes beyond solely involving military forces. It entails assisting conflicting parties in the transition from violence to peace and restoring stability in conflict zones. Over time, peacekeeping has emerged as one of the most effective tools employed by the UN to support host countries in managing the challenging process of moving from conflict to peace. Its notable strengths include legitimacy, burden sharing, and the ability to deploy and sustain troops and police from various nations, working alongside civilian peacekeepers to accomplish multifaceted missions. The primary objective of peacekeeping operations is to establish a resilient social and political framework that fosters lasting peace in war-torn or conflict-affected nations.

The effectiveness of UN peacekeeping operations relies on states' ability to contribute resources such as funds and troops. However, states providing troops are mainly responsible for executing the mission on the ground. The contribution of "small states," which offer a substantial number of troops to support international peace and security, warrants investigation as part of their policy behavior. Consequently, small states play a crucial role in UNPKOs, and their contributions are significant in promoting global peace and security. Despite their limited size and resources, small states demonstrate a strong dedication to international peace and security by making substantial troop contributions relative to their population and capabilities. Their involvement enhances the overall capacity of UNPKOs and helps ease the burden on larger states.

Nepal's foreign policy aims, centered around global peace and a steadfast commitment to the UN Charter and international law, have always embraced the principles of "Vasudhaiva Kutumbakam". The peacekeeping soldiers from Nepal align their actions with the UN's mandate to uphold these foreign policy objectives in host societies. Nepal's contribution to peacekeeping has been remarkable, not only in terms of consistency and duration of involvement but also due to the selfless courage exhibited by its personnel. Consequently, Nepal has risen to become the second-largest contributor of troops to the UNPKOs.

This position was achieved by deploying over 6000 troops. Presently, Nepal ranks second among the countries contributing troops to the UN, with its personnel actively serving in various 13 peacekeeping missions.

## **The United Nations Peacekeeping Operations: Concepts and Types**

The fundamental purpose behind the formation of the UN in 1945 was to ensure global peace and security. Peacekeeping, a method primarily developed by the UN, upholds international peace and security (Sarjoon and Yusoff, 2019: 204). The topic of peacekeeping operations remains one of the contentious subjects in the current discussions about the role and actions of the United Nations. The UN employs peacekeeping operations as a reactive measure, dispatching them to address crises across different regions of the globe. Originally initiated as a modest approach in 1948 to address conflicts between states, it has evolved into a highly sought-after method for managing, pacifying, and resolving conflicts within states (Choedon, 2007: 150). Hence, peacekeeping operations represent a broad category of actions employed to prevent, control, and handle violent conflicts while also facilitating post-conflict reconstruction. These operations are commonly known as the UN's "blue helmet" missions. According to Diehl's definition, peacekeeping involves

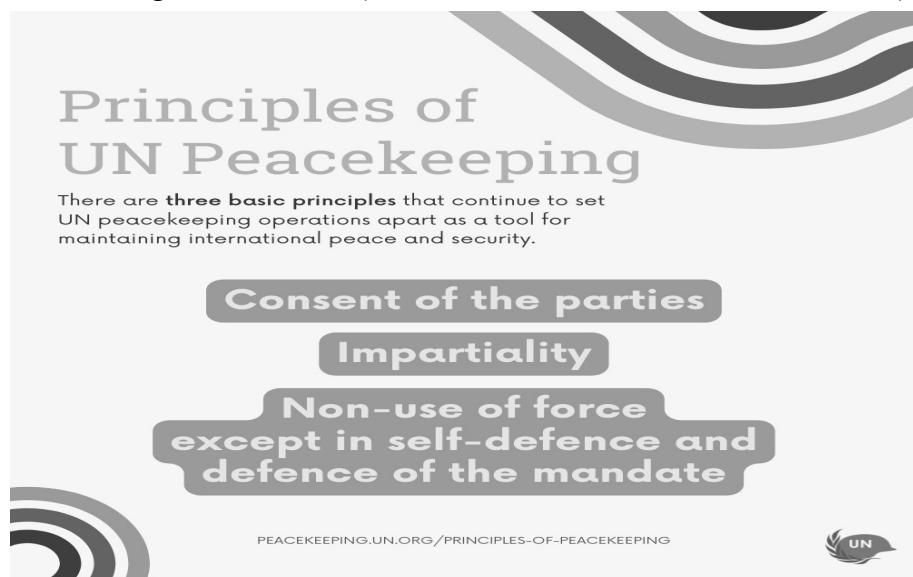
"Peacekeeping is..... the imposition of neutral and lightly armed interposition forces following a cessation of armed hostilities, and with the permission of the state on whose territory those forces are deployed, in order to discourage a renewal of military conflict and promote an environment under which the underlying dispute can be resolved" (Diehl, 1994: 13)

Peacekeeping operations, while not explicitly mentioned in the UN Charter, have emerged as a primary instrument the UN employs to fulfill its mission of "saving succeeding generations from the scourge of war" and maintaining international peace and security. Former UN

Secretary-General Dag Hammarskjöld played a significant role in defining the fundamentals of UN peacekeeping operations. He believed that the legal foundation for such operations could be found in “Chapter VI and a Half” of the UN Charter (Hilmarsdóttir 2012: 18). The term “Chapter Six and a Half” signifies that peacekeeping operations were positioned between the provisions of Chapter VI, which deal with the peaceful resolution of disputes, and Chapter VII, which address actions related to threats to peace (Robert 1994: 7; Schmidl 1999: 6). As per these Chapters, the United Nations Security Council (UNSC) holds the highest authority to implement measures aimed at achieving peace in the global arena, working closely with the General Assembly and the UN Department of Peacekeeping Operations (Langholtz 2008: 4; Bhattarai & Nepali, 2021: 126).

The UN peacekeeping has formulated three fundamental guiding principles for its operations, which remain relevant and widely applied today. These principles encompass the consent of the parties, the impartiality of the peacekeeper, and the non-use of force, except in cases of self-defense or defense of the mandate. The first principle, “consent of parties”, holds immense importance in legitimizing and enhancing the effectiveness of UNPKOs. It entails obtaining the agreement and willingness of all conflicting parties to accept and collaborate with the presence of peacekeeping forces. For a peacekeeping operation to be legitimate and locally owned, it must be undertaken with the consent of the host state. Next, the principle of “Impartiality” dictates that UNPKOs must maintain an unbiased and neutral stance when interacting with all parties involved in the conflict. They should refrain from taking sides or displaying favoritism towards any particular group. Impartiality fosters trust among the conflicting parties and bolsters the credibility and legitimacy of the peacekeeping mission. Lastly, the principle of “Non-use of Force, Except in Self-Defense and Defense of the

Mandate” stipulates that UN peacekeepers are not authorized to engage in offensive military actions. They can only employ force in response to direct threats and when necessary for self-defense, protecting civilians, and fulfilling their mandate (Oudraat, 1996: 504-507; Diehl, 2008: 6-7).



Source: United Nations (n). Principles of Peacekeeping, [ Online Web] Accessed 18 May 2022, URL: <https://peacekeeping.un.org/en/principles-of-peacekeeping>

Hence, the initial principle revolves around obtaining the host state's agreement to deploy UN peacekeepers within its borders, and this aligns with the broader notion of respecting state sovereignty. The second principle, impartiality, mandates that peacekeepers fulfill their mission without displaying bias towards any party involved. The third principle, the limited use of force, empowers peacekeepers to employ force solely for self-defense. These three principles portray UN peacekeeping operations as neutral and unbiased, serving as a disinterested and impartial third party in the conflict (Choedon, 2020: 452).

The UN peacekeeping operations can be classified into two main types: “Traditional Peacekeeping Operations” and “Multifunctional Peacekeeping Operations”. The traditional peacekeeping operations are typically deployed in response to conflicts between states and were

originally conceptualized as a non-violent application of military force to maintain peace among warring state actors (Langholtz, 2008: 3). The UN peacekeeping endeavors to be non-coercive and relies on activities that are based on the consent of the parties involved. Its primary objectives include supporting peace processes or interim ceasefires, preventing the resurgence or escalation of violence, and ultimately establishing a stable state of peace (Bellamy, et al. 2010: 173).

Multifunctional peacekeeping operations are deployed in situations of intra-state conflicts, such as civil wars and domestic issues. These operations are characterized by their involvement with multiple parties engaged in the conflict. Multifunctional peacekeeping operations require the participation of diverse military and civilian personnel to effectively address the complexities of the situation (Oudraat, 1996: 506-507; Mings, 2001: 165). The central objectives of multifunctional peacekeeping operations involve establishing a secure and stable environment that facilitates the political process, encourages dialogue and reconciliation, aids in rebuilding governmental and police functions post-civil war, ensures the delivery of humanitarian relief, fosters effective governance institutions, and provides a framework to uphold lasting peace (Roberts, 1994: 14-15). Therefore, multidimensional peacekeeping operations encompass broader responsibilities beyond preserving peace and security.

Traditional peacekeeping operations pertain to the “non-interventionist buffer zone deployments” during the Cold War. On the other hand, multifunctional peacekeeping operations emerged in the post-Cold War era. The quantity of peacekeeping operations notably increased during the immediate aftermath of the Cold War. However, unlike the Cold War period, most conflicts necessitating UN intervention are now intra-state rather than inter-state conflicts (Bobrow & Boyer, 1997: 731). These conflicts have been triggered by rivalries among various factions for control over the state authority and natural resources, and

many times, such struggles have been given the colour of ethnic and religious conflicts for easy mobilization and justification (Choedon, 2020: 452), the period after the Cold War marked a significant phase in the development of UN Peacekeeping Operations. The demand for peacekeeping operations witnessed both quantitative and qualitative changes, leading to substantial advancements in the field (Bellamy et al., 2010: 93). As an illustration, from 1988 to 1993, the United Nations established twenty new peace operations. This surge in initiatives during that particular period signaled an opportunity for the UN to address the distinct challenges of the era. Consequently, there were elevated expectations regarding the effectiveness of its peacekeeping activities.

In the post-Cold War era, a notable aspect of UN peacekeeping is that several major troop-contributing countries face unique security challenges. This circumstance may have arisen due to powerful Western nations reducing their contributions. As a result, smaller states have stepped in to fill the void left by the Western nations (Kathman & Melin, 2017: 150-152). In the 21st century, developed countries, including the permanent members of the UN Security Council, are noticeably absent from UN-led peacekeeping missions. This absence undermines universal commitment, collective action, and burden-sharing, which are vital for effective and politically sustainable peacekeeping efforts.

Moreover, their limited field experience and situational awareness negatively influence decision-making on peacekeeping matters within the UNSC, particularly among those holding permanent membership (Choedon, 2020: 456). The post-Cold War era brought about the involvement of numerous new actors in peacekeeping efforts. These states, often referred to as new players, have significantly contributed personnel to UNPKOs. Among these players, several middle powers such as Australia, Canada, and New Zealand, as well as larger developing countries like India and Pakistan, and smaller states, notably Nepal and

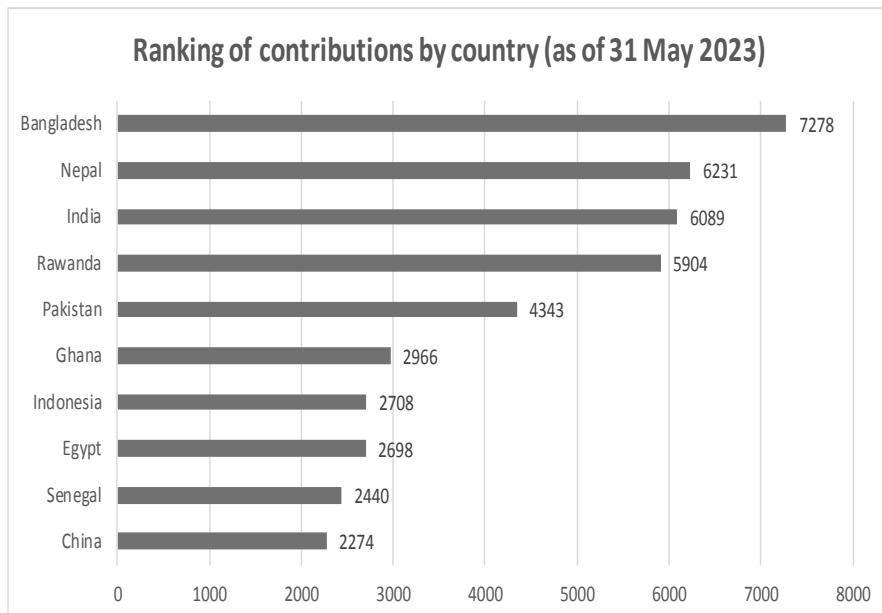
Bangladesh, have participated in peacekeeping missions to showcase their commitment to being responsible and active international citizens (Neack, 1995; Findlay, 1996: 1-2).

### **Small States' Participations in UN Peacekeeping Operations**

The term “small state” is a relative concept primarily applicable to Third World countries. The exact definition of a small state is not precise, but two general indicators have emerged to identify and characterize them. The first indicator considers territory and population size, GNP (Gross National Product), productive capacity, resource base, military budget, and other aggregate variables. The second indicator pertains to the country’s military, economic, technological, and industrial capabilities. Some scholars concentrate on a single capacity, specifically military capability, and categorize small states as those with relatively low conventional military strength (Krishnaswamy, 2010: 25-26).

Small states offer an ideological rationale for their strong commitment to UN peacekeeping operations. Traditionally, these states view their contributions to UN peacekeeping and similar engagements in world politics as a means to enhance their status by being recognized as “good states” that actively promote and support a liberal international order. Small states, lacking significant power resources, may view seeking status as their primary strategy to exert influence. In contrast to medium and great powers, small states must be more diligent in pursuing status. Consequently, states must adopt a range of strategies to enhance their status, driven by a blend of instrumental and ideological motivations. Existing literature on small states’ contributions to international peace operations, including UN peacekeeping, is divided into assessing the reasons behind their actions. Contributions on the “soft” end of the security spectrum, such as those to UNPKOs, are often considered more altruistic. In contrast, contributions to the “hard” end, such as participation in coalitions of the willing, tend to be perceived as more self-interested and utilitarian. (Karlsrud, 2019: 66-68).

Hence, UN peacekeeping is the main platform for small states to contribute troops to international peace operations. The data in Chart 1.1 illustrates the involvement of the top ten contributor countries in multiple UN peacekeeping operations as of May 31, 2023.



Source: United Nations (n), Troop and Police Contributors, [Online: web] Accessed 15 June 2023, URL: <https://peacekeeping.un.org/en/troop-and-police-contributors>

Chart 1.1 reveals that small states often contribute substantially to UN peacekeeping operations, surpassing expectations based on their size, economy, and available resources compared to larger, more developed countries. Remarkably, eight out of the top ten contributors to UN peacekeeping operations are small nations. This underscores the significant role small states play despite their limited size and resources. Notably, Bangladesh and Nepal consistently remain among the top two contributors, showcasing their unwavering commitment to peacekeeping endeavors. The crucial role of small states in upholding peace and stability in conflict-affected regions becomes evident through their active participation. Countries like Bangladesh, Nepal, Rwanda, Pakistan, Egypt, Ghana, Indonesia, and Senegal, all small states, stand

out as crucial contributors, highlighting their strong dedication to supporting peacekeeping efforts worldwide. Although larger countries like India and China also contribute troops, the notable representation of small states among the top contributors emphasizes their substantial role and impact in UN peacekeeping operations.

Several factors contribute to the willingness of small states to provide peacekeepers for UN peacekeeping operations. These factors can be categorized into various clusters of rationales, encompassing international prestige, political considerations, economic interests, security concerns, institutional motives, and normative values. Many states perceive their contribution as a means to establish themselves as responsible “global citizens” and take pride in their role as peacekeeping participants, viewing it as a tangible display of their dedication to fostering international peace (Boutton & D’Orazio, 2019: 4). Nations may participate in UN peacekeeping operations due to normative considerations. They might be inclined to contribute peacekeepers as it reinforces their self-perception as “global good Samaritans”, “good international citizens”, or as part of a “nonaligned” coalition of states that advocates for the UN as an alternative to great power dominance (Bellamy & Williams, 2012: 5).

There are diverse political reasons for contributing to UN peacekeeping, with several forms, such as using peacekeeping contributions to elevate the country’s “national prestige”. Political ambitions, regional security considerations, the desire to enhance international image and identity, and institutional interests all appear to play significant roles. In contrast to Western countries, which possess the capability to contribute both human resources and material support, Small States primarily provide personnel due to resource limitations. However, despite these constraints, their troop contributions have surpassed those of other states (Krishnasamy, 2001: 58). Countries that have experienced benefits from hosting peacekeeping operations might view contributing peacekeepers as a way to reciprocate their gratitude towards the international community for their previous support. Joining a peacekeeping mission

allows a Troop Contributing Country (TCC) or Police Contributing Country (PCC) to exert influence over operation-related decisions by obtaining significant positions within the mission's headquarters (Bellamy & Williams, 2012: 4). Consequently, states have pursued a goal of enhancing their international visibility through engagement in peacekeeping operations. This objective has been particularly significant for small states, which have consistently endeavored to promote and elevate their public image on the global stage.

The economic incentive can be considered a significant driving force behind participation in peacekeeping operations. When examining the economic rationales for contributing peacekeepers, it is essential to differentiate between various potential beneficiaries. National governments, especially those in developing countries with small economies, may utilize UN compensation payments to bolster their national budgets. Similarly, security sectors might also use these payments to supplement their budgets (Bellamy & Williams, 2012: 4). Hence, certain countries with vulnerable economies may agree to send troops in response to such requests due to the potential financial advantages. The economic gains stem from the relatively appealing compensation offered to soldiers and reimbursements to the country. Moreover, participating in peacekeeping missions can serve as a means to enhance the country's international image, which, in turn, may attract more foreign assistance (Weiss & Kuele, 2019: 4).

Individuals can derive economic benefits from participating in UN peacekeeping deployments in two primary ways: mission subsistence allowances and reimbursements. One commonly mentioned selective incentive is the reimbursement that personnel from contributing countries receive in return. Contributing governments continue to support their personnel as usual and are subsequently reimbursed based on the UN base rate of \$1,410 per soldier per month. This reimbursement significantly boosts their domestic salary (Boutton & D'Orazio, 2019: 4). Additionally, other governments gain advantages from the training their military forces acquire through peacekeeping missions. They might also opt to deploy troublesome military units to serve abroad.

Lastly, another form of institutionalism, often relevant to states transitioning from periods of authoritarianism or praetorianism, proposes that engagement in peacekeeping serves as a means to keep the armed forces “occupied outside the country rather than interfering in domestic matters”. Furthermore, it might serve as a pathway to rehabilitate the armed forces after experiencing authoritarian rule (Bellamy & Williams, 2012: 5). Countries situated in the vicinity of a UN peacekeeping mission can reap advantages from the reestablishment of regional stability, making their participation in such missions an evident incentive. These security gains serve as a motivating factor for contributing personnel to peacekeeping missions.

### **Nepal, as One of the Biggest Troops Contributors**

Despite being small, Nepal has emerged as one of the largest troop contributors to UN peacekeeping operations worldwide. Since becoming a member of the UN in 1955, Nepal has displayed unwavering dedication to global peace, security, and disarmament. It has actively participated in the UN’s initiatives, advocating for protecting small countries’ rights, supporting UN resolutions and decisions, and championing human rights promotion and protection. However, Nepal’s most esteemed and recognized contribution to the UN lies in its peacekeeping efforts. Embracing the philosophy of “Vasudhaiva Kutumbakam”, Nepali peacekeepers have exhibited bravery, sincerity, and adaptability, not only contributing to international peace and security but also playing a significant role in elevating Nepal’s position in the international arena. (Bhattarai & Nepali, 2021: 127-128).

Nepalese peacekeepers have gained a reputation for their steadfast professionalism, unwavering dedication, impartiality, and commitment to fulfilling their mission mandates. They have garnered international acclaim for their endeavors to bring about peace, stability, and normalcy in areas affected by conflicts (Mohan, 2021: 9). Nepal’s decision to engage in UN peacekeeping missions was driven by its commitment to supporting the noble cause of maintaining international peace, security, and stability. Over the past six decades, Nepal’s peacekeepers

have gained extensive international exposure and experience, having operated in intricate security environments. Their longstanding involvement has allowed them to develop valuable skills, expertise, and confidence, bolstering the professionalism of the Nepalese army. Participating in UN peacekeeping has earned Nepal an international reputation as a country steadfast in upholding the principles outlined in the UN Charter. The pursuit of “the norms of world peace” has been a fundamental cornerstone of Nepal’s foreign policy. Nepal aspires to thrive in peace and spread this message to the global community through its blue helmets. Ultimately, the nation’s core values of peace, harmony, and compassion, inherited from Buddha, the apostle of peace and enlightened son of Nepal, inspire its commitment to peacekeeping efforts (Ministry of Foreign Affairs, 2021).

Since Nepal entered the United Nations in 1955, it has remained a steadfast partner and unwavering contributor to UN peacekeeping. Nepal’s journey in peacekeeping commenced in 1958 when it first participated in the United Nations Observer Group in Lebanon (UNOGIL). In this capacity, Nepal served as an observation group tasked with preventing any unauthorized infiltration of personnel or the supply of arms and other materials across the borders of Lebanon (Rawal, 2015: 87). Subsequently, in 1966, Nepal participated in the UN supervision mission in India and Pakistan (UNIPOM). The country’s involvement in UNOGIL and UNIPOM proved highly successful and received praise from the UN. In 1974, the Nepali army deployed its troops for peacekeeping, with the first Nepalese contingent, the Purano Gorakh Battalion, being sent to Egypt as part of the Second UN Emergency Force. Nepal has also contributed to several senior appointments at UN Peace Operations and Force Headquarters (Thapa, 2019: 4). In the Cold War era, Nepal actively participated in various UN peacekeeping operations, deploying troops and military observers. For instance, in 1978, Nepal contributed to the United Nations Interim Force in Lebanon (UNIFIL), and the country took part in the United Nations Mission of Observers in Tajikistan (UNMOT) and the United Nations

Good Offices Mission in Afghanistan and Pakistan (UNGOMAP) in 1989 (Bhattarai & Nepali, 2021: 130).

During the Cold War, Nepal accorded significant importance to peacekeeping operations aligned with its foreign policy objectives. The country viewed peacekeeping missions as vital tools to uphold ceasefires, safeguard lives and property, and prevent human rights abuses in regions affected by conflicts (Sharma, 2021: 10). Nepal has consistently advocated for reinforcing the UN's peacekeeping capabilities. During the Cold War era, which coincided with the first generation of peacekeeping, Nepal's engagement in UN peacekeeping operations proved crucial in protecting its sovereignty, preserving territorial integrity, and upholding national independence. This was particularly important as regime changes and political shifts within Nepal and beyond its borders presented significant challenges to the country's survival as a nation-state (Bhattarai & Nepali, 2021: 130).

After 1990, the concept, extent, and perception of security underwent a significant transformation, necessitating the security apparatus in Nepal to adapt to the evolving dynamics. During this period, Nepal transitioned into a multi-ethnic, multi-lingual, and parliamentary monarchy, with the recognition of suffrage and the introduction of democratic elections in 1991. Additionally, the end of the Cold War also played a role in shaping the security landscape. Despite the high hopes generated by democratization, Nepal faced political instability, which posed challenges to the newly established constituents of the country (Silwal, 2021: 14). Furthermore, the post-Cold War era witnessed an increase in the demand for peacekeepers due to the emergence of internal conflicts. As the scope and breadth of peacekeeping operations expanded following the end of the Cold War, Nepal responded by intensifying its involvement in multi-dimensional peacekeeping efforts. This included deploying peacekeeping troops and military observers, as well as contributing force commanders and staff officers to various missions (Rawal, 2015).

Interestingly, amidst the turbulent circumstances, Nepal emerged as one of the world's largest contributors of UN troops. Notably, Nepal's police force took part in the United Nations Protection Force Mission in former Yugoslavia in March 1992 in response to the UN's call for assistance. Nepali peacekeepers, particularly police personnel, actively served in diverse conflict zones across Africa, the Caribbean, the Middle East, and East Europe, where their contributions were widely recognized and highly valued (Silwal, 2021: 14). During the Cold War era, Nepal consistently contributed UN peace observers, but its involvement gradually expanded in 1993, coinciding with its initial steps towards democratization. As the democratization process took shape, Nepal's commitment to peacekeeping significantly increased, transitioning from a mere handful of observers in 1990 to nearly 2000 soldiers by 1994 (Sotomayor, 2014: 997).

Nepal's troop commitment to UN peacekeeping was relatively significant but inconsistent, partly influenced by the consequences of the civil war (1996-2006) and the Maoist insurgency. The country's commitment to peacekeeping mirrored the volatility of its political system. When the Maoist insurgency emerged, Nepal gradually reduced its peacekeeping force, with an average of fewer than 800 blue helmets deployed per year. This reduction directly responded to the demand for counterinsurgency security forces within Nepal. Interestingly, Nepal's peacekeeping participation declined despite increasing the Royal Nepalese Army's human resources ceiling from 50,000 to nearly 65,000 in 2003. This decline coincided with the country's democratic breakdown. In 2005, however, the Army began deploying a large number of troops, with an average of over 3000 soldiers per year, nearly triple the number deployed during the initial phase (Sotomayor, 2014: 997-998).

In 2008, Nepal celebrated its 50th anniversary of participating in UN peace support operations. Presently, Nepal stands as the sixth most significant contributor of troops to UN peacekeeping missions (Rawal, 2015: 85). In recognition of Nepal's significant troop contributions, UN Secretary-General Ban Ki-moon conveyed a message of gratitude to

Nepal on its momentous milestone as a peacekeeping contributors “More than half of all the Member States of the United Nations contribute troops and police to peacekeeping operations. We are grateful to every one of them. But our special thanks go to the top contributors, among which Nepal ranks in the first five. Over the past 50 years, Nepal has contributed 60,000 peacekeepers in some 40 peacekeeping missions. Today, Nepal and four other nations of the South together contribute nearly half of the United Nations peacekeepers around the world” (Sotomayor, 2014: 1000).

By 2010, Nepal had reached its highest historical point in peacekeeping contributions, with an annual average deployment of over 5000 blue helmets. From 2000 to 2010, Nepal held the position of the seventh-largest troop contributor to the UN peacekeeping system. What makes this particularly intriguing is that, in relation to its population, Nepal ranks as the second largest troop-lending country globally and the largest contributor per capita in the South Asia region. This distinction is remarkable, considering Nepal has no strategic interests in the Western Hemisphere or Africa (Sotomayor, 2014: 999-1000).

Nepal’s peacekeeping efforts on the global stage have faced several incidents that have negatively impacted its image. For instance, there were suspicions that Nepali peacekeepers introduced Cholera in Haiti, resulting in a death toll of 6,200 in 2010. Additionally, in Liberia, a Nepalese peacekeeper was expelled from the UN mission after local and international human rights groups informed that he was facing charges of torture back home in Nepal. These cases have raised concerns and raised questions about the conduct and accountability of Nepali peacekeepers in UN missions (Rai, 2018: 4)

In 2011, following Resolution 1325, there was an emphasis on the significance of women’s equal and active participation in conflict prevention and resolution. Nepal responded by approving a national action plan for women, peace, and security, taking significant strides to ensure women’s equal participation in conflict prevention and peacebuilding in countries facing threats and impacts of war, violence, and insecurity. Women have consistently played a crucial role in the Nepalese Army throughout their peacekeeping endeavors (Behlin,

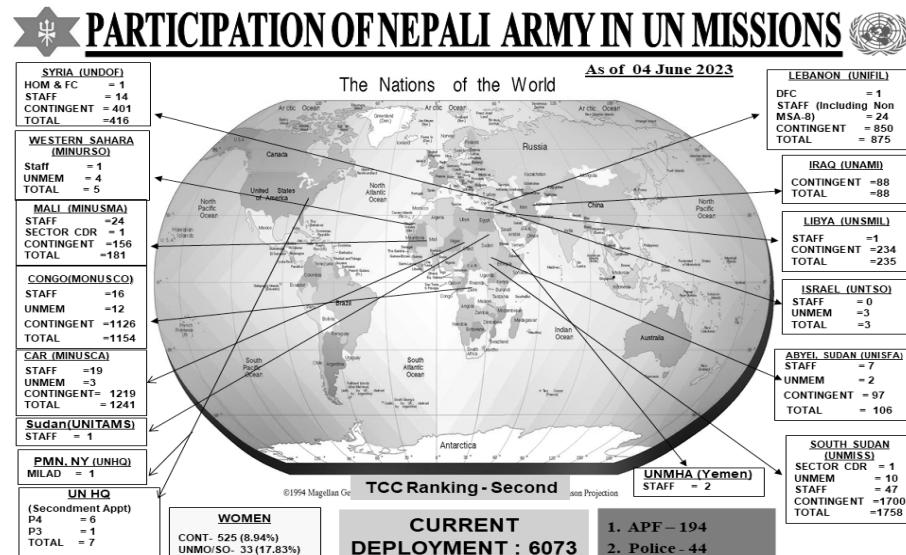
2017). By October 2014, Nepal had provided a significant contribution of 105,588 troops to a total of 41 peacekeeping missions across the globe. As of the same date, the Nepalese Army had deployed more than 4,441 peacekeepers, participating in 14 different missions. These peacekeepers fulfilled diverse roles, serving as military observers, military liaison officers, staff officers in mission headquarters, and members of contingents (Rawal, 2015: 88).

In 2016, several armed police force personnel, including senior officers, were found guilty of accumulating significant amounts of bribes during the procurement of materials for Nepal's UNPKOs in Darfur, Sudan. Additionally, Nepal actively participates in the triennial Contingent-Owned Equipment (COE) working group, which determines reimbursement rates for troop and police-contributing countries. Nepal even chaired the COE working group in 2017. The country is also engaged in the Fourth Committee of the United Nations General Assembly, which addresses all aspects of peacekeeping and special political missions. As of now, Nepal has served twice as the Chair of the Fourth Committee. Nepal has a remarkable history of participating in 61 peacekeeping and special political missions, contributing more than 151,000 peacekeepers. As of January 2020, the South Asian nation ranked as the fourth-largest troop-contributing country, with 5,658 Nepalis serving various UN missions. As of March 2021, a total of 5,681 Nepali peacekeepers have been serving in 12 peacekeeping and special political missions in 11 countries (Ministry of Foreign Affairs, 2021).

A noteworthy achievement has marked the history of the Nepali Army's engagement in UN peacekeeping operations, as it currently deploys over 6,000 troops, the highest number to date. Specifically, 6,016 Nepal Army personnel are presently serving in the UN peacekeeping mission, including the recent deployment of 202 peacekeepers to the Central African Republic (Online Radio Nepal, 2023). Currently, Nepal holds the second position in the list of countries contributing troops to the UN, with 6,231 Nepali Army personnel deployed across 12 peacekeeping missions worldwide. Over time, the Nepal Army has participated in a total of 44 UNPKOs in conflict-affected regions globally, experiencing

the loss of 71 soldiers and injuries to 68 others. A considerable number of 142,585 Nepal Army personnel, including 1,982 female soldiers, have actively participated in peacekeeping missions. Nepal's climb to the second position in the UNPKOs was achieved by deploying 6,231 troops, including 294 female peacekeepers. Previously, Nepal held the 4th position with 5,681 peacekeepers involved in various missions, during which 84 fatalities and numerous injuries occurred (The Himalayan Times, 2021).

Nepal has acquired valuable and distinctive experiences through its involvement in promoting stability and peace in extremely volatile countries such as Lebanon, Iraq, Mali, South Sudan, DRC, Yemen, Libya, the Central African Republic, Syria, Israel, Western Sahara, and many others. These experiences serve as a significant asset for Nepal, enhancing its negotiation power with the UN and providing a solid foundation for expanded engagement in future peacekeeping missions (Upreti, 2022). Table 1 shows that Nepal has currently deployed to support 12 missions around the world.



Source: Nepali Army, (2023), The Nepali Army in UN Peace Support Operations, URL: [https://www.nepalarmy.mil.np/page/na\\_in\\_un](https://www.nepalarmy.mil.np/page/na_in_un)

In June 2023, the Nepali Army deployed its troops in 13 different

missions worldwide. As a significant contributor of troops, Nepal holds the second position globally. Presently, the Nepali Army has approximately 6,073 personnel, including 525 female soldiers, actively serving in various missions across the globe. Nepal remains committed to providing up to 10,000 peacekeepers should the UN require such assistance. However, it is essential to acknowledge that participation in peacekeeping operations comes with its share of risks and challenges. In light of this, Nepal would like to highlight some of these challenges and offer insights on how they can be effectively addressed.

In recent times, there has been a significant rise in security threats and targeted attacks against UN peacekeepers. Nepal emphasizes the utmost importance of ensuring the safety and security of the peacekeepers. It believes that a robust mechanism should be in place to provide support and reinforcements to peacekeeping missions promptly when required. Nepal urges the Secretariat to take necessary steps to enhance the safety and security of peacekeepers, including adopting new and reliable technologies for this purpose. Secondly, the untimely procurement of contingent-owned equipment has hindered the prompt deployment of our peacekeepers, and this has also compromised their safety and security. Thirdly, delayed reimbursements for the services provided to peacekeeping missions have affected the ability to maintain and improve the operational capabilities and training activities of our peacekeepers. The delay in receiving adequate resources, partly due to certain UN member states withholding assessed contributions, has led to deferred reimbursements to the TCCs. Lastly, the demand for technologically advanced troops in multidimensional missions is increasing. The use of cutting-edge technologies such as drones and artificial intelligence is becoming more prevalent to ensure the effective execution of mission mandates, including protecting civilians and the safety of peacekeepers. This has posed a new challenge that requires investment in these capabilities.

## **Conclusion**

The concept of UN peacekeeping revolves around the deployment of international forces to conflict-affected regions with the intention

of maintaining peace and stability. The UN acts as the coordinating body for these operations, and member states contribute troops and resources to the missions. The main principles of UN peacekeeping include the consent of the parties involved, impartiality, and the limited use of force, except in self-defense. The UNPKOs have evolved from traditional inter-state conflicts during the Cold War to multifunctional operations dealing with intra-state conflicts in the post-Cold War era. The peacekeepers are tasked with various responsibilities, such as monitoring ceasefires, protecting civilians, assisting in disarmament and reintegration, promoting human rights, and supporting the restoration of the rule of law.

Since the end of the Cold War, the profile of the average UN peacekeeping contributor country has changed dramatically. While much of the burden of Cold War UNPKOs was shouldered by Western countries, between 1988 and 1994, 41 countries participated in peacekeeping missions for the first time, nearly all of which were developing countries and small states. Small states have actively participated in UNPKOs over the years. Despite their limited size and resources, many small countries have significantly contributed to UNPKOs, demonstrating their commitment to international peace and security. Small states' active participation in peacekeeping operations showcases their willingness to be responsible global citizens and support the efforts of the UN in addressing conflicts and promoting peaceful solutions worldwide, as well as other factors, such as economic rationale, political, and capacity-building goals.

Nepal is a prime example of a small state that has consistently and significantly contributed to UN peacekeeping. It has deployed a large number of troops to various peacekeeping missions around the world and has gained a reputation for its professionalism and dedication in UNPKOs. Nepal's peacekeepers have played a vital role in restoring peace, stability, and normalcy in conflict zones. Nepal has contributed troops in various capacities, including military observers, military liaison officers, staff officers in mission headquarters, and members of contingents. As of June 2023, Nepal ranks second in the world in terms of troop contributions to UNPKOs, with over 6,000 troops deployed

in 13 different missions globally. The country's continued engagement in peacekeeping showcases its dedication to the cause of peace and its willingness to support global conflict resolution and prevention efforts. Thus, Nepal's dedication to UN peacekeeping aligns with its foreign policy objectives of promoting global peace, security, and disarmament.

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# **The Impact of Nepal's New Social Security Plan 2018 on the Financial Performance of Banking and Non-Banking Firms**

**Sudan Kumar Oli\* and Sunita Dhakal\*\***

## **Abstract**

After the proclamation of the contribution-based social security schemes by the government of Nepal with the objective of covering all contributing sectors of labor in an integrated social security scheme, many sectors are opposed to being included in the programme. In particular, the banking sector has been deeply opposed to this policy and has been trying to amend some points that might adversely affect their regular retirement benefits. However, the government believes that this scheme will benefit the informal sector as well as increase labor productivity. Thus, this paper attempts to analyze the impact of new social security schemes on the banking and non-banking sectors' corporate performance by using panel data from 2015 to 2021 through the difference-in-difference method. The analysis findings conclude that there is a more adverse impact on corporate performance in the banking sector than in the non-banking sector. The study also indicates that the psychological fear of the banking sector is higher than in the non-banking sectors, adversely affecting the overall financial performance.

## **Keywords**

Social security plan, financial performance, difference-in-difference analysis, panel data, Nepal

## **Introduction**

Social security and social welfare are becoming big issues in both developed and developing countries. It is widely associated with

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\* Ph.D. Scholar, School of Insurance and Economics, University of International Business and Economics, Beijing China. Email: sudankumaroli@gmail.com

\*\* Director, Silaju Research Institute (SRI), KMC-14, Kathmandu, Nepal. Email: silajuresearch.2022@gmail.com

sustainable economic development, labor productivity, and social justice (Ferguson, 2019). In order to promote productivity, quality of work life, and social well being in society, social security systems play a pivotal role in developing countries by ensuring sustainable financial security (ILO, 2019). The social security system provides financial security after retirement and benefits through quality-of-life standards by reducing inequality and labor force participation gaps due to health, education, and opportunities in the market. As Kumar (2022) explained, an effective social protection umbrella implements three main social-security systems, including universal social protection that includes benefits for sickness, unemployment, occupational injury, and survivorship; a social protection floor that ensures public services for basic needs; and social transfers.

Social security schemes are being used as a medium of vote collection for many political parties in many developing countries by introducing diverse social security programmes, but another aspect of the high tax burden in the future is that it is an unseen and non-debatable issue at the same time. According to William and Lee (2005), the social security system has two schools of thought: first, the trade-off cost is high in the future generation because the social security plans will increase the tax burden in the future and a large amount of public expenditure goes to the social security system (Dilnot and Webb, 1991); and second, this will increase labor productivity that provides a comparatively higher present value of outputs that cannot be realized in the future due to the current structure of populations. However, the current social security schemes are restructured as a pay-as-you-go system to address the cost of future tax burdens to the government (Svihula and Estes, 2007). Because of the contribution-based social security system, the tax burden on the government will not be seen as significant. It will also help cover all labor markets per the Universal Declaration of Human Rights (UDHR) in 1948.

Being a signatory nation to the Universal Declaration of Human Rights, Nepal has also agreed to provide basic social security schemes

to labor and the community of the financially needy and marginalized (Mathema, 2012). The constitution of Nepal (2015) has ensured social security as a fundamental right of the people. The Nepalese government has been urged to include all employers in a social security system for their employees in accordance with social security guidelines. Since the 1990s, the social security issue has been a hot topic and also an instrument of voter influence during an election period. As a result, many governments are trying to adopt this policy as their own set of programmes.

This policy is not limited to the fundamental rights the constitution ensures; beyond that, it is equally concerned with the corporate sectors after contribution-based social security systems were enacted in 2018. As per the policy, employers should contribute 18% of the basic remuneration of employees and contributors should contribute 11%. Because of this policy, there is still a big debate on the ground about whether enrollment in social security funds will really benefit corporations or not. Indeed, since the passage of the contribution-based Social Security Act in 2017, contributors have had a greater psychological fear than employers.

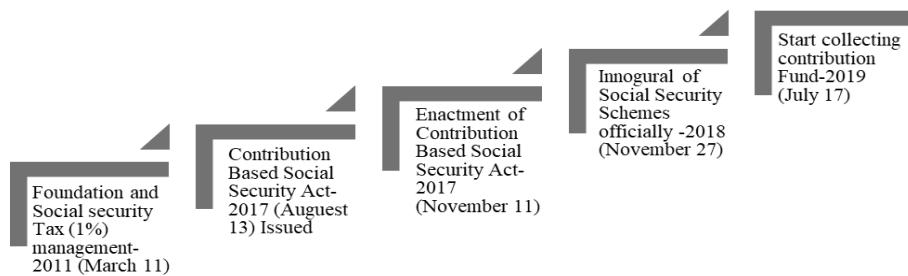
Thus, the objective of this paper is to analyze the impact of the new social security plan on corporate performance in Nepalese banking and non-banking firms. Further, this paper is divided into the following sections: Section 2 provides a brief overview of contribution-based social security schemes in Nepal, followed by literature reviews in Section 3. Section 4 illustrates the research design and descriptive analysis. Similarly, section 4 presents data analysis results and discussion. Final section 6 provides a quick summary and conclusion connected to policy recommendations.

### **The Social Security Fund**

The Social Security Fund has been established according to the Social Security (Management Fund and Operations) Rules (2011). The office has been managing the social security tax since its inception and has been

working in accordance with the Contribution-Based Social Security Act of 2017. The purpose of this fund is to ensure the right to social security based on the contributions of the workers and to provide social security to the contributors. The Fund's programmes are aimed at reducing the economic and social risks of all workers by incorporating them into the social security scheme, embodying the concept of universal social security, and ensuring the constitutional right to contribution-based social security.

The Contribution Based Social Security Act 2017 provides for the inclusion of formal and informal sector workers and self-employed persons in the social security scheme. In addition to the medication treatment and health security plans, maternity protection plans, accident protection plans, disability protection plans, old age protection plans, dependent family protection plans, and unemployment assistance plans are also provided. The scope of social security schemes that the fund can operate has been defined as the social security scheme, and the Social Security Scheme Operation Procedure-2017 has defined the operation of social security schemes. The evolution and legal foundation of the social security fund are presented in Figure1.



*Source: Official website of Social Security Fund: <https://ssf.gov.np>.*

Figure1: Social Security Fund Evolution and Legal Foundation

### **The Contribution Based Social Security Scheme 2018**

The government enacted the Contribution-Based Social Security Act-2017 to address workers' social security and create a social and financial just society. The contribution-based social security scheme is funded

by contributions made jointly by workers and employers. As stated by the Contribution-Based Social Security Regulations (2018) and Social Security Schemes Operational Directives (2018), the employer and the employees are obliged to contribute a total of 31% of the employee's basic remuneration each month to the social security fund. As per the legal provision, the contribution of workers in the plan is 11% of their basic salary, which translates to 35.48 per cent of the total contribution and 64.52 per cent of the contribution going to employers. On the other hand, the total amount contributed to the social security fund will be allocated to the four major schemes, as given in Table 1.

Table 1: Allocation of social security funds in different schemes

S.N.	Social Security Schemes	Allocation	Ratio
1	Medical treatment, health and maternity protection	1%	3.23%
2	Accident and disability protection	1.40%	4.52%
3	Dependent family protection	0.27%	0.87%
4	Old age protection	28.33%	91.39%
	Total	31%	100.00%

Source: Authors own development based on information taken from the social security fund regulations and directives-2018.

As stated in the legal framework, the largest portion of funds will go to the old-age protection plan, i.e., 91.39%, followed by the accidental and disability protection schemes (4.52%), medical treatment, health, and maternity protection schemes (3.23%), and dependent family protection schemes (0.87%), respectively. This allocation of funds indicates that the social security schemes are more focused on old-age protection or retirement plans, and this is the point actually opposed by private sector banks. The banking sector has its own retirement and employee benefit plans, which it has been enjoying.

Another important part of the contribution-based social security scheme is that the workers are eligible to participate in the scheme from their very first period of service and can also be listed as contributors from the informal sector and individuals as well. However, they have to contribute for at least 6 months to be eligible for the benefits (International Labour Organization, 2018; Upreti and Pandey, 2018). Before these schemes, there was not such an integrated social security fund management institution and social security plan; however, the Citizens Investment Trust (CIT), Employees Provident Fund (EPF), Army Welfare Fund (AWF), Nepal Police Welfare Fund (PWF), and individual financial institutions used to manage contributed funds from employers and employees in the formal sector. The government has opened an integrated fund management and social security scheme system that includes workers in the informal sector with this new social security plan.

## **Literature Review**

There are several studies available regarding social security systems and labor productivity in different contexts, such as Elert et al. (2019), ILO (2017c), and Zhang and Zhang (2004). Zhang and Zhang (2004) investigated how the social security system interacts with economic growth and growth factors by taking into account savings, human capital investment, and fertility. Svihula and Estes (2007) used a content and cluster analysis approach to investigate the alignment of ideological proximity on social security reform. A similar analysis was also done by Eleftheria (2012), along with a multi-dimensional analysis considering correspondence analysis (CA) and hierarchical cluster analysis (HCA) to analyze the connection of social security policies to economic developments in Greece and the European Union. Another study by Feldstein (2005) explores the social security reforms and analyzes the economic gain that would result from shifting to a mixed system. The Study of Supriadi (2017) investigates the discrepancy between the fulfillment of the social security right and decent wages to increase labor productivity by using a causal comparative analysis method in 504 labor

organizations, and the research concludes that social security and decent wages have a significant impact on labor productivity. Social protection and labor systems, policies, and programmes collectively help manage risk and volatility by protecting against poverty and destitution (World Bank, 2012).

Torm (2019) studied the relationship between social protection and enterprise performance in developing countries, focusing on small and medium-sized enterprises. The study used Indonesian census data from 2010 to 2014 on a simple logistic model to establish the relationship between social security and enterprise performance, and the analysis found that there is no evidence of any contribution to the social security system's lower profits per worker. Similarly, another study by Tabuga and Cabaero (2019) examines the social insurance aspect of the Pantawid Pamilyang Pilipino Programme (4Ps), along with categorizing employment types and analyzing people's access to social protection between men and women using survey-based data from the Philippine statistics authority. The study concluded that there is an inequality between men and women in formal sectors. This finding can be generalized into labor productivity and corporate performance because government intervention in the social security system improves welfare and redistributes facilities, as argued by Broadway et al. (2002).

Asher (2001) assesses the sustainability of the formal social security systems in five Southeast Asian countries: Indonesia, Malaysia, the Philippines, Singapore, and Thailand. According to the study's argument, the formal social security system can be transformed from a traditional to a contribution-based security system, as Nepal and many other countries did in 2018. The study by Kutzin (2001) proposed a conceptual framework to analyze the effectiveness of insurance policies for the enhancement of insurance functions through descriptive analysis. Similarly, Tresch (2022) analyzes the effect of both defined contribution and defined benefit public pensions on saving, using the Diamond OLG model as the primary analytical framework. By using a stylized theoretical framework, Beetsma et al. (2021) analyze the

political stability of a funded social security system. The study argued for introducing a two-pillar, defined contribution scheme with funding. They also rationalize the experience of central and eastern European countries that returned the funds from their retirement pillars. Another study by Vlassis et al. (2019) also developed a game-theoretical framework endogenizing the firms' choice not to declare labor in the absence of government scrutiny and sanction mechanisms to impose declared labor. The study suggested the declared and undeclared labor equilibrium ascend from a different configuration among those progress tax systems.

In terms of methodology, very few studies have used quantity analysis, focusing on social security and labor productivity, but not on the same topics. Zhang et al. (2021) used publicly listed private enterprises in the heavy pollution industry data from 2009 to 2018 to analyze the link between social insurance and labor productivity through the GMM estimation method of panel data. The study concludes that the ratio of social insurance contributions has a negative impact on the productivity of selected enterprises. This study also explored the crowding-out effect of social security contributions on technological investment in more labor-intensive firms.

Similarly, Adam et al. (2019) study examines the effect of employee and employer social security contributions on labor costs, working hours, and wage rate per hour by using long-running panel data over 35 (1982–2015) years of policy reforms in the United Kingdom. They conclude that a reduction in the marginal rate of employees positively impacts labor costs but not the employer. They have used both contemporaneous and lagged changes in net-of-NICs rates, allowing them to take the impact of NICs after reform during their empirical analysis. Another important study by Chen et al. (2022) analyzes the impact of social insurance laws on corporate innovation through quasi-natural experiments in China. They used the difference-in-differences (DID) model with unique data and discovered that collecting social insurance premiums after the implementation of social insurance law

significantly contributes to corporate innovation. Moreover, they also suggested that the relationship between social insurance laws and innovation is more pronounced for state-owned enterprises. Similarly, the study by Liu et al. (2021) also used a difference-in-difference (DID) model to investigate the social security contribution and corporate financing decisions after and before the introduction of the social security law in 2011 in China.

As a result, the existing reviews offer theoretical and empirical insights into the impact assessment of contribution-based social security schemes and corporate performance in Nepal. Further analysis procedures and research design are presented in the following section.

## Research Methodology

## Data

This study has employed panel data or longitudinal data collected from different listed banks and insurance companies over the period 2015 to 2021. The data was collected from 20 commercial banks and 18 insurance companies. The list of sample firms is given in Annex A. The total number of observations is 266 over 7 years. The data is divided into two parts: first, before the enactment of the Contribution-Based Social Security Act 2017, i.e., from 2015 to 2017, and second, post-enactment of the CBSS Act 2017, i.e., from 2018 to 2021. However, full data from 2015 to 2021 was used for a baseline analysis of the impact of the social security schemes on corporate performance.

### *Baseline regression and summary statistics*

The regression model for testing the average effect of contribution-based social security schemes on corporate performance in banking and insurance companies is:

Where,  $i$  and  $t$  denotes the firms and year respectively. We define  $Y_{it}$  as the target variables used to measure the performance of banking and insurance companies, including the market price per share in Nepalese

rupees (MPS), dividend per share in Nepalese rupees (DPS), and return of assets in percentage (ROA).  $D_{SSS_{it}}$  indicates an enrollment of firm  $i$  to the contribution-based social security schemes (Social Security Fund) after enactment of the Contribution-Based Social Security Act 2017 in year  $t$ . Taking into account the time lag of the policy, contribution-based social security will play a role in the year after the enactment of policy and enrolment in the SSS in year  $t$ , that is,  $D_{SSS} = 1$ , otherwise = 0. The vector  $X_{it}$  stands a list of control variables that could affect corporate performances (Khan et al, 2021; Oli, 2021; and Robert et al., 2004). The list of control variables is: earnings per share (EPS in Rs) as used by Oli (2021); Kabir and Chowdhury (2022); and Wet (2013), firm size measured as a natural logarithm of total assets in millions of rupees (lnFS) as used by (D'Amato and Falivena, 2019), market size or market coverage measured as a number of shares outstanding in million (MS) as suggested by Mitani (2014), net profits in millions of Nepalese rupees (NP) as argued by Belleflamme et al. (2022), and nature of firm as dummy variable defined as 1 for banking firms and 0 otherwise. We also include year fixed effects in our regression model, and standard errors are clustered at the institutional level. The coefficient of interest is  $\beta_5$  which is estimate of the impact of the contribution-based social security schemes on corporate performance. Further, equation (1) can be written as in equation (2) to equation (4).

$$\begin{aligned}
 MPS_{it} &= \alpha + \beta_1 D_{SSS_{it}} + \delta_1 EPS_{it} + \delta_2 MS_{it} + \delta_3 lnFS_{it} + \delta_4 NP_{it} \\
 &\quad + \delta_5 D_{industry_{kt}} + \gamma_t + \mu_i \\
 DPS_{it} &= \alpha + \beta_1 D_{SSS_{it}} + \delta_1 EPS_{it} + \delta_2 MS_{it} + \delta_3 lnFS_{it} + \delta_4 NP_{it} \\
 &\quad + \delta_5 D_{industry_{kt}} + \gamma_t + \mu_i \\
 &\quad + \varepsilon_{it} \quad (3) \\
 ROA_{it} &= \alpha + \beta_1 D_{SSS_{it}} + \delta_1 EPS_{it} + \delta_2 MS_{it} + \delta_3 lnFS_{it} + \delta_4 NP_{it} \\
 &\quad + \delta_5 D_{industry_{kt}} + \gamma_t + \mu_i \\
 &\quad + \varepsilon_{it} \quad (4)
 \end{aligned}$$

Hence, the above equations (2), (3), and (4) have MPS, DPS, and ROA as proxy-dependent variables of performance measured by the market perspective, investor's perspective, and firm's perspective, respectively.

The definition of each deputation variable is presented in annex B.

Table 2: Descriptive Statistics

Variable	Obs	Mean	Std. Dev	Minimum	Maximum
<b>Market price per share (Rs.)</b>	266	815.85	717.44	139.00	4095.00
<b>Dividend per share (%)</b>	266	16.93	15.68	0.00	105.26
<b>Return on Assets (%)</b>	266	4.47	11.15	-113.93	65.58
<b>Earnings per share (Rs.)</b>	266	25.85	16.91	-85.67	105.38
<b>Market size (No. of shares in million)</b>	266	50.47	85.97	1.01	1213.18
<b>Firm size (Total assets Rs. in million)</b>	266	57703.12	67256.16	30.42	345423.30
<b>Net profit (Rs. in million)</b>	266	1351.23	3142.53	-259.01	30541.00

Source: Authors own calculation by using Stata

(MPS is the market price per share in rupees (MPS). DPS is the dividend per share in rupees (DPS). ROA is a return on assets in per cent and these three MPS, DPS, and ROA is the proxy of performance measurement. EPS is earnings per share in rupees. MS is a proxy of market size measured in the number of shares outstanding in millions. FS is a proxy of firm size measured in a natural logarithm in millions. NP is a net profit in millions. In the descriptive statistics table, the D\_SSS, a dummy variable as a proxy of contribution-based social security schemes, is not presented.)

We have also performed correlation analysis for the test of association between two variables. The correlation coefficient provides us two major pieces of information i.e., first, it will give us how much independent variables explain the dependent and second, this coefficient indicates the

direction of impact to the dependent variables, i.e., positive, negative or no direction at all. Therefore, correlation coefficients are estimated and presented in table 3.

Table 3: Correlation analysis

	<b>MPS</b>	<b>DPS</b>	<b>ROA</b>	<b>D_SSS</b>	<b>EPS</b>	<b>MS</b>	<b>lnFS</b>	<b>NP</b>	<b>D_industry</b>
<b>MPS</b>	1.000								
<b>DPS</b>	0.501	1.000							
<b>ROA</b>	0.160	(0.003)	1.000						
<b>D_SSS</b>	(0.344)	(0.166)	(0.174)	1.000					
<b>EPS</b>	0.308	0.311	0.087	(0.190)	1.000				
<b>MS</b>	(0.139)	0.006	(0.144)	0.244	(0.156)	1.000			
<b>Ln_FS</b>	(0.147)	0.205	(0.289)	0.270	(0.084)	0.420	1.000		
<b>NP</b>	0.034	0.197	(0.085)	0.052	0.175	0.136	0.359	1.000	
<b>D_industry</b>	(0.368)	0.075	(0.274)	0.000	(0.059)	0.346	0.673	0.345	1.000

Source: Authors own calculation by using Stata

Table 3 shows the correlation analysis results between the variables used in this study. The correlation coefficients illustrate that there is a negative correlation between MPS and D\_SSS, MS, Ln\_FS, and D\_industry, indicating that the MPS is negatively affected by social security schemes, market coverage, firm size, and industry. But, MPS is positively affected by EPS and net profit, and these are explained as the major factors influencing the market price (Bosch and Eckard, 1991). Similarly, DPS is positively correlated except with D\_SSS, which is the major factor of concern in this analysis. Another proxy measure of profitability, ROA, is negatively correlated with EPS. Hence, D\_SSS is negatively correlated with performance indicators, which shows that the post-enactment of the new social security scheme negatively impacts corporate performance.

## *Empirical Analysis*

We begin our analysis by observing the impact of contribution-based social security schemes launched on corporate performance by the government of Nepal in 2018.

### *The Baseline Regression Result*

Table 4: Baseline Regression of Contribution-based Social Security Schemes on Corporate Performance

<b>Dependent variable</b>	<b>MPS</b>		<b>DPS</b>		<b>ROA</b>	
	(1)	(2)	(1)	(2)	(1)	(2)
<b>D_SSS</b>	-498.98***	-612.71***	-0.262**	-7.125**	-3.92***	-3.088
	(-6.002)	(-6.386)	(-2.395)	(-2.674)	(-3.201)	(-1.254)
<b>Constant</b>	1100.98***	178.07	19.94***	-11.132	6.71***	14.42***
	(13.75)	(0.687)	(11.650)	(-1.989)	(7.784)	(3.213)
<b>Control variables</b>	No	Yes	No	Yes	No	Yes
<b>Observations</b>	266	266	266	266	266	266
<b>R-squared</b>	0.119	0.396	0.028	0.206	0.031	0.115
<b>P-value (F)</b>	0.000	0.000	0.022	0.000	0.003	0.000
<b>Durbin-Watson</b>	1.613	1.766	1.817	1.821	1.230	1.426

Source: author's own calculation using Stata software.

(The table presents baseline regression results through pooled OLS estimation for the sample defined from 2015 to 2021. All variable definitions are detailed in Annex 2. The value in the parenthesis is the t-value. \*\*\*, \*\*, and \* indicate significance at the 0.01, 0.05, and 0.10 levels, respectively.)

### *Robustness check*

Using a panel diagnostic test, we have tested whether an estimated result is sufficient to be interpreted and generalized or not through the pooled OLS estimation method. Therefore, we have done the Breusch-Pagan test and the Hausman test for the capability of regression result

generalization, as explained by Baltagi (2005). Test statistics of the Breusch-Pagan and Hausman tests are presented in Table 5.

Table 5: Panel Diagnostics Test Statistics

Model test	Test statistics (Chi <sup>2</sup> p-value)		
	(1)	(2)	(3)
<b>Breusch-Pagan (LM) test</b>	46.403	59.755	2.989
	(0.0000)	(0.0000)	(0.084)
<b>Hausman (H) test</b>	9.960	34.472	23.969
	(0.0413)	(0.0000)	(0.0000)
<b>Control variables</b>	Yes	Yes	Yes
<b>Observations</b>	266	266	266

Source: Authors own calculation by using Stata software

Table 5 provides evidence of analysis suitability through panel diagnostics statistics tests for three different models with control variables. As a rule of statistical tests, the p-value of the chi-squared test should be greater than 0.05 to be a model suitability, and the same process goes for the Hausman test as well. However, none of the model tests has given a P-value  $> 0.005$  in these test statistics, except for LM statistics in equation (3). Therefore, we conclude that the regression results from the pooled OLS model are insufficient to be generalized, and further diagnostics are needed through panel data analysis techniques using generalized least squared (GLS) analysis techniques.

### Generalized Least Squared (GLS)

In another test for empirical analysis, we have done a generalized least squared (GLS) analysis through random-effect (RE) estimation to rationalize regression outcome (Bell et al., 2019) by addressing endogeneity issues as suggested by the Breusch-Pagan test. As explained by Baltagi (2005), for the estimation of random effect analysis, the model assumes that the variance of mean value should be zero with

an individual error value for each observation but constant variance as well as independent explanatory variables in the model specification. The random-effects estimation results are presented in table 6.

Table 6: Random effects estimation of contribution-based social security schemes on corporate performance

Dependent variable	MPS		DPS		ROA	
	(1)	(2)	(1)	(2)	(1)	(2)
<b>D_SSS</b>	-282.158*** (-2.873)	-466.777** (-2.527)	-4.572 (-1.574)	-6.971 (-1.252)	-4.370** (-2.344)	-4.609 (-1.523)
	915.03*** (6.970)	404.579 (1.199)	18.756*** (6.288)	-5.518 (-0.623)	7.552*** (3.374)	19.520** (2.306)
<b>Constant</b>	Yes	Yes	Yes	Yes	Yes	Yes
<b>Year effects</b>	No	Yes	No	Yes	No	Yes
<b>Control variables</b>	266	266	266	266	266	266
<b>Observations</b>	0.167	0.177	0.018	0.081	0.038	0.165
<b>Chi-Squared P-value</b>	0.000	0.000	0.146	0.109	0.501	0.000
<b>Durbin-Watson</b>	1.369	1.433	1.932	2.033	1.230	2.010

Source: Author's calculation using Stata software.

(The table presents random effects estimation results over the sample defined for 2015-2021. All variable definitions are detailed in Annex 2. The value in the parenthesis is the z-value. \*\*\*, \*\*, and \* indicate significance at the 0.01, 0.05, and 0.10 levels.)

Table 6 illustrates the impact of social security policy shocks on corporate performance analyzed through GLS estimation by addressing the endogeneity issues in the Nepalese banking and insurance industries as a representative of corporate sectors. The social security system not only directly impacts the performance of corporate firms in the markets but also affects the psychological aspects of employees, investors, and the markets as a whole (Barney, 1991). However, how such a policy adversely affects corporate performance depends on many other factors. In this study, the beta coefficients of D\_SSS are negative with MPS, DPS, and ROA, which indicates that there is a negative impact of contribution-based social security schemes on corporate performance.

This finding can be generalized as explained in inflation target logic on market performance adversely (Dridi and Boughrara, 2021). However, the proxy variables of market performance are significant with MPS and ROA, and even for ROA, without considering control variables, it is not significant.

As we know, the stock market is highly volatile and sensitive to any policy shock (Chatziantoniou et al., 2013), and the contribution-based social security enactment is a great shock to the market performance of Nepalese banks and insurance companies because this policy is directly related to the financial contribution and sharing of contributions for social security schemes. Our key observation in this study is to assess the impact of the social-security plan on corporate performance in banking and non-banking industries. From a psychological perspective, the banking and non-banking industries have different senses of understanding regarding new schemes. Therefore, to observe the psychological impact of contribution social-security schemes, we have used difference-in-difference (DID) analysis of banking and non-banking industries by taking the market price per share (MPS) as a proxy of corporate performance in the market. More specifically, we have tried solving the equation below (5).

Where,  $\partial_1 \partial_1$  is the coefficient of net impact between post-policy enactment and pre-policy enactment in the banking and non-banking sectors. As already been discussed, the cutoff point is considered 2018, when the contribution-based social security schemes were officially launched and supporting legal provisions were enacted.  $\theta_{ik}$   $\theta_{ik}$  and  $\vartheta_{ik} \vartheta_{ik}$  indicate the coefficient of net impact of post and pre-policy enactment on banking and non-banking firms, respectively. To calculate the post and pre-policy impact on each sector, we have used the following equation (6).

$$y_{it} = \alpha_0 + \theta_k Post\_non-banking_{it} - \vartheta_k Pre\_non-banking_{it} + \gamma_i + \mu_i + \varepsilon_{it} \dots \dots (7)$$

Hence, through the employment of the above equations, we have analyzed how contribution-based social security schemes affect corporate performance in banking and non-banking institutions and also looked over the overall role of the new policy on corporate function from a different perspective. Therefore, an estimated difference-in-difference analysis is presented in Table 7.

Table 7: Difference-in-difference Estimate Results

<b>Dependent variable</b>	<b>Corporate performance</b>		<b>Difference-in-difference</b>
	Banking sector	Non-Banking Sector	
	-434.701***	-147.450	-382.238***
<b>D_SSS</b>	(-3.695)	(-1.255)	(-3.323)
	786.708**	1065.65***	985.316***
<b>Intercept</b>	(2.424)	(3.082)	(4.524)
<b>Year effects</b>	Yes	Yes	Yes
<b>Control variables</b>	Yes	Yes	Yes
<b>Observations</b>	140	126	266
<b>Chi-Squared P-value of BP test</b>	0.000	0.000	0.000
<b>Durbin-Watson</b>	1.425	1.433	1.343

Source: author's calculation using Stata software.

(The table presents difference-in-difference estimation results over the sample defined from 2015 to 2021. All variable definitions are detailed in Annex 2. The value in the parenthesis is z-value. \*\*\*, \*\*, and \* indicate significance at the 0.01, 0.05, and 0.10 levels.)

Table 7 presents an analysis of difference-in-difference estimation results to diagnose the impact of contribution-based social security schemes on firms in the banking and non-banking sectors. The beta

coefficient of D\_SSS in banking sector firms is negative and significant at 0.001. This indicates a significant negative impact of new social security schemes on the banking sector's performance. The results support the psychological fears of market and employee benefits after the enactment of the new policy in the banking sector. Similarly, the coefficient of D\_SSS with corporate performance in the non-banking sector is also negative, but the results are not significant. The outcomes of the analysis can be generalized as the psychological fear of the non-banking sector in corporate performance is not as noticeable as in the banking sector. To see the actual differences in the impact of D\_SSS for banking and non-banking firms, we have done a difference-in-difference analysis by using equation (5). The coefficient of D\_SSS in the difference-in-difference analysis is negative and significant at level 0.001, which indicates that the impact of the new policy is more dynamic in the banking sector in comparison to the non-banking sector. This finding is similar to that of Zhang et al. (2021). Giorgi et al. (2017) and Saleem et al. (2021) explain that the banking sector is highly volatile in terms of psychological fear due to policy shocks and externalities. The contribution-based social security schemes are directly related to financial benefits and social security related to health, family, retirement, and financial stability. Therefore, this policy shock indeed affects multiple facets. From this analysis, we come to know that this policy has more adverse effects on the banking sector than others.

In order to make more realistic and applicable results, we have also presented the counterfactual analysis, which provides more robustness than the regression analysis as applied in previous studies by Li et al., 2022; Liu et al., 2021; and Cao, 2020). To see the actual impact of the new policy on corporate performance, the analysis has excluded other control factors, and the results are presented with the help of Figure 5.1 below. Figure 5.1 illustrates the counterfactual analysis graph indicating the treatment effects and unobserved trends after policy enactment in the year 2018. The year 2018 as a cutoff point, which is the policy enactment time, and the analysis has been done by taking

the banking sector as a treatment group and the non-banking sector as a comparison or control group. The counterfactual analysis shows that the average treatment effect is -86.262, and this is the original impact of contribution-based social security schemes on corporate performance in Nepal.

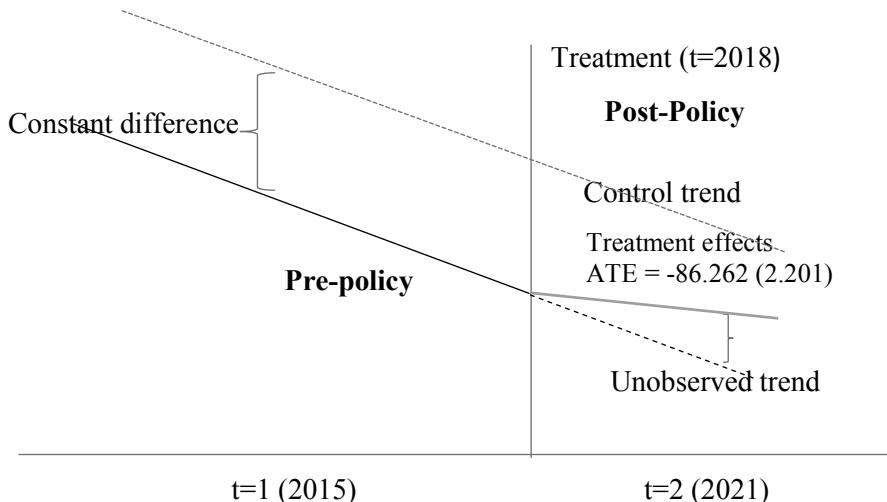


Figure 2: Difference-in-difference analysis graph

Further, to justify the analysis result, we have performed the Breusch-Pagan test, which indicates the random effects model is suitable for explaining the variables' impact. Similarly, cross-sectional dependency has been detected through the Pesaran test, which provides p-value of 0.142 i.e.,  $p_{value} > 0.05$  by rejecting null hypothesis H0: no cross-sectional dependence. The result of CD test supports that there is no problem of cross-sectional dependence in variables. Finally, we have also done the test for normality of residual distribution and the test statistic of  $x^2 p_{value} > 0.05$  i.e., 0.068 which gives at least a good sign of residual distribution, and analysis does not need further reformation of data series. From all these analyses, we are confident that the results produced from the analysis can be generalized to a large extent in Nepalese context and in similar nature economy across the world.

## Concluding Remarks and Recommendation

After the proclamation of the contribution-based social security schemes by the government of Nepal to cover all contributing sectors of labor in an integrated social security scheme, many sectors are opposed to being included. In particular, the banking sector has been deeply opposed to this policy and has been trying to amend some points that might adversely affect their regular retirement benefits. However, the government believes that from this scheme, informal sectors will also benefit, and labor productivity will be promoted. Thus, this paper attempts to analyze the impact of new social security schemes on the banking and non-banking sectors' corporate performance by using panel data from 2015 to 2021 through the difference-in-difference method.

The analysis findings conclude that there is a more adverse impact on corporate performance in the banking sector than in the non-banking sector. The study also suggested that the psychological fear of the banking sector is higher than in the non-banking sector through DID analysis because most employees benefit from existing retirement plans and other related fringe benefits from the banking sector. The impact of the contribution-based social security system is negative but not significant for the non-banking sector because the companies have to abide by a more financial contribution to the social security fund. Earlier, it was not mandatory for short-term employees, and even the informal sector's labor force were completely unobserved under the social security system, but now they are also eligible to be listed in the system.

Although this analysis has shown a negative impact on corporate performance, the contribution-based social security system will support reducing the financial burden on the government and also cover short-term and informal sector workers, which will help to ensure financial security and equality in the distribution of resources in the future. This policy can be a good initiative tool to achieve the poverty alleviation target through formalizing financial resource distribution and ensuring fundamental social-security rights. Thus, the government of Nepal,

the social security fund, and other agencies must enforce this policy to be listed in it irrespective of the type of occupation, employment sector, and duration of employment. The psychological fear of losing or not being able to capitalize the contributed funds in the future among the contributors and potential contributors can be addressed through the mass media and channelized medium information flow by the government of Nepal and the social security fund.

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Annex 1: List of Selected Samples

S.N.	Name	FY	No. of observations
<b>Banking Sector</b>			
1	Nabil Bank Limited	2015-2021	7
2	Nepal Bank Limited	2015-2021	7
3	Mega Bank Limited	2015-2021	7
4	NIC Asia Bank Limited	2015-2021	7
5	Sanima Bank Limited	2015-2021	7
6	NMB Bank Limited	2015-2021	7
7	Everest Bank Limited	2015-2021	7
8	Laxmi Bank Limited	2015-2021	7
9	Nepal SBI Bank Limited	2015-2021	7
10	Global IME Bank Limited	2015-2021	7
11	Prime Commercial Bank Limited	2015-2021	7
12	Kumari Bank Limited	2015-2021	7
13	Civil Bank Limited	2015-2021	7
14	Century Bank Limited	2015-2021	7
15	Nepal Commerce and Credit Bank Limited	2015-2021	7
16	Pravu Bank Limited	2015-2021	7
17	Agricultural Development Bank Limited	2015-2021	7
18	Standard Chartered Bank Limited	2015-2021	7
19	Himalayan Bank Limited	2015-2021	7
20	Citizen Bank International Limited	2015-2021	7
<b>Insurance Sector</b>			
21	Nepal Life Insurance Co. Limited	2015-2021	7
22	Prime Life Insurance Co. Limited	2015-2021	7
23	Asian Life Insurance Co. Limited	2015-2021	7
24	Gurans Life Insurance Co. Limited	2015-2021	7
25	Surya Life Insurance Co. Limited	2015-2021	7
26	National Life Insurance Co. Limited	2015-2021	7
27	Life Insurance Corporation Co. Limited	2015-2021	7
28	Everest General Insurance Co. Limited	2015-2021	7
29	Himalayan General Insurance Co. Limited	2015-2021	7
30	Lumbini General Insurance Co. Limited	2015-2021	7
31	Prabhu Insurance Co. Limited	2015-2021	7
32	NECO Insurance Co. Limited	2015-2021	7
33	Premier Insurance Co. Limited	2015-2021	7
34	NLG Insurance Co. Limited	2015-2021	7
35	Shikhar Insurance Co. Limited	2015-2021	7
36	Siddharth Insurance Co. Limited	2015-2021	7
37	United Insurance Co. Limited	2015-2021	7
38	Nepal Insurance Co. Limited	2015-2021	7
<b>Total Observations</b>			<b>266</b>

## Annex 2: Definition of Variables

### i. Dependent Variables

MPS: Marker price per share in Nepalese rupee as a proxy of corporate performance from a market perspective.

DPS: Annual dividend per share in per cent as a proxy of corporate performance from investors' perspective.

ROA: The return on assets in per cent as a proxy of corporate performance from an assets quality perspective.

### ii. Explanatory Variable

$D_{SSS}$  indicates whether to carry out contribution-based social security schemes for firm  $i$  on year  $t$ . We define post-policy enactment period  $D_{SSS} = 1$ , otherwise = 0. The contribution-based social security scheme was introduced in 2017 and officially enacted in the fiscal year 2018.

### iii. Control Variables

$EPS$  is the annual earning price per share in Nepalese rupees.

$MS$  is the number of shares outstanding as a proxy of market size in millions.

$\ln FS$  is the value of total assets of firms as a proxy of firm size in the natural logarithm of assets value in millions.

$NP$  is the net profit of a firm as a proxy of firm profitability in millions of Nepalese rupees.

Industry is a dummy variable of corporate sectors used to categorize industry. Industry = 1 for the banking sector; otherwise, it is = 0.

# **Narratives of “Smallness” in ‘Small State’ Discourse in International Relations: Glocalization of Small States in Global South (Nepal-a case Study)**

**Vijay Prasad Jayshwal\***

## **Abstract**

Smallness syndrome is a narrated story in international relations and was relatively developed in the post-Cold War period. The small state discourse was also built around the same period with rapid disintegration and division of former states due to political and other reasons. The narratives of the global south are defined as narratives of this century; hence, most rising economies are geopolitically as reflected in it. Modern international relations are not only limited to state actors; hence, the richness of small states in global power politics and specifically in global south discourse determines how small can be beautiful in the international relations discourse of the global south. The multilayered discourse on narratives of ‘smallness’ in small state discourses is seemingly getting the attention of modern state practitioners and academicians. The different narratives are built on smallness like geographical size, population, culture, compositions, norms, role in international politics, history, development, economics, etc., to define their perspectives on international politics. Nepal’s size is relatively less important than the geopolitical situation. The geo-economics of Nepal is getting more attention in international relations and politics than the population numbers, size, and other factors. Nepal, since known to the international community, has strongly adhered to non-aligned principles, equidistant, reciprocity, mutual benefit, mutual cooperation, and faithfulness to North and South. The small-state syndrome in international relations needs to be well articulated from the perspective of a state like Nepal, playing a significant role in maintaining global peace and order. The proper assessment is needed

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\* Assistant Campus Chief, Nepal Law Campus and Assistant Professor, Tribhuvan University Faculty of Law, Kathmandu, Nepal

to project Nepal's power in international politics from a strategic perspective. The inbuilt strength of Nepal in international forums will be another for DE-narrating the syndrome of 'smallness' in power politics discourse in international relations. The narratives of four criteria to define as small states like (1) Setting an upper limit on, for example, the population size, (2) Measuring objective elements, (3) Analyzing relative influence, and (4) Identifying characteristics would matter for strong projection of small states power in the international relations.

This paper has analyzed the historical narratives of smallness in small-state discourse in international relations as a case study of Nepal. The current movement of small states is independent of aligned power politics, as would be the subject of discourse in the paper. The narratives and influence of small states have been analyzed based on the influence and role played by the small states in the domain of international politics to maintain world order and peace.

## **Keywords**

Smallness, state, power politics, syndrome, peace

## **Narratives of Nepal's Survival Foreign Policy**

The northern border of Nepal limits access to China. Nepal and India have an open border of about 500 miles. India has considered Nepal a strategic link in its northern border defenses (Khadka, 1997). India thinks Nepal's instability is a catalyst for the decentralization of India's north-eastern state. Both China and India possess nuclear weapons. Pakistan, which is also in the neighborhood, also possesses it (Pandey, 1999). South Asia, in general, and Nepal, in particular, has been the most nuclear-locked nation in the world. South Asia has been described as the most dangerous place on earth, as any misshapen shall create havoc in Nepal (Dahal, 1997). White pagoda temple was constructed under the guidance of Nepalese architect 'Arniko' the marriage between Tibetan king Song Sang Gampo and Bhrikuti, the daughter of King Licchavi, in the 7th century provided the historical relationship between Nepal and China (Patel, 2013). Nepal and China's relation can be traced back to

the 5th century when saints and sages visited with the aim of knowledge and peace. There was a spiritual and cultural tie between China and Nepal. China and Nepal witnessed the two greatest civilizations of the world. Nepal's relationship with Tibet and China was first recorded in the mid of the 7th century. When the Chinese communists invaded Tibet in 1950, Nepal's relationship with China was halted and continued after 1955. Then again, relations between the two countries improved after establishing the resident ambassador in Beijing and Kathmandu in July 1960 (Chaturvedi et al., 2012).

The bilateral relationship between China and Nepal is not limited to diplomatic exchange; China has substantially assisted in the development of Nepal in almost all sectors since 1999. the Chinese government has been providing medical equipment worth NPR 1.4 million to B.P. Koirala Memorial Cancer Hospital. The recent visit of PM Narendra Modi revived the bilateral relationship (Subedi, 2010). China and India are big in terms of population and physical dimensions, as well as economic and military size and Nepal can by no means match them. Its ambitious mammoth neighbors, India and China, have tried to exercise influence in a way that undermines the sovereignty of Nepal. The wisdom of Nepal lies in having balanced relations with both, winning their trust by maintaining its non-alignment principles (Chakrabarti, 2012).

Nepal's relationship with India has long been termed "roti-beti (bread and daughter)" relationship, for it goes beyond just economic, political, or trade relations, up to cultural similarities and exchange. The culture, especially of people living in the Terai and that of India, are very similar, so much so that they even engage in marital relationships with the bride/groom of the other country. This has been in practice since ancient times. The marriage of Ram and Sita is one such instance in history. Marital relationships across the border of two countries have been built even by the families of Nepalese kings. The open border, intersecting historical religious and cultural backgrounds, constant exchange of culture via marital relationships, high coverage of movies and songs

of India in Nepalese TVs, High exchange of tourists (esp Religious), etc. contribute to the factor of decreasing cultural rift between two countries. At the same time, the cultural similarity with our Northern neighbor, China, cannot be seen much. The factors, such as recent relations with China (dating back to only), dissimilar language, and dissimilar traditional, cultural, and religious background, are closed. Inaccessible borders, lack of popularity of Chinese movies and songs, not as much cross-border marital relations, etc., have contributed to keeping the cultural gap between two countries as wide as it used to be (Thottam, 2010).

The political flavor of the state considered more than merely a legal entity. It connects individuals and their relation with the state and expands over multifaceted relatable subject matters. There are various constructed ideas in international relations as catalysts for initiating changes in conventional patterns of state practice. The way a state has been traditionally engaged not only depends on size; geopolitics rather has surpassed the established patterns. Hence, the geo-politically larger states have good relations with comparatively smaller states. The concept of small states as narrated in international relations is also a construed idea based on practice and development seen in international politics and the role played over the years by narrated small states. The concept of a small state is the most highlighted topic in present-day international relations. The contestation of the subject matters of small states is seen from the perspective of how these states engage nowadays with the comparative or larger states. The notion of small states versus larger states is also seen as a relative subject matter in the ambit of international relations and politics.

States have been placed into different compartments in the international system: large powers/large states, middle powers, small powers/small states, and microstates. Compared to large states, small states are less studied and highly debated topics in the field of international relations nowadays. Usually, small states have been defined as states having less population size (population of 10-15 million for developed states

and population of 20-30 million for developing ones), geographical area, power and GNP/GDP (Goetschel 1998, Vital 1967) in contrary to microstates which have a population of 1-1.5 million ranges (Vital 1967, Dommen & Hein 1985, Cooper & Shaw 2009). Some call small states ‘small’ in comparison to other large states (Mosser, 2001). Others define it based on how these states are perceived by themselves and by others (Hey, 2003). Some call it the “object of international relations” (Neumann & Gstöhlkt, 2004, p. 15). Having a tiny population and insignificant role in international politics, small states are often confused with middle powers and microstates, and they are not seen as ‘real’ states (Veenendaal & Corbett, 2014). The literature on small states has emphasized that the study of small states often get sidelined as major powers become the center of discussion in contemporary international relations.

There are ample reasons why small-state diplomacy captures attention: first, there is limited state literature; Second, there is an absence of coherence in academic scholarship on small states (Mavris, 2015); third, the inclusion of small-state in academic scholarship is beneficial to the study of comparative politics as small state provides important answers to large questions (e.g. ideal size of polity in decentralization) (Veenendaal & Corbett, 2014). These fundamental reasons also further connect with the regional, bilateral, and multilateral engagement of these states in different fora; hence, their institutional relation is very determinant in shaping the perceptual reality of small states. The contemporary practices in relation to these small states are vividly seen as growing norms in international relations and politics. The various schools for studying the small states and their role in international relations are new features in world politics.

The school of small-state studies received attention only after Fox (1959) looked at the survival of small states among the bigger powers during World War II. After Fox, many scholars challenged the notion of smallness and kept struggling with the definition of the small state. The cognitive frame gets highlighted when scholars deal with the concept

of a small state. Small states are usually referred to as small powers or weak states (Mosser, 2001). Often, small powers are confused with middle powers or middle states and microstates- populations of 1-1.5 million ranges (Vital 1967, Dommen & Hein 1985, Cooper & Shaw 2009).

Furthermore, the school of small-state studies got attention only after Fox (1959) highlighted the significance of small states in world politics. It has been stated that small states are also subjects of international relations as their role is significant in influencing the politics of great power. Like Fox, Cooper and Shaw (2009) also emphasize the vulnerability and resilience of small states, whose strategies significantly transform the external environment. Although small states are considered ‘weak’ (Mosser, 2001), their weaknesses change over time (Hänggi, 1998). A state can be big and small at the same time, depending upon the context of power (Goetschel, 1998; Hirsch, 1976) and the change in perception that not all small states are weak. Thus, the cognitive frame determines the relation between small and greater powers. A study of a small state is significant in answering large questions (Veenendaal & Corbett, 2014).

### **Nepal as a Small State: Power Narratives**

The power narratives are considered as old as reading the historical development of international relations and diplomacy. The power balance is seen as a well-developed construct in the field of international relations and development. The power narratives of small states can be understood to be very different and distinct, resulting in multiple definitions and concepts (Crowards, 2002; Cooper & Shaw, 2009). Some define small states in absolute terms based on population size (population of 10-15 million for developed states and population of 20-30 million for developing ones), geographical area, power and GNP/GDP (Goetschel, 1998 & Vital, 1967) and some define it in relative terms based on its relation to other states (Mosser, 2001); usually, the small state is defined in contradiction to the big state (Cooper & Shaw, 2009). The idea of perception is another criterion set for defining small states. Hey (2003a, p. 4) states that “small states are defined as they

themselves and others define them.” Thürer (1998, p. 33) provides two perceptions of how small states perceive themselves. On the one hand, small states perceive themselves as being in “prison”, and on the other, they perceive themselves as “beautiful,” as the slogan says, “Small is beautiful” (Schumacher, 2013) due to its structure that makes it organized, flexible and people can get benefit from “everybody knows everybody syndrome” (Schmidle, 2001). The flexibility of small states’ construct has given more space for the power narratives. The small states can play a bitterly well-organized role compared to others in the power dynamics.

The constructivist argument that a small state defines itself in relation to others in meeting its own interest (Goetschel, 1998) incorporates the relative definition of a small state from the psychological dimension. But Von Däniken (1998) finds no indicators helpful in differentiating between a small and large state as the meaning of small simply provides a descriptive and statistical understanding rather than political. Unlike other authors who challenge the definition of small states, Maass (2009) finds no problem in having more than one definition of small states as he claims that such disagreements over definition have benefited the area of small state studies by providing conceptual flexibility in both research designs and variations among actual small states in the world. This dissertation mainly sticks to the idea of perception in understanding small states but also incorporates quantitative and relative criteria in supporting the perceptual definition of the small state.

The role of perception holds the cognitive frame in explaining the behavior of small states in world politics. It is a perceived thought in IR that small states survive under the umbrella of large states in a system to compensate for their power deficit. Small states are viewed as “suboptimal participants in the international system” due to their lack of “real independence” in defending themselves (Hagelin 2005, p. 1; Cooper & Shaw, 2009). Vital (1967) differentiates between states in terms of their capabilities. Since the end of World War II, small states have been perceived as irritants among large powers in

international relations. They have been recognized as playing the role of “ambiguous-nonfunctional pseudo communities”: the “third world”, the “underdeveloped”, or the “Afro-Asian states” in world politics (Rose 1971, p. xiv). Neumann and Gstöhlkt (2004, p. 15) state that small states are often treated as “objects, not subjects of international relation”. IR’s received wisdom is that small states are always seen as inferior to larger powers. But a state can be small and big at the same time depending on the context of power (Goetschel, 1998; Hirsch, 1976), i.e. countries focus on specific issues by looking at the context in which they find themselves. Hänggi (1998, p. 84) states, “...the situation of smallness or weakness can change over time and can differ from one aspect of smallness to another.” The strategic frame is significant in reflecting the relationship between small and greater powers.

The received perception is that if a small state is close to a large state (geographical proximity), the small state becomes economically dependent on a large state, trapping itself in geopolitical vulnerability. In other words, greater powers tend to interfere with the domestic policies of smaller states. Despite structural constraints that limit small states’ space, they adopt various strategies to participate in the system. Cooper and Shaw (2009, p. 2) argue that “what small states lack in structural clout, they can make up through a creative agency.” Small states, as Cooper and Shaw say, adopt principles of non-interference as a part of their diplomatic culture. Realizing that they lack economic influence, small states use their sovereignty to move forward (Prasad 2009). For the security and independent existence of small states in the system, principles for small states have been introduced which implies that “small states can enhance their external reach and maintain their independence at the same time; they are entitled to participate in all types of decision-making process; they can maintain core values of their foreign and security policy; and they cannot be forced to take part in activities they found incompatible” (Goetschel, 1998, p. 22). But in practice, all of these principles rarely get executed and thus small states adopt strategies like defensive isolationism, strategies of

adaptation, “active foreign policy” (Goetschel, 1998, p. 23) to ensure the independence and survival in the system.

These narratives further link with Nepal as depicted by Rose (1971, p. xiv), who states Nepal as “a small state in a difficult geopolitical situation” whose decision-makers over a long period have displayed a consistency in making “resistive and cooperative policies to confront and confound the intrusionist and directive policies of the major powers” (Rose, 1971, p. xv). Being geographically situated between two great powers, India and China, the significance of Nepal also gets sidelined in the international system, but the true story is different. Nepal always gets attention in world politics due to its geological situation and its role in world politics. Historically, Nepal has benefited rather than lost compared to other small states in world politics. The well-developed relations are adding value to Nepal’s contemporary relations as depicted by small states.

### **Contemporary Perception and Problem on Small States in the Global South**

The Global South is projected as more vital to contemporary international relations, and the geopolitical situation of all states in this setting is comparatively distinct and different from other regions of the world. Nepal and India’s relationship is not only analyzed on the basis of political understanding but also considered as civilizational linkages. The over-dependence on each other is a defining feature of bilateral relations between Nepal and India. The perception of small states in the global south and their power play in international relations are projected to link with Nepal in the following ways:

Firstly, the small states’ strengths are collectively better than the larger states. The projection of small states as weaker is often contested in modern international relations; hence, the conventional parameter to test the values of the role of small states in international relations is erroneous or outdated in nature. Nepal is projected as comparatively weaker only in defense or geopolitical situations but rich in many

aspects. The geo-political understanding of Nepal's political power has not been as subject matters of discussion and discourse in international relations. The regional engagement of Nepal in regional and world politics is also seen not only from the small states' perspectives. The narratives of small states are also well-defined in world politics.

Secondly, the small isolated states are not weak, which challenges scholars like Mosser, who used the terms 'small' and 'weak' interchangeably. Small states thus transform their vulnerable situation by adapting to their external environment, resisting and reshaping it. The historical development of Nepal's projection as a small state is seen even when Prithvi Narayan Shah uses it as a strategy to maintain peaceful relations with immediate neighbours. The coalition culture is also seen as a defining feature of Nepal's small-state diplomacy. Furthermore, Mathisen (1971) finds the significant role of small powers in the strategies of great powers. Great power is always considered a connecting link to these states to expand their sphere of influence in world politics.

In contrast to Mathisen, who only sees the role of small powers in great power strategies, Fox looks at the reciprocal ways in which great powers also play a significant role in serving the purposes of some small states. Taking the example of five small states in WWII, Fox (1959) argues that small states sought to resist the strong pressure of great powers even in crisis periods by 1) making great powers realize that the use of force would be too expensive in terms of the benefit sought, and thus, there was no requirement for the use of force to satisfy their requirements; 2) easily escaping from the attention of great powers due to their less significance in great powers' priority list that makes the diplomatic task easier for small power leaders (Baillie, 1998); 3) emphasizing on respect for their dignity to compensate for their military inferiority; 4) employing tactics to ride out the storm represented by a particular crisis; 5) waiting for correct timing, and 6) forming outright alliance (drawing upon the power of one side to oppose the other) (Fox, 1959). These reflections are also seen in the historical alliance formed by Nepal as one party with others.

Thirdly, the culture of alliance-building is considered one of the defining features of cold war diplomacy and is also seen as an integral part of modern international relations. The institutional coalition of different states, compromising their political agendas and geopolitical differences, is seen as a syndrome in world politics. The virtues of these alliances also support the development of narratives of small states. So, small states' coalition and alliance character is viewed as 'modern strategies'. Nepal is also ahead and strongly believes in coalition and alliance for securing the political character and narratives. The narratives of Nepal's foreign policy as for 'survival' in two great powers also compel it to ally with great powers for the long term without compromising national interests and priorities.

Fourthly, Nepal is projected as a buffer state between great powers and their best strategy to ensure security is "either to balance or bandwagon among the great powers in the system" (Mosser, 2001, p. 63). The projection as a buffer state has positive and negative attributes, and Nepal can capitalize on the positive attributes of this character in modern diplomacy; the narrative has been shifted from 'land-locked' to 'land-linked' nations in South Asia. The privilege given to Nepal is comparatively well institutionalized in terms of benefits and challenges. The narratives of small states are more susceptible to risk, and small states' decision to join alliances and take refuge in them (Reiter, 2001) can be observed as their strategy towards survival in world politics. Nepal has joined forums like the Non-Aligned Movement (NAM), Bangladesh-India-Nepal- Bhutan (BBIN) initiative and others not to see powerful engagement but rather for more benefit and assistance. Small states have joined the alliances if the benefits outweigh the cost. The comparative and absolute advantages of joining an alliance are also properly calculated for the mutual or unilateral benefit of the states. Nepal, since open to world politics, can make a proper assessment to review the benefits and risks associated with the culture of alliance building. Even in the alliance culture, Nepal can catalyze the geopolitical situation, and India is always helping. The unavoidable relationship

with Nepal and India is also seen as a strength of the political situation. The evidence shows that in joining alliances, the small state gets into the trap of being “entrapped” when their dependence on the alliance is greater or “abandoned” when their ties with the alliances loosen. A state like Nepal needs more alliances even to survive in world politics and build strong, sustainable relations. History has shown that these states usually choose “neutrality” or “hide” as a strategy to escape out of this trap (Gärtner, 2001, p. 2). The neutrality in world politics is seen more as a myth than reality. The state is somewhere that needs more inclination than being neutral to events. The characters and stories of states in neutrality are not more workable, and hence Nepal also acted based on national priority and interest considering the movement in world politics. However, the formal engagement in the poles of the world is not seen but implicitly more vivid in Nepalese political culture and politics.

Fifthly, through the lens of the strategic frame, scholars like Snyder, Handle, Fox, Schweller, and Walt see domestic political theories as only significant foreign policies of great powers but not of small states. The lack of adequate academic development relating to the foreign policy of small states is not projected as equal to big power. The asymmetric development in the foreign policy of small states is also one reason for the less development of its relations. Scholars like Wolfers and Rosenau also examined structural/systemic level factors in studying small-state foreign policy as they find domestic politics significant only in explaining the great power foreign policy due to a lower level of external threat faced by great powers in comparison to small states. But, Elman (1995) argues that domestic politics matters in explaining foreign policy outcomes. It is said that statesmen in small states need to be more concerned about external constraints than great power leadership due to less ‘margin of time and error’ and greater effects of anarchy on small states. But Elman’s argument makes one think that domestic politics mediates the foreign policy of a state. Thus, internal politics and external policies become integral to the small-power leadership. Nepal

can make a proper balance between internal and external politics so that long-term sustainable relations can be seen.

Sixthly, the individual or idiosyncratic level of analysis of foreign policy is particularly significant because of the weight of Nepal's personality and authoritarian heritage on politics and foreign policy decision-making. The other variable of Nepal's foreign policy is systemic. Nepal's foreign policymaking is limited because of Nepal's weak political and economic power base and its landlocked positions between two regional powers. The dissertation incorporates both state and system levels of analysis being defined in the context of Tibet (China) and India in claiming that the role of the individual is significant in studying the political environment from cognitive, strategic and transformative works. The role played by Nepal, being a small state, is also needed to properly analyse and develop a properly balanced relation of power politics. Small states' power and politics are projected differently than larger or powerful states. The individual character of Nepal's foreign policy is also more workable.

## **Conclusion**

Nepal's foreign policy projection as a 'strategy for survival' and its relation with narratives of small states are seen as one of development on globalisation-led local values. Nepal always maintains relations with India and China based on mutual respect, common interest and long-term benefit. The alternative to India was never imagined in Nepalese politics and is not projected and narrated in world politics. The small states are features of Nepal's foreign policy to the extent possible in world politics. The way Nepal is engaging in the bilateral and multilateral fora is also seen as a means of sustainable political relations. It is significant for the Nepalese academic and strategic community to understand Nepal's political, cultural, and strategic affairs as they can be used as a soft power resource by small states to maintain their relevance in the field of international relations. It is useful in establishing the relevance of small-state diplomacy in international relations and emphasizing the fact that hard power factors do not just influence the appreciation

of intellectual resources. Nepal can develop symmetrical relations as small states in world politics.

## Acknowledgement

I would like to thank Ms. Seema Shah for her inputs and also resources for completing the research work. Her inputs were very valuable for me.

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**Day III**  
**Session V**

**Multilateralism, Minilateralism and Multi-polarity  
in the New World Order**



# **Politics of Geo-politics: India-Nepal Relations**

**Dr. Ritesh Kumar Rai\***

## **Abstract**

I Nepal's geostrategic positioning in South Asia is very important. The land-locked Nepal has been greatly affected by what is noted in the 'Revenge of Geography' by Robert Kaplan that the Himalayas have been flattened and no longer separate the two great civilizations India and China. Considering geopolitical realities, Nepal must maintain a fine balance with India and other neighbours. Relations with India are rooted intensively in cultural, historical, religious, socio-economic, and familial bonds. Recently, Nepal has gained importance from the perspective of how the country needs to balance its act regarding geopolitics. Its relationship with India continues to be problematic, and there have been continued efforts to mend it through high-level visits. On the other hand, though isolated by the pandemic, China has become more aggressive and visible in Nepal. This chapter analyzes Indo-Nepal relations in changing contexts and the importance of the continuance of this bilateral relationship, embedded in past cultural and historical ties.

## **Keywords**

Strategic-geographic, coercive diplomacy, bilateral relations, third neighbourhood policy

## **Theoretical Concepts**

International relations describe the relationship between two countries premised on the level of communication on issues like law, economy, environment, military, etc. This relation can be diverse. The kind of communication is dependent on each other's common perks and interests. In South Asia, the location of India is central, and geopolitics determines the relations, especially bilateral relations in the area. Many

\* Assistant Professor in Department of Politics & International Studies (DPIS)  
School of Social Science, Pondicherry University

determinants like topography, location and geographical indicators highly impact political decisions in this region.

This article examines the position of Nepal in the geopolitical setting in the midst of partaking of global players, including the US, Beijing and India's circle of influence. It disputes that the participation of global players in Nepal with their strategy-induced projects like the Millennium Challenge Corporation (MCC) and Belt and Road Initiative (BRI) has pressurized Nepal to take into account the geopolitical interest of the two superpowers by accepting its policy of non-alignment.

## **Introduction**

India and Nepal have a long-standing relationship stretching over two thousand years. Over the past decade, the two countries have deepened their engagement and cooperation, particularly in economic, energy, and security areas. From a historical perspective, India and Nepal share a unique relationship that dates back to the ancient times when Indian traders and religious practitioners visited Nepal. The relationship between the two countries has been formed around shared cultural, religious, and linguistic ties. The two countries have an open border that allows citizens to move freely across it, and Nepalese people can work and live in India without requiring a visa. Moreover, Nepal is dependent on India for its trade and economic activities.

India is Nepal's primary supplier of oil, LPG and other essential goods. The two countries have recently strengthened their cooperation in various domains, including economy, energy and security. India has actively supported Nepal's development projects in power, water resources, infrastructure, and education. In addition, India has retreated its commitment to support Nepal in its fight against terrorism and other security challenges.

## **From Economic to Strategic partnership between India and Nepal**

The economic cooperation between the two countries has been growing continuously. India is Nepal's largest trading partner, accounting for over two-thirds of Nepal's international trade. The major trade items

between the two countries include agricultural products, petroleum products, cement and textiles. India has provided Nepal with significant grants and loans for infrastructure development. The two countries have been working closely to develop hydropower projects, and India has been supporting Nepal in resolving the acute power shortage issue by supplying electricity.

Nepal has enormous potential for hydropower generation, and India has been supporting Nepal in developing hydropower projects. India has also been importing electricity from Nepal to supplement its energy requirements. The energy cooperation between the two countries has been further strengthened with the signing of the Power Trade Agreement, which enables trade in electricity between the two countries. The security cooperation between India and Nepal is essential in their region's political stability with cross-border terrorism and insurgency challenges. The two countries have been coordinating their efforts to combat terrorism, transnational crimes and drug trafficking. The two countries are also exploring a possible joint mechanism for border management and security to avoid any terrorist activities across the border.

### **Geo-politics in Nepal with the case study of India, China and the USA**

Geopolitical realities require maintaining a fine balance in Nepal's relations with its immediate neighbors. The open border policy between India and Nepal clears the way for the flow of goods and people under the India-Nepal Treaty of Peace and Friendship of 1950. However, both nations have been through their highs and lows. China and Nepal also share relations. The bilateral relations are more concentrated on economic and political matters instead of people-to-people exchanges. Over the past ten years, China has deeply accelerated its impact on Nepal.

The United States (U.S.) is now one of Nepal's most imperative development allies, as high-level visits began in 2023. One of the

outcomes of these visits was the announcement of US investment in Nepal for various projects like clean energy and helping women to lead small businesses in the next few years. From the Nepali geopolitical perspective, the first five months in 2022 were highly eventful. While the Nepal government struggled to keep a fragile coalition going, several events kept the government busy. The ratification of the U.S. government's Millennium Challenge Corporation (MCC) was a litmus test in the 75-year relationship between the US and Nepal. Prime Minister Sher Bahadur Deuba visited India when the bilateral relationship was at a low ebb after Nepal ratified a new map that irked New Delhi.

Indian Prime Minister Narendra Modi decided to ride a chopper to cross the border into Nepal, clearly indicating India's displeasure with Nepal using a Chinese contractor to build the Bhairawa Airport. Nepal also voted, along with many other nations, against the Russian invasion of Ukraine, but this is the opposite of how its neighbors had voted. The Chinese seem to be losing ground in Nepal, with the Communist parties going through multiple splits and the visit of the Chinese Foreign Minister Wang Yi remaining largely ceremonial. Further, the economic crisis in Sri Lanka has put the scanner on Nepal as well. In the Indian media's quest to show China as the evil reason for the Sri Lankan crisis, Nepal is being lumped with Sri Lanka, which is entirely wrong. This paper provides a perspective on the underlying issues across these elements.

## **India**

On her part, India always stands with the unique, sociocultural relationship with Nepal, the Hindu majority nation of the world, with a 1751 km long open border with five Indian states. For Nepal, India is the biggest foreign investor and trading partner. India has invested around Rs.75.8 billion in Nepal and ranks as the highest investor among countries that invest in Nepal. Apart from this, both countries have committed to helping build federal institutions and federalism in Nepal. As nascent in Nepal, federalism will need technical and economic assistance, and Nepal also turns to India for this. India has expressed

general concerns regarding any connectivity projects initiated by China and has valid objections to the Belt and Road Initiative (BRI).

It even avoided the BRI forum meeting on the premise of sovereignty. It has been clear that if China uses its economic infrastructure projects to encroach upon India's strategic presence, it is unacceptable to New Delhi. India, Thailand and Myanmar are also working on about 1,400 km long highway connecting India with South East Asia by land and boosting trade in the region. It is obvious that a new architecture is on the make; the signposts are already on the wall. China will continue to rise in importance in Nepal in multifaceted ways. Hence forth, when push comes to shove, Nepal will have the option to decide based on its national interests, like any sovereign nation would. India has valid objections to the Belt and Road Initiative. This must not deter improving connectivity with Nepal and China under the UN Sustainable Development Goal No. 9, laying down "...development of quality, reliable, sustainable and resilient infrastructure, including regional and trans-border infrastructure". In the era of the flattened Himalayas, India must visualize taking advantage of and using trans-Nepal connectivity with China. Maybe India can expand its bulk goods and raw materials exports to China through this newly emerging economic corridor.

India needs to envision the glaring future. There is an urgent need to upgrade infrastructure on the Indian side of the Nepal-India border. It encompasses boosting approach highways to the border on the Indian side across Birgunj-Raxaul, Bhairahawa-Sunauli, Biratnagar-Jogbani, and Nepalgunj-Rupediya to international standards. The newly inaugurated oil pipeline is a good step forward and needs further extension. There is a need to upgrade and expand the road network in the Terai region, broad gauging and extending rail links to Nepal. In imagining the future, India will have to unlearn and re-fathom the national policies relating to Nepal, which is a sovereign nation and a friend with lots in common. It will be detrimental to our interests if our policies are perceived as damaging to Nepal.

Similarly, Nepal must ponder its stringency against India and manage its domestic environment. There are vividly apparent security issues in the background that India is always mindful of. It's for us to create a win-win situation from this certainty of the future – and the situation is ripe for a total change of tack.

## **China**

President Xi Jinping's visit to Nepal was followed by Nepal PM's visit to China in June 2018 followed by the President of Nepal to attend the Second Belt and Road Initiative (BRI) Forum in Beijing on 27 April 2019. China has also made deep inroads into Nepal, with major investments in infrastructure—the 72 km Kerung-Kathmandu railway corridor will get a comprehensive project report in the next two years. Finally, this rail link will connect Kerung to Lumbini. These trends need to be expected and acknowledged as 'given'. Tunnels, roads and railways are altering the geographic hurdle of the Himalayan Mountains between China and Nepal.

In the war between technology and geography, Chinese technology and deep pockets will inevitably emerge victorious. Simultaneously, the China and Myanmar Silk Road Economic Belt and the 21st Century Maritime Silk Road Initiative envisage a "Y-shaped" corridor linking Kunming of China to Burma and then outstretching west and east respectively to Yangon and Kyaukpyu. Trans Tibet Economic Corridors and The Trans-Himalayan will connect Nepal and Myanmar with Tibet, China's Yunnan, Gansu and Sichuan Provinces, making way for in-depth and thorough trade and interaction. This important step would end Nepal's exclusive dependence on India for transit trade. This was followed by Nepal becoming a signatory to China's Belt and Road Initiative (BRI) in May 2017, even though no fruitful development has been made on earmarked projects, including a railway line that would link Kathmandu with Kerung in Tibet.

## **Nepal Looking at Third Neighborhood Policy**

Mongolia could be an example similar to the case of Nepal. Mongolia

became friendly with the Soviets from 1921 to 1990. It took up the ‘third neighbour’ policy, realizing that a balanced approach was imperative to deal with China and Russia as geographic neighbours. In September 2017, Nepal, under the Millennium Challenge Cooperation (MCC), signed a 500 million U.S. dollar grant agreement with the US to work further on the country’s electrical transmission lines and road network. However, the Parliament eventually gave it a green signal in February 2022 (Thapa, 2022). MCC, the main aim of the Compact, was to help increase investments in Nepal, accelerate sustainable economic growth and reduce poverty by maintaining road quality by increasing the availability and reliability of electricity in Nepal’s electricity grid and facilitating cross-border electricity between Nepal and India. Mongolia-US relations gave it a global standing, and the US’s Millennium Challenge Corporation is an important source of funding aimed at essential infrastructural projects and supporting people experiencing poverty.

## **Findings of Research**

The existence of Nepal is premised on not searching for a new diplomatic philosophy but rather pursuing King Prithivi Narayan Shah’s policies that acknowledged Nepal to be a “Yam between two boulders”, i.e., China and India.

- Four determinants need to be acknowledged to foster a progressive Nepal-India relationship in the current geopolitical realities. First, the foreign policy adopted by India for Nepal needs to be well defined; second, make people-to-people relationships strong via cultural alliance; third, involvement in developmental endeavors to furnish consolation to the people residing in the most opulent country in South Asia in tandem with an operational base for strategic connectivity.
- Lastly, it needs to focus on collective methods to deal with akin security predicaments. Indian South Asian policy is based on “Neighbourhood First”, but the relationship between Nepal and

India is extended, not only because of cultural closeness and people-to-people relationship but as the two countries glided ahead in unison, looking for identity, a value-based democratic system.

There is no need to examine Nepal and India's people-to-people relationship, nor is the robust bond between traditions and culture required to be questioned. While reading some perspectives on diplomacy and Indian policies towards Nepal in the past month, we can see two imperative subjects pointing to the future of the bilateral relationship to stand out. The first is India eyeing China's increasing impact in Nepal, which is believed to be well aided by the communist parties of both China and Nepal and also an increasing affinity and accelerating relationship between diverse stakeholders and political forces. Second is the imperative instance of the people-to-people relationship and cultural and traditional measures that make the foundation of the Nepal-India bond special. In addition, the impact of the new geopolitical realities on the existing relationship between Nepal and India is visible. Geopolitics returning to the globalized world has made meager countries feel more insecure in the global system. On the one hand, Poudyal argues that given the "geopolitical importance of Nepal" in history, the British colonies tried their best to make Nepal a friendly 'buffer state' between British India and China to defend themselves from the expansionist policy of China (Poudyal, 2022: 20). The geopolitical situation of Nepal, which is situated between two big neighbors, is becoming more and more complex in the altering global scene.

## **Conclusion**

The strategic partnership between India and Nepal appears to be positive, with flourishing cooperation between the two countries in various domains. Both countries have been working together on the development of physical infrastructure, trade and commerce and energy sector cooperation. Nepal has been receiving significant Indian support, including technological assistance, training and expertise sharing to diversify Nepal's economy. Nevertheless, the partnership between the

two countries still faces several impediments, such as the border dispute, ethnic issues, and the politicization of trade, which need to be addressed in future. The strategic partnership between India and Nepal has been a fundamental factor in the region's political stability, economic growth and security cooperation. India and Nepal have a deep-rooted historical, cultural, and economic relationship. India has been actively supporting Nepal in its economic and social development. The partnership between India and Nepal needs to be nurtured further, with policy planning and collaborative efforts to address any hindrances challenging their growth vision.

India's South Asia policy is premised on "Neighbourhood First" however, the Nepal-India relationship goes further, not due to proximity, people-to-people and cultural relationship but due to the two countries that have marched in unison looking for identity, inclusiveness, and a value-based democratic system. For years, the amount of goodwill that India should be the recipient of in terms of the projects for developmental cooperation, which has genuinely helped Nepal, has not come about because of the glacial pace at which implementation takes place. Thus, the implementation of projects is key in the future for the better interest of both the Nepalese and Indians and it is also a rational approach that can be adopted. Economic development, prosperity, peace, and stability in Nepal are far more dependent on its equation with India than on breaching the Himalayas and having a relation with China that they already have historically with India.

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# **India-Nepal Relations and Non-Traditional Security Challenges**

**Dr. Ankur Yadav\***

## **Abstract**

After the disintegration of the Soviet Union and the end of the Cold War, the dimension of security landscape in International Relations, changed both ways vertical and horizontal. This expansion of the security included a larger debate about the Non-traditional Security (NTS) approaches and human security. The debate between Traditional Security and NTS was popularized with the United Nations Development Report 1994 which outlined seven areas of human security: health security, economic security, food security, environmental security, community security, personal security and political security. It began changing the nature of conflicts and cooperation between the nations and seeing the conflict from the perspective of human security. Those States that have common concerns for NTS, are coming together bilaterally or multilaterally, in tandem with the global institutions like the United Nations (UN).

India, as a prominent and responsible global power, is working with South Asian countries in the region for tackling the NTS challenges. India and Nepal relationship too had to deal with many different NTS challenges. This paper discusses the theoretical debate between Traditional and Non-traditional security challenges. A case study of India and Nepal relations and its analysis has been made based on major NTS challenges. It argues that despite the historical and cultural bounding between both the neighbouring countries, there is a need to take steps for closer cooperation and collaboration on Non-Traditional Security issues. The study is based on primary (documents of the government agencies, press release, joint statement and reports by the governments) and secondary (books, articles, news reports etc.) sources of data

## **Keywords**

Traditional and non-traditional security, India, Nepal

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\* Assistant Professor, Special Centre for National Security Studies, Jawaharlal Nehru University, New Delhi, India

## **Introduction**

The world is seeing a direct war between, Russia-Ukraine and Israel-Philistine, the debate between the traditional and non-traditional security domains are getting prominent between the academicians and policy makers. The present World Order is facing different traditional and Non-traditional security challenges. It is finding difficult to tackle the new crisis which are coming as Traditional security challenges and Non-traditional security challenges. From the traditional security perspective, present World Order appears unsuccessful to curtail or end the war. From the Non-traditional security perspective too, the World Order seems failing to tackle the new health security issues from Covid-19 crisis to food and energy crisis arising from the Russia-Ukraine war. The Global food crisis, which emerged because of the Russia-Ukraine war, is coming out as a major challenge for the global institutions. This war is showing clearly that it is very important to manage the Non-traditional security domain for a country as well as for the global institutions. The 2023 Global Hunger Index is showing clearly how the compounding impacts of climate change, conflicts, economic crisis, covid 19, and the Russia-Ukraine have worsened social and economic inequalities and slowed previous progress in reducing hunger in many countries (GHI, 2023). Some countries in Africa are facing serious food security challenges.

The debate between the Traditional and Non-traditional security domain is not new but it became a major focus of study after the disintegration of the Soviet Union. The end of Cold War was seen as lessening the chance of a major war between the States. But at the same time, other major concerns for global security were getting prominent. The UN Report 1994 became popular among policy makers as a guide to face the new challenges of security. It identified seven major threats to Human security, namely: Community security, Environmental security, Economic security, Food Security, Health Security, Personal and Political Security. The Copenhagen School further expanded it to include military, economic, social, environment and political sectors.

India, as a prominent and responsible global power, is working with South Asian countries in the region for tackling the NTS challenges. Indo-Nepal relationship too has to deal with many different NTS challenges. This paper discusses the theoretical debate between Traditional and Non-traditional security challenges. A case study of India and Nepal relations and analysis is taken based on major NTS challenges. It argues that despite the historical and cultural bounding between the two countries, there is a need to take more steps to bolster closer cooperation and collaboration on NTS issues. This paper will make an attempt to enhance the understanding of India-Nepal relations in the context of NTS studies.

### **Theoretical Debate on Traditional and Non-traditional Security**

After the disintegration of the Soviet Union, the domain of security changed with the onset of New World Order. In addition to the new challenges in the form of inter-state conflicts new threats emerged like environment security, economic security, etc. The domain of security was expended from state security to human security. Smith has explained this expansion of the security in three school of thoughts. The first school widens the scope of security beyond military security and includes the concerns of political, economic and environment among others. The prominent scholars of this school are Barry Buzan, Ullman, Mathews, Krause and Williams. The second school of thought not only focusses on the widening the scope of security from military threats to the state, but also come out with the idea of human emancipation. The scholars attached with this school are Linklater, Tickner and Booth. The third school continues its focus on the conventional state-centric view of security and are not in favor of widening its concept. They argue that the expansion of the concept of security would destroy the subject's intellectual coherence (Smith, 2005).

Walter Lippmann explains the notion of security as “to the extent to which it is not in danger of having to sacrifice core values if it wishes to avoid war, and is able, if challenged, to maintain them by victory in such a war.” Arnold Wolfers explains the national security discourse as

an ambiguous symbol and defines the notion of security as ‘the absence of threats to acquired values and in a subjective sense, the absence of fear that such values will be attacked’ (Wolfers, 1952).

The idea of traditional security concerned itself only with the security of State and its territorial integrity. This idea of traditional security, in which the major challenges were seen as the security of State through the military means, was mainly dominated by the Western Scholars centered in the US and Europe. In response of ethnocentrism in International Relations studies and also in security studies, a Third World School developed as a ‘postcolonial’ approach to security studies. This school are challenging the dominance of the Euro-American perspective in the security studies and emphasizes on the major security concerns in Third World countries.

The Post-colonial Africa, Asia and also the countries, which came into existence after the disintegration of Soviet Union, were facing different challenges like civil wars, separatist movements, socio-political and economic security and communal tensions. The concept of Security in Global South came out with a shift away from the focus on the State and military. The Third world and the post-colonial approaches have expanded the concept of Security from State to people’s security. The referent object of the security is not only the State but also the people. The major work on the security studies based on Eurocentrism and originating in the West have not been able to grasp the different realities found in the third world or in Global South. As explained by Caballero-Anthony et al. “NTS issues are challenges to the survival and well-being of peoples and states that arise primarily out of non-military sources, such as climate change, resource scarcity, infectious diseases, natural disasters, irregular migration, food shortages, people smuggling, drug trafficking and transnational crime. These dangers are often transnational in scope, defying unilateral remedies and requiring comprehensive- political, economic, social- responses, as well as humanitarian use of military force” (NTS Asia Cited in Caballero-Anthony et al., 2006). These threats like terrorism, climate change and

irregular migration are non-military in nature and cannot be solved by one nation. It is transnational in its nature.

Among the international institutions, the United Nation could play an important role as a prominent institution to work in the field of NTS challenges. With its set of principles, norms and values, the UN is working for the global peace and security. The 1994 Human Development Report by UNDP claimed in addition to the protection of nation's territorial integrity it is also equally important to provide security to the people from hunger, disease etc, which we can only be achieved through development and not by the arms race. The report mentioned seven threats to the human security: Community Security (Security of cultural identity), Environmental Security (access to sanitary water supply, clean air and non-degraded land), Economic Security (assured basic income), Food Security (Physical and economic access to food), Health Security (relative freedom from disease and infection), Personal Security (security for physical violence and threats), and Political Security (protection of basic human rights and freedom) (HDR, 1994).

The Copenhagen School further expanded the traditional security domain with the inclusion of five Sectors: Military (the realm of Traditional security studies), Economic (resource and fiscal stability, poverty) Environment (ecological balance and health disasters), Societal (Survival of language, culture, identity, way of life) and Political (state/ organization/ regime type/ ideology). As Buzan (2001) explains 'Human Security is a problematic concept, particularly when taken to be part of the analysis of international security, as opposed to various other meanings of security mostly active within a domestic context'. The Human Security Network established by Norway, Canada and Swiss government in 1999 identified ten prominent issues: anti-personal landmines, small arms, children in armed conflicts, international humanitarian and human rights law, international criminal proceedings etc. The debate between the freedom for fear and freedom from want was expanded in 2001 when Japan established a commission on Human Security. The report Human Security Now (2003) added the freedom to

live in dignity and expanded the horizon of the Human Security (HDI, 2003).

The NTS concept does not reject the prominent role of the state as a security referent but promotes other referents as well, mainly individual and community. The NTS are transnational in nature and also require non-military responses. It recognises the important role of other actors in solving the NTS issues. Accordingly, India and Nepal have their own NTS issues. The next section will explain India's NTS challenges and how it is dealing with it currently. India, as a responsible global and regional actor, is cooperating with other countries specifically with the countries of South Asia.

### **India and Nepal: Non-Traditional Security Threats**

The relationship between India and Nepal is multidimensional in character. The countries connect with each other not only on the bases of political, economic, strategic relations but also on social, religious and cultural grounds. India has followed 'Neighbourhood First' especially so from the 1990s. This policy has got further boost under the leadership of Prime Minister Narendra Modi who first took over as the prime minister of India in 2014. In his oath ceremony, he invited all the head of states from the South Asian countries. He has visited Nepal four times since 2014 and similarly Nepalese Prime Ministers have paid regular visits to India. Nepal stands out as an important partner in India's 'Neighbourhood First' policy. India is the largest country in South Asia and has recently bypassed China to become the most populous country in the World (UN, 2023). It is also world's largest democracy with a large number of youths. It is politically stable and also the fastest growing economy in the World. India has recently become the world's fifth- largest economy (GoI, 2023).

With its geographic location, historical ties, cultural similarities and economic linkages, Nepal has a prominent position in India's foreign policy. They share similar ties in terms of Hindutva and Buddhism. The Indo-Nepal relationship is not only based on the India-Nepal of Peace

and Friendship of 1950 but also gets strengthened by people-to-people connection through familial ties and marriages, also known as Roti-Beti Ka Rishta. From the traditional security perspective, Nepal's strategic geographic location gives it a unique position in Indian Foreign policy. India firmly believes that Nepal is very important for India's national security. Nepal, being a land-locked country, located between India and China, always tries to work strategically and diplomatically, with a positive attitude between the two states. Nepal is crucially dependent on India for its access to the Sea and other transit routes and hence it is very difficult for Nepal to reach any viable level of development without India's support.

Nepal is facing different internal and external challenges like terrorisms and extremism, racial and religious conflict, environmental crisis, natural disaster, pandemic (effects of Covid-19), human trafficking, cybercrime and hacking, ethnic and religious conflicts, corruption and poverty. These threats are not only affecting Nepal's internal security but also threatens the security of all other South Asian countries. In the relationship between India and Nepal, there are 'sensitivity, expectations and complexities' on both sides. Some scholars argued in 2015 that 'India lost its geopolitical space in Nepal despite 'Neighbourhood Policy' and 'Neighbourhood First Policy' and on the other hand China had made its geopolitical space in Nepal' (Bawa, 2016). The challenges for the both the countries are not only coming from political and strategic levels but also arises from other issues like trade, sharing and exploitation of river water and other resources, transit, migrations and open border etc. For a brighter future of Indo-Nepal relationship, on one hand Nepal needs "stability, development and a mature political leadership and on the other hand India needs to follow a clear, consistent, transparent, and more cooperative approach towards a close neighbour" (Upreti, 2016).

## **Economic Security**

India and Nepal have long-standing historical roots. Because of Nepal's geographical configuration, it lacks natural barriers along its borders with India. Both the countries have a close economic relationship with open and accessible boundaries. The different bilateral agreements

have played prominent role and provided a base for the development of India-Nepal economic ties such as the 1950 India-Nepal Treaty of Peace and Friendship and Treaty of Trade and Transit signed in 1960. The Regional Organizations like the South Asian Association for Regional Cooperation (SAARC) and the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) provide a common stage for both the nations to develop and enhance their economic ties. India-Nepal economic cooperation, nurtures regional stability, and fosters economic development in the region (Chaudhary, 2023).

India and Nepal have vested interest mutual cooperation and expansion of their economic ties and hence share a multifaceted economic bounding. There are different sectors where both the countries can cooperate to promote economic growth, including cross-border trade and the development of special economic zones. The economic cooperation is mutually beneficial for the overall development of the region and also for providing stability in the region. Both the countries are, therefore, focusing on infrastructure development to address these challenges and issues. The economic partnership is evolving between India and Nepal to address the trade imbalance. The relationship in the field of Trade and economics goes beyond the economic reasons and ominously effected by the social-ethical norms and values. The research has also shown that India and Nepal have comparative cost advantage in trading amongst themselves for several reasons (Singh & Mamta, 2011). With the enhancing People to People connection, both the countries are developing collaboration in the field of technology, tourism and other prominent economic sectors to foster sustainable development.

India is the main development partner for Nepal. The foreign trade agreement (FTA) was signed between India and Nepal in 1971 (GOI, 1971). It has been renewed many times since. The bilateral framework is based on bilateral trade treaty, like the Treaty of Transit (1999), Treaty of Trade (2009), the Agreement of Cooperation to Control Unauthorized Trade (2009), and the Rail Services Agreement (2004). Indo-Nepal

relationship crossed another milestone after signing of the India-Nepal trade treaty of 1996 in which India gave duty free access to all, except three products manufactured in Nepal. Based on the Treaty of Trade (2009), manufactured goods from Nepal have duty-free access to Indian market on a non-reciprocal basis. In 2009 an agreement for cooperation was signed to control unauthorized trade. It gave the legal framework for tackling illegal trade. The India-Nepal treaty of Transit is renewed every seven years to provide port facilities to Nepal at Kolkata/Haldia and Visakhapatnam, specifying various transit routes between Kolkata and Visakhapatnam and the India-Nepal border. 27 entry/exit points are labelled along the India -Nepal border for bilateral trade, simplifying the exchange of goods and services between both the countries. The major products exported by Nepal, are carpets, textiles handicraft and tea. Its import list is long and includes petroleum products, electronics, machinery, agriculture products and pharmaceuticals. India is the most prominent trading partner for Nepal and the open border between both the neighbouring countries further promotes the expansion of trade and commerce.

In the context of India-Nepal trade treaties, Nisha Taneja, Subhanil Chowdhury and Shravani Prakash argue that 'it is important for the two countries to go beyond the existing trade treaties and devise a comprehensive economic agreement encompassing various sectors of the Nepalese economy. In this direction, India can help developing services including hydropower, tourism and telecommunications. However, in order to ensure such partnership on the part of the Indian government as well as businessmen it is important that Nepal develops a more effective regulatory structure and policy framework which has failed to evolve because of the political turmoil in the country (Taneja et.al. 2011).'

To enhance connectivity, the Rail Services Agreement of 2004 acts a milestone for the Rail service between India and Nepal. In the initial phase transit point in Nepal was established from Kolkata/Haldia port to the Raxaul/Birgunj. In Nepal-bound transit trade, Visakhapatnam Port

has also been incorporated as an additional designated point in 2016. The Rail Service Agreement (RSA) was officially signed in 2021 between both the countries and opens avenues for ‘all cargo train operators to utilize the extensive Indian railway network for transporting containers to and from Nepal’. It also accommodates third-country freight from Indian ports to Nepal. India is also playing a prominent role in developing infrastructure projects in Nepal like hydropower generation, road and railway construction. India has also been a prominent source of foreign direct investment (FDI) in Nepal. India supports Nepal for economic and development assistance for various projects, grants and concessional loans. Indian companies are the largest investors in Nepal and they work in different manufacturing and power industry. India is also playing an important role in the development of service sector such as banking, insurance, education and telecommunication in Nepal. It is also providing assistance in social sectors like healthcare, education and rural development.

As a trading partner, India ranks the highest with total trade in 2018-19 reaching INR 57,858 cr (US\$ 8.27 bn). In FY 2019-20, India remains largest trade partner with Nepal with crossing US\$ 7 billion. Nepal’s major imports from India are “petroleum products; motor vehicles and spare parts; M. S. billet; rice & paddy; other machinery & parts; medicine; hot-rolled sheet in coil; electrical equipment; cement; agricultural equipment & parts; coal; m.s. wires, rods, coils, bars; vegetables; cold rolled sheet in coil; thread, etc”. In the FDI investment, India’s firms are one of the largest investors in Nepal. India’s share is more than 30% of the total approved FDI. There are more than 150 Indian ventures operating in Nepal which are engaged in different sectors like manufacturing, services (like banking, insurance, telecom, education and dry port), tourism and power sector. The major Indian investors are ITC, Dabur India, Hindustan Unilever, VSNL, TCIL, MTNL, State Bank of India, Punjab National Bank, Life Insurance Corporation of India, Asian Paints, CONCOR, GMR India, IL&FS, Manipal Group, MIT Group Holdings, Nupur International, Transworld Group, Patel

Engineering, Bhilwara Energy, Bhushan Group, Feedback Ventures, RJ Corp, KSK Energy, Berger Paints, Essel Infra Project Ltd. and Tata Power, India etc (MEA, 2020).

## **Energy Security**

Energy cooperation, specifically in hydropower sector, have a lot of potential of cooperation between India and Nepal, redefining their economic landscape. To meet the energy security challenges both the countries are developing joint ventures and partnerships. The relationship between India and Nepal has seen several ups and downs but the hydro-energy sector has always stood out as a significant point of connection (Nayak, 2023). The new phase of cooperation was started in 1971, when both the countries engaged in a Power Exchange Agreement to benefit from each other's transmission infrastructure. They have established around twenty transmission interconnections with the different capacity to address the power needs in border region. In October 2014, a comprehensive agreement was ratified for 'Electricity Power Trade, Cross Border Transmission Interconnections, and Grid Connectivity' and to facilitate and strengthening 'cross-border electricity transmission, grid connectivity and power trade between Nepal and India'. It seeks to provide 'a framework for power trade between the two countries, import by Nepal from India until it becomes power surplus and subsequent import by Indian entities from Nepal, on mutually acceptable terms and conditions. Through this agreement Joint Working Group (JWG) and Joint Steering Committee (JSC) have been envisaged. A long-term integrated transmission, Joint Technical Team (JTT) was formed to cover the projects upto 2035 (MEA 2020).

In 2020, India supplied a total of about 600 MW of power to Nepal, with the help of cross-border power transmission line of Muzaffarpur (India)- Dhalkebar (Nepal) and two additional cross-border transmission lines between Kataiya (India)- Kusaha (Nepal) and Raxaul (India)- Parwanipur (Nepal) (MEA, 2020). In November 2021, in a prominent development in fostering the energy cooperation, India government allowed Nepal to sell its surplus energy. In the energy trade, Nepal

has emerged as a net beneficiary. In 2022, a joint vision statement on power sector cooperation was issued by India and Nepal. In the vision statement both the prime ministers agreed on utilising the unprecedented opportunities for growing and consolidating mutually beneficial bilateral cooperation in the power sector which includes “(a) joint development of power generation projects in Nepal, (b) development of cross-border transmission infrastructure, (c) bi-directional power trade with appropriate access to electricity markets in both countries based on mutual benefits, market demand and applicable domestic regulations of each country, (d) coordinated operation of the national grids and (e) institutional cooperation in sharing latest operational information, technology and know-how” (MEA, 2022). In 2023, India-Nepal signed a series of agreement on energy and transport including the export of Nepal’s hydropower to Bangladesh through Indian territory. India set the target of importing 10,000 MW electricity from Nepal in coming years (Bhattacherie, 2023).

### **Environmental Security and Natural Disasters**

In Indian subcontinent, India has emerged as a prominent actor in responding to natural disasters through Indian Humanitarian Assistance and Disaster Relief (HADR). In South Asia region, whenever Nepal, Bangladesh, Bhutan and Sri Lanka faced natural disasters like flood, earthquake, cyclones, India has provided assistance and relief. India has been always in a front to stand with Nepal in any natural disasters. In November 2023 Nepal was badly hit by a massive earthquake measuring 6.4. India was quick to give emergency assistance in the form of medical and auxiliary supplies. India also provided economic assistance worth \$1 billion Nepal. Nepal is, this, a key beneficiary of the Indian Humanitarian Assistance and Disaster Relief (HADR). Operation Ajay, which was launched by the India government to facilitate the return of Indian citizens from Israel because of Israel-Hamas conflict, also rescued twenty Nepalese citizens as well (MEA, 2023). India did the same as in the Operation Raahat in 2015. Fifteen Nepalese citizens were rescue from the war torn Yeman (Anuttama, 2023).

After the April 2015 earthquake in Nepal, India helped promptly with the deployment of Indian military forces to save the people and also provided assistance in its reconstruction. Many helicopters were provided by Indian Army to fly between Kathmandu and Pokhara. Operation Maitri was one of the biggest humanitarian assistance efforts operated by the Indian government. Medical teams, Engineer Task Forces, blankets and tents, INMARSATs for satellite communication and many other resources were allocated as part of Operation Maitri (PIB, 2015). For the long-term assistance India extended US\$ 1 billion to Nepal for post-earthquake reconstruction in different sectors like housing, health, education. Government of India completed 50,000 reconstructed houses in Nepal's Gorkha and Nuwakot districts on 15 November 2021 and 14 higher secondary schools in the last one year. GoI also reconstructed more than 130 hospitals/ health centers and 28 cultural heritage sites in Nepal (MEA, 2022).

### **Social and Cultural Security**

The people-to-people connections are major pillars for India-Nepal relationship which includes around 8 million Nepalese citizens live and work in India and also around 6,00,000 Indians reside in Nepal. To make it stronger, sister city agreements have been signed and India-Nepal Ramayana Circuit have been launched. Education is another prominent sector where both the countries continue working and expanding its scope. One of the prominent aspects of the relationship is India's contribution to the development of human resources in Nepal. Government of India provides around 3000 fellowships and scholarships yearly to Nepalese nationals. It helps them complete different courses at plus-two levels, Bachelors, Masters and Ph.D in India and Nepal. These fellowships are given a different spectrum of subjects which includes engineering, medicine, agriculture, pharmacology, veterinary sciences, computer application, business administration, music, fine arts, etc (MEA, 2020). Government of India also supports cooperation in art & culture, academics and media. Both the countries continue to organize cultural programmes, symposia and seminars. This promotes people to

people connections. India is also planning to establishing an e-library system across Nepal.

The major agreements signed between India and Nepal include cooperation between: (i) Sahitya Kala Akademi (India) and Nepal Academy, (ii) Doordarshan (India) and Nepal TV, (iii) Press Council of India and Press Council of Nepal, (iv) Lalit Kala Akademi (India) and Nepal Academy of Fine Arts, (v) GoI and Government of Nepal for cooperation on youth affairs, (vi) Sangeet Natak Akademi (India) and Nepal Academy of Music & Drama, and (vii) GoI and Government of Nepal for twinning of sister cities Kathmandu-Varanasi, Lumbini-Bodhgaya and Janakpur-Ayodhya (MEA, 2020). The Swami Vivekananda Centre, established in Kathmandu in 2007, has organized various events in the past to showcase the best of Indian culture. The B.P Koirala India-Nepal Foundation was established in 1991 with the objective to “foster educational, cultural, scientific and technical cooperation between India and Nepal and to promote mutual understanding and cooperation through sharing of knowledge and professional talents in academic pursuits and technical specialization”.

## **Conclusion**

India and Nepal relationship share many common features in multiple respects and is based on strong foundation of people-to-people connections going across their history, culture, religion and identity. This cooperation also faces some challenges like trade disputes, trade imbalance and other non-tariff barriers. The bureaucratic red-tapism is another major challenge. The dispute over the sharing of water resources is another complex issue. However, the strong base of deep-rooted socio-cultural linkages has also provided the trust between both the countries to come out of different political, economic, natural disasters and other challenges. India is continuously cooperating with Nepal in developing its economy, especially from hydropower and tourism. India is also investing heavily in the development of Nepal’s infrastructure and has continued to be a major economic partner of Nepal. Through different concessions in the trade treaties, India continues to provide economic

security for Nepal and also contributes heavily in developing services such as hydropower, telecommunication and tourism.

As former Indian Prime Minister Atal Bihari Vajpayee famously said “You can change friends but not neighbours.” There is tremendous scope of furthering cooperation between both the countries. The countries can come out with the more effective policy framework equally beneficial to both. To address the non-traditional security threats and tackle shared challenges, India and Nepal need to sustain dialogue, cooperation and mutual understanding and continue to stand as good neighbors.

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## **Technical Session V Chaired by**



**Maj. Gen. (Ret.) Binoj Basnyat**  
**(Chair)**



**Dr. Nihar R. Nayak**  
**(Co-Chair)**

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**Session VI**  
**Countries Connection Over Culture:**  
**Search for Old Roots**



# **Explaining the Post-COVID Instability in South Asia and the Role of a Shared Culture in Strengthening the Old Roots in the Region**

**Rauhil Srivastava\***

## **Introduction**

As highlighted, the twin-fold objectives of this conference are: Discussing the dilemmas of weak states and the opportunities that are brought about by the changing world order. This paper shall revolve around the second objective. Even if a novice in foreign affairs looks at South Asia right now, they would say that the region is facing multiple struggles. Most of South Asia is reeling under post-Covid instability, both political and economic. Sri Lanka is battling a grave financial crisis; Pakistan is baffled by cross-border terror and continues to be a victim of the corrupt military-oligarchy bureaucratic complex, while fundamentalist Afghanistan remains a grave of empires. The scholar believes that China's growing incidence in the region has a bearing on the situation, and the paper shall look at aspects of Chinese involvement with the regional players.

Despite being faced with many challenges, India and Nepal continue to be faring well with some sense of balance and internal cohesion after the deadly COVID-19 hit the world. Shared political values of democracy and strong institutions devoid of political corruption and maintaining economic sovereignty are the key factors for stability. In this paper, we shall look at the economic impact of Covid-19 in Nepal and embark upon the age-old ties of Nepal-India in the current geopolitical context. The scholar believes solving a dilemma requires first delving into one's past. Therefore, culture shall be a crucial lens to address the issues. The scholar shall take cues from the Bhagavad Gita as a philosophical-cultural text which symbolizes the rich heritage of Hinduism, to make sense of the contemporary problems facing mankind as a result of globalisation and the new world order underlined by war, pandemics and aggressive capitalism.

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\* PhD Candidate, Centre for International Politics, Organization and Disarmament, Jawaharlal Nehru University, New Delhi-110067

Globalisation has characterized local life everywhere in the world. There has been an accelerated exchange of information, culture, people and capital across the world since the second half of the twentieth century. Apart from trade, global exchanges have been made possible by technological inventions and advances, like the television in the early 90's and the internet in the 21st century. However, when global systems of commerce, community and communication are affected by any event such as war, natural calamity, a public health catastrophe or an economic crisis anywhere, the aftereffects of those events are experienced locally. The twin years of 2020-2021 are the most difficult years for the modern nation states after the advent of the 21st century. Elite Chinese travelers reached the virus to the US and Europe. It was further spread to the rest of the world by elites of several countries. Covid 19 began as a health shock and later metamorphosed into a global financial crisis. The pandemic posed risks to financial stability and the future survival of the human race, bearing similarities to the imagined horrors of climate change. South Asia, in particular, was gravely affected, given the large population, high poverty, inadequate health facilities, restricted access to sanitation, and absence of social security systems (Rasul, 2021). The ill effects of globalisation range from rising income inequality to the growing digital divide between those taped into global information networks and those left out. The pandemic has exposed growing disparities of wealth and entitlement across and within states and regions.

### **Post Covid Instability and its' Impact on Nepal**

Nepal's Tourism sector suffered a significant setback during COVID-19 as it accounts for 10% of Nepal's GDP, and there were an estimated 13000 job losses during the pandemic (Joshi et al., 2021). There were 1.6 to 2 million jobs risked due to COVID-19, where 80.8% of total jobs in the country remain informal. (Rasul, 2020). Nepal is an import-dependent country, partially for food. Thus, Nepal experienced a higher negative impact on supply chain and import. The economic and social isolation cost combined with the country's reliance on remittances

received from foreign migrant workers was affected by a 24% decrease in FDI and remittance inflows compared to pre-COVID levels (Joshi et al., 2021). A household survey on food security during COVID-19 conducted by the Ministry of Agriculture and Livestock Development and the World Food Programme showed that of 4416 households, only 42% had one month's worth of food stocks (Joshi et al., 2021). The agriculture production of Nepal employs 70% of the workforce, with a larger number of women workers having been gravely affected by perishable products, poultry and product marketing going down. The mobility of goods in the agricultural sector regarding the supply chain was halted. Women were the most affected as the burden of care fell on them apart from being deployed in Nepal's hospitality industry, which suffered a major setback due to declining tourism.

### **China's Involvement in South Asia: Debt Trap or More?**

South Asia as a region is critical because it is not only the fastest growing part of the world economically and demographically but also the primary geopolitical center of gravity holding key to China's calculations to rise as a super power. Mearsheimer argues that the stepping stone to a rising power's global leadership and influence is gaining its own region's trust rather than securing influence through coercion. China has been building connectivity and infrastructure projects in the region by means of loans lent to the country. Its loans to Sri Lanka were at 4.6 B\$ in 2020; for Maldives, they are believed to be 1.1 B\$ (Pal, 2021). Chinese investment strategists offer project completion to coincide with upcoming elections to earn goodwill and increase the possibility of getting projects continuing. Chinese investors have been the largest source of FDI for Nepal for six consecutive years till 2021(Prasai, 2021).

China tends to lend at higher interest rates, around 4% or four times higher than other multilateral agencies and western governments with shorter repayment periods averaging 10 to 15 years compared to around 28 years for other lenders. China lacks transparency as it does not publish records of its foreign loans, and most of its contracts

contain nondisclosure clauses that prevent borrowers from revealing their contents.

South Asia is facing a tough time as a region. There is civil unrest and uprising against the Sri Lankan government as the country has defaulted on foreign debt, while Bangladesh is concerned over its rising trade deficits and falling remittances. On the other hand, the government in Nepal had to reduce fuel consumption by increasing non-working days in the week, reflecting concerns over foreign exchange reserves and an increase in inflation (Pal, 2021). All three countries were early signatories to BRI and have multiple major infrastructure projects being developed either with Chinese funds or technological assistance.

Pakistan is undergoing an economic-political crisis with corruption charges against the former PM and the military establishment and ISI involved in toppling the governments while the India-China border disengagement talks continue. The scholar believes that there is a need to grasp China's influence in these developments to partly explain the outside interference in the crisis South Asia is undergoing as a region, notwithstanding the domestic factors.

In Sri Lanka, the 2019 Easter bombings and COVID-19 affected foreign exchange reserves as the tourism sector, which stands for 5% of the country's GDP, suffered a setback<sup>1</sup>. The country had to bear rising expenditures due to the lockdown, where imports increased, and there was a decline in national income due to a decline in production as a result of the pandemic. The government cut down taxes to increase consumerist spending and had to rely on foreign exchanges to service its debt. China fueled the crisis with its added-on loaded debts as Chinese entities realized circumventing institutions and approaching powerful politicians directly allowed their projects to move faster, and for the political elite, approving Chinese projects led to more capital flowing into their constituencies (Pal, 2022). The Chinese unwavering support

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1 Sri Lanka Economic Crisis: Lucrative Tourism Industry Bears Major Brunt <https://www.outlookindia.com/business/sri-lanka-economic-crisis-lucrative-tourism-industry-bears-major-brunt-news-209455>

offered the Rajapaksa's regime a sense of security at a time when other external actors were urging structural reforms of the country's economic and financial mechanisms. This support encouraged the corrupt regime, empowered it to suppress dissent and allowed it to undermine and weaken institutions.

The effects of Chinese engagement are a function of the country's vulnerabilities. Nepal and Bangladesh have been prudent in choosing their financiers and funding methods, often choosing traditional multinational institutions or other bilateral lenders as partners (Pal, 2022). Bangladesh is partial towards soft loans over commercial ones, and Nepal prefers grants over any kind of loan. Pakistan is also not very optimistic about the China-Pakistan Economic Corridor project. Debt Burden has been increasing in Pakistan, coupled with the repayment pressure. Devalued currency, rising inflation and the worse balance of payments have resulted in an economic-political crisis that could be attributed to its policy of irresponsible borrowing from China at higher rates of interest (Nagial, 2022). The outstanding loan of China to Pakistan is 30 Billion \$ and Pakistan owes 30% of its foreign debt to China, according to IMF reports<sup>2</sup>. Loans extended by China to Pakistan are of short duration, and interest rates are very high, ranging from 4.5 to 6%, which is higher than other lending agencies such as ADB, WB, and IMF, which is generally less than 3%. Even bilateral interest rates range from 3 to 3.5% compared to other countries, which is 1%. BRI loan terms are opaque, and an IMF bailout for Pakistan would involve transparency in the arrangements China has hidden. There has been an increased % allocation for the defence budget by 11% as China plays in the India- Pakistan equation and remains a weapons supplier to Pakistan, contrary to the budget for education, housing and health (Shrestha, 2022). The development project at Hambantota port in Sri Lanka serves as a cautionary tale for anyone who thinks that Chinese support for their infrastructure development comes with no cost.

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2 [https://www.business-standard.com/article/international/pakistan-owes-30-of-its-foreign-debt-to-china-says-imf-report-122090300718\\_1.html](https://www.business-standard.com/article/international/pakistan-owes-30-of-its-foreign-debt-to-china-says-imf-report-122090300718_1.html)

As small countries, it is unlikely that Bangladesh, Nepal, Sri Lanka or Maldives can afford to choose among relationships with larger nations rightly. A Conditional relationship reduces the avenues for cooperation. Communicating a positive agenda, not just a negative one, may win greater favour among governments, businesses and the public (Pal, 2021).

### **India-Nepal-China Equation: A Glance**

Nepal acts as a buffer between India and China. The challenge it faces geographically, from being landlocked to having trade deficits and political instability, renders it vulnerable to regional competition among great powers. The limited options Nepal's foreign policy reminds the scholar of Keohane's lilliputian dilemma of small states, which rules out the option of bandwagoning and balancing for a small state such as Nepal as it contributes little in strengthening the material capabilities of the already great powers around it (Adhikari, 2012). Quoting Jiblal Bhusal, the director of the Department of Industry Nepal, "Potential investors compare the investment facilities provided by China and India with the incentives available in Nepal, and our country obviously lacks attractive offers to give to them."<sup>3</sup>. Therefore, neutrality remains the best stance, which means cultivating good ties with both countries as a diplomatic strategy and carving out the benefits from its neighbors in its developmental path. Infrastructure projects are indeed significant, and so is trade.

China has recently been considered a major factor in Indo-Nepalese relations. For instance, when bilateral ties saw a hiccup with an economic embargo in 2015, China and Nepal developed closer ties. Nepal joined the BRI in 2017 with China's aim to counter India's presence in Nepal. Nepal's quest for an alternate transit country succeeded in finalizing the text for the Protocol of Transit Transport Agreement with China. China formally agreed to provide seven transit points. However, an analysis of trade route options before Nepal indicates that the route through China

<sup>3</sup> <https://www.southasiamonitor.org/china-watch/nepals-chinese-conundrum-imbalance-and-debt-trap>

for third-country and bilateral trade purposes could prove costlier than that from India (Sharma et al., 2021).

It has also been argued that the recent controversy over the border between the two countries was the consequence of China's pervasive influence over Nepal. However, China has been engaging in education and tourism diplomacy in Nepal, with Confucian institutes propping up. However, the scholar believes India has an added advantage over China vis-a-vis Nepal. Strategic and security interests mostly drive China's presence in Nepal. In contrast, shared sociocultural, geographical, religious, and historical proximity and people-to- people connection, besides security relations, can go a long way. Strong people-to-people contact is one of the major reasons for sustenance of Indo-Nepal relations, regardless of intermittent spells of strains. Such cultural and familial affinities between the two are woven around many religious and sacred connections linked to Ramayana and Mahabharata and with other faiths such as Buddhism. For instance, Janakpur was the birthplace of Goddess Sita, and Lumbini was the birthplace of Lord Buddha. Pashupatinath Temple, located near Kathmandu, symbolizes Hindu religion and culture. Similarly, lingual affinities are based on shared languages like Hindi, Nepali, Maithili, Bhojpuri and Devanagari script.

The political values of democracy, liberty, human rights, secularism and openness connect the two countries on a political level. The kind of surveillance state that China ended up creating can not coexist with democracies like Nepal and India. India can work on increasing productive capacity and strengthening civil societies on good governance questions. India can identify and equip them with grants and training to enable them and their audiences to ask tough questions and ask for transparency. In doing this, the pressure on governments to do better comes from within rather than without (Pal, 2021).

The foreign policy options of Nepal will somehow revolve around balancing the concerns of two of its neighbors, with a history of war and recent violent border intrusions. Instead of becoming a ground for economic competition and strategic rivalry between China and India,

Nepal can act as a bridge between the two countries that do not get along well by building relationships of trust and confidence for peace, stability and development in the region.

### **The Bhagavad Gita: A Perspective**

The US-China rivalry, which many scholars call the New Cold War, isn't solely about exercising economic- political power; it has also become a conflict over values. The universal values of the West imposed posts, such as democracy, human rights, free trade, and collective security post-WW2, have been under challenge by the East to establish new norms more favourable to non-Western countries. While Western values shall continue to have relevance in public discourses and civilizational dialogues, today's world is also one in which voices and perspectives of other cultures will drive differentiation and excellence, not universalism and emulation. The ancient civilization of Hindus has a lot to offer to the world, and such values can promote peace. People of India and Nepal share deep-rooted and familial bonds, which reflect close civilizational and cultural linkages.

The scholar has been particularly inspired by Rohit Chopra's "Gita for a Global World" in applying the concepts of the Bhagavad Gita as a lens for current geopolitical problems (Chopra, 2021). Gita is a 700-verse text from the great Hindu epic Mahabharata. The Gita is a part of Hindu social life as its insights are woven into the daily routines. The ideas of the Bhagavad Gita considered a summary of the vast Hindu religious and philosophical literature, still hold relevance for the lessons of power and the brutal realities of war. Gita remains a significant part of the discourse of global Hinduism and a strong symbol of pan-Hindu identity and diasporic Hindu communities (Chopra, 2021). The book is in the form of samvada, a dialogue or conversation between Arjuna and Krishna in which options for action are explored and the meanings of such actions are weighed carefully. The rich discourse of the Gita entails the morality of engaging in war versus the ethics of abstaining from violence and our obligations towards whom we know and whom we do not.

Two aspects of GITA that states can take as a guide, both small and large, that the scholar shall be looking at solutions to world-order problems:

### *Concept of Nishkama Karma*

Selfless or desire-less action is separated from outcomes in decision-making, i.e., stepping beyond personal goals to look at the greater good while taking action. It can also be put in this way that the right action is categorically right; when the means are correct, the ends themselves are going to be in place. Realist Theory in International Relations considers balance of power as the one true law of international politics, as every state is striving to achieve its own national interests. Global capitalism is inherently expansive, as Marxist Scholars claim, and desire remains the driving engine of consumption, leaving us thirsty for more. In this sense, the doctrine of nishkama karma points out that a happier world calls for peace, which can only come through cooperation, sacrifice and trust building. Any expansionist country's goals of greed and material fulfillment at the behest of other states are morally incorrect and practically unstable. Global challenges like Climate Change, elimination of terrorism and a global pandemic such as Covid 19 call together countries with similar mindsets and values. Democracies cannot and should not control outcomes or engineer societies like authoritarian surveillance states such as China do; however, a market regulated enough to deal with fluctuations of the free hand will work for the issues of both inequality and climate change (Chopra, 2021). Krishna proposes that Dharma or a sense of duty must be in tandem with the action one takes and also in harmony with a larger cosmic order or rta. The right course of action earns a country praise and trust in the global discourse. The dual approach of abandoning worry about the outcomes of action but keeping a consideration of the consequences of actions captures both the deontological and consequentialist perspectives in western philosophy.

### *The Bhagavad Gita on War and Violence*

Robert Oppenheimer invoked lines from the Bhagavad Gita upon the

test of a nuclear weapon in 1945; ‘Now I have become Death, the destroyer of worlds’. These words from the Gita reflect the horrors of violence if left unchecked. States usually have strategic interests in mind before going to war or avoiding one. The Gita offers an additional outlook on war apart from a strategic, normative one. War carries several meanings in the text: The war in Arjuna’s mind is about the right course of action and between good and evil. Arjuna’s anguish about going into war reflects a critically important message over the question of whether to wage war and violence in a world beset with crisis. Arjuna’s indecisiveness and ethical reflexive state is a necessary step that anyone in a position of power must go through over the question of war. Although Krishna eventually persuades Arjuna to wage war, his objections and doubts remain valid. Arjuna’s reluctance to go to war may translate into acting with a global consciousness motivated by a sense of global citizenship (Chopra, 2021). A global consciousness of this kind, which thinks the damage of war beyond a nationalistic frame and values the global community over the national community, can serve as an ethical check against any hasty judgment.

Dharmam, as a sense of ethical obligation, can be developed on the part of each society about their dharma. The absence of an international body to hold the so-called mighty powers of the world acting like its own judge, jury and prosecutor, in fact, highlights the dharma for states and the concept of restraint. However, the fact that Arjuna does go into war is the right course of action, given his dharma as well as a just cause with the intentions of justice and establishment. Therefore, Gita is also strategic in the sense that ends justify the means when larger issues are at stake, for example, state interventions against terrorist organizations operating in the region.

### **Nepal’s Cultural Assets**

The effort to culturally link Nepal’s identity to India may render Nepal with an identity void of its own. Despite the religious similarities, Nepal sees itself as a separate entity and not a cultural extension of India, which is a valid argument in the scholar’s opinion. Nepal remains

the abode of the Himalayas, housing the world's tallest mountain peak Mount Everest. Global hikers and trek enthusiasts visit the base camp, whereas open borders with India see travel to the holy sites of Lumbini and Janakpur. Buddhism remains a key soft power resource for Nepal. Nepal's food also holds a cultural potential of attraction. Thakali restaurants are very popular among students in Delhi. People frequent the Nepali dining ambience, which is very culturally rich; there aren't any table chairs but rather warm floor seating arrangements, and popular Nepali Music plays in the backdrop, which the students find catchy and calming to the ears. Social Media holds a lot of potential for boosting tourism, cuisine and culture as it improves the global reputation of the country and the ability to win the hearts of the people world wide. The Nepal government needs to do away with its recent law on keeping a check on YouTube and OTT platforms, where starting a YouTube channel requires government permission and a large sum of money[19]<sup>4</sup>.

Nepali Diaspora can take advantage of the forces of globalisation to engage in the practice of public and cultural diplomacy. Such state-led efforts enhance the country's image outside. Tourism diplomacy also holds potential, as the Nepali government can advertise travel packages for an adventure-packed cultural and spiritual experience.

## **Conclusion**

The conception of external and internal sovereignty has been well established in the Shookra Niti. Sovereignty is not complete unless the state can exercise its internal authority independently and unobstructed, bearing on the freedom of the Rashtra, its people and the land. This dictum from ancient cultural wisdom can act as a guiding light for Nepal's foreign policy. An independent Nepal utilizing the potential of its cultural power of attraction coupled with a regional strategy of bridging the engagement gap between its competing neighbors for the purpose of peace and stability in the region can leave a solid imprint on the global political landscape.

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4 <https://www.nepalitelecom.com/2021/10/nepal-government-regulate-ott-iptv-platform.html>

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# Prithvi Narayan Shah's Gorakhpur Connection and Role of Creation Nepal a Hindu State

Dipesh KC\*

## Abstract

Prithvi Narayan Shah, who established Modern Nepal, had close ties with Gorakhpur. The cultural ties and roti-beti relations with Gorakhpur were advantageous for him in uniting Nepal. The researcher aims to find out the historical background of Prithvi Narayan Shah's close ties with Gorakhpur and Gorakhnath. It also aims to extract the causes and effects of the unification of Nepal by Shah. The researcher concluded by explaining that Nepal's identity as a Hindu State (Asali Hindusthan) for a long period has historical meanings that also flourished under Prithvi Narayan Shah.

## Keywords

Nepal, unification, hinduism, Hindu state, Gorakhpur, Gorkha

## Introduction

Nepal and India have long historical and cultural bonds that also determine the political and social systems of both countries. The historical relations between Nepal and other states of the Indian Subcontinent have common cultural heritages. The term roti-beti relation defines modern Nepal-India relations to a great extent.

King Prithvi Narayan Shah, who unified Modern Nepal in the seventeenth century, had a close connection with Gorakhnath Temple and Gorakhpur. According to Acharya (1967), Prithvi Narayan Shah married Narendra Laxmi, daughter of Thakur Dayaram Singh. The marriage was a milestone for the unification of Modern Nepal King Prithvi Narayan Shah, who got support from his in-laws. Furthermore, Prithvi Narayan Shah frequently travelled to Gorakhpur and Banaras to collect weapons as well as diplomatic meetings with other Hindu Kings and Rajputs.

\* *Editor, reportersnepal.com*

According to GorkhaVamsavali (The chronicle of Gorkha), Prithvi Narayan succeeded in his enterprise in the favour of Gorakhnath (Bouillier, 1986: 133-136). Furthermore, Bouillier (1991: 4) stated Yogi Bhagavantanath, a member of the Yogi Sects a religious heir of Gorakhnath, actively participated in Prithvi Narayan Shah's conquest (unification of Modern Nepal). Bhagavantanath was also a strategist as well as a secret negotiator for Prithvi Narayan Shah (Bouillier, 1991: 5). Support from Nath Sects and Other Hindu kings was for the protection of Hindus who were continuously attacked by Mughals and powerful countries of Europe especially Christian States. Prithvi Narayan Shah established a powerful Hindu State on the foot of the Himalayan Region.

## **Objective**

The objective of the research is to highlight the support of Nath Sects in the unification of Modern Nepal by Prithvi Narayan Shah with his link to Gorakhpur. It also aims to show the significance of the roti-beti relation between Gorkha and Gorakhpur, which was a landmark for the unification of Nepal by Shah. It aims to extract the causes of the formation of the Hindu State in Nepal with the support of the Yogi Sects. It has highlighted the close cultural ties between the Hills of Nepal and the Gangetic plains, which have a common civilization and culture.

## **Methods**

The researcher applied the strategies based on grounded theory, which involves using secondary data to explore in-depth knowledge about the connection of Prithvi Narayan Shah to the unification of Nepal. Furthermore, the historical materials have been analyzed. The researcher has used various sources to gather the facts about Prithvi Narayan Shah's role in the unification of Nepal to save the Hindu State.

### **Prithvi Narayan's Connection with Gorakhpur**

Gorkha is a small kingdom in the past named after the Guru Gorakhnath. Ancient temples of Guru Gorakhnath, Gorakhkahil, show that the place was named after such gods and goddesses. Gorakhnath Temple in Gorakhpur is closely related to Shah Dyanasty, and the then-kings

had pilgrims visit there. The religious connection between Gorkha and Gorakhpur shows the close ties between the two places for a long history. According to Vansawali, Prithvi Narayan Shah united Nepal with the blessing of Gorakhnath (Gurung, 2018). The religion's meaning of blessing has shed light on the support of the Yogi Sects with a direct connection with Gorakhnath. Yogi Bhagavantanath, who played an informer and secret negotiator, applied the Machiavellian policy for the unification of Nepal (Boullier, 1991). From 1744 to 1754, Prithvi Narayan conducted the Bhagavantanath policy of encircling the valley without military problems from Chaubisi.

Prithvi Narayan Shah married Narendra Laxmi, the daughter of Dayaram Singh, a Rajput from Gorakhpur (Acharya, 1967). He was the first King from the Hill to marry a Rajput princess from Madhesh. This marriage connected Gorkha and Gorakhpur. Gorakhpur, a holy place of the Nath Sect, has Gorakhnath Mathh, and the Yogi of the Mathh contributed to the unification of Nepal. Boullier (1991) mentioned Bhagavantanath as a Yogi, a historical person, a member of SaiviteKanphata Yogi Sect as such a religious heir of Gorakhnath, who actively participated in Prithvi Narayan's conquests. Yogi Bhagavantanath was a strategist of the Prithvi Narayan Shah's war for the unification of Nepal.

According to Acharya (1967), Prithvi Narayan Shah travelled to Varanasi as a pilgrim. However, he intended to buy guns. He bought guns through middlemen and also bought several types of war equipment. Shah also brought a Muslim Kaligad to produce textile products used in war. He travelled through the route of Gorakhpur. In his DivyaUpadesh, Prithvi Narayan Shah brought three Kaligads related to gun maintenance from Lucknow. According to Acharya (1967), Prithvi Narayan met wise persons in Varanasi and other major places to understand the situation of Hindustan. Prithvi Narayan Shah had learned the ground reality of Northern India and moved forward with his unification mission. He frequently travelled to Gorakhpur and Varanasi to grab the power and support of the Hindu kings and Rajputs.

## Prithvi Narayan's Role in Hinduisation

Prithvi Narayan Shah contributed to the formation of the Hindu nation of Nepal. When he started the unification, the Mughal Empire fell, and the British Empire began to expand in the Indian Subcontinent. Mughals then, after the Christian British Empire invaded Hindu kingdoms of the Indian Sub-Continent. The existence of small Hindu states was in trouble, which encouraged Prithvi Narayan Shah to unite them to protect the Hindus. Prasain (2018) argued that Prithvi Narayan Shah united the small Hindu states rather than expanding the Gorkha Kingdom. British Colonial regime had an eye on the small Hindu States of Nepal and prepared to attack. Muslims demolished Hindu temples in India, and Christians also targeted temples and geared up the Conversion. Prithvi Narayan Shah saw the debris of Viswanath Temple in Varanasi, making him serious about this issue. Hindus were in trouble at that time, forcing Prithvi Narayan Shah to move for Hindu Unity.

Prithvi Narayan Shah contributed to the protection of the process of Hinduisation. In his *DivyaUpadesh*, Shah mentioned Nepal as a Real Hindu Nation (Asali Hindustan). Regarding the Hindu Majority in Nepal, Baidya (2018) argued that the concept of Asali Hindustan is appropriate here. Prithvi Narayan Shah understood the continuous security threat to the Hindus. According to Baidya and Mishra (1997: 22), Prithvi Narayan Shah met several Hindu Kings in Varanasi and sought assistance for his unification mission in Nepal. There was an agreement between Prithvi Narayan Shah and the King of Jajarkot. It shows that he attempted to unite the Hindu kings to ensure the protection of Hindu states. Yogi Sects has a prime role in his strategic steps in the formation of Hindu states.

Prithvi Narayan Shah's role was not only for Nepal but also for Hindus all over the world. His contribution was for the protection of the Hindu state in the Indian Sub-continent. When the British captured all the Hindu states, Prithvi Narayan Shah protected Nepal by unification. Hence, Nepal's identity as the only Hindu State is meaningful. Yogi

Narharinath mentioned Prithvi Narayan Shah as the Hindu Adhipati, the King who protected Nepal, the Hindu state, from external aggressions.

Hindu culture was threatened in the Kathmandu Valley, the holy place of Hindus. The kings of the Valley, King Ranajit Malla of Bhaktapur and King Jaya Prakash Malla from Kantipur, provided shelter to Kepuchin Priests, whom Prithvi Narayan realized were dangerous to the local culture (Acharya, 1967). According to Gurung (2018), Christian Pastors made their shelters in Kathmandu Valley during the Malla Rule. Shah, a devoted Hindu, took serious action against them.

Prithvi Narayan Shah made bold decisions throughout his rules. As a True Hindu, he took severe actions for the protection of Hindu culture. His decisions to deport the Pastors stopped the conversion in the Kathmandu Valley and its surroundings during the last era of the Malla Regime. Gurung (2018) mentioned that Prithvi Narayan Shah deported Pastors after his victory in Kathmandu. This decision made the British angry towards him. However, he further moved towards the actions against conversion.

Prithvi Narayan Shah prioritized internal culture and practice (KC, 2018). Prithvi Narayan Shah was a Hindu king. However, he worshipped Kumari, a practice of living goddess in the Kathmandu Valley (Gurung, 2018). Prithvi Narayan Shah not only accepted the religion and cultural practices of the conquered states but also practised them (Baidya, 2018). His priority was the local religion and culture, especially Hinduism.

## **Conclusion**

The close ties between Gorkha and Gorakhpur have a historical background supporting Prithvi Narayan Shah's unification process. The frequent visits of Shah in Gorakhpur showed that the support of Nath Sects and Yogis was important in his conquest. The blessing of the Nath Sects and the Yogis means all kinds of support in the steps of PrithviNaryan Shah's unification. It was the unification of Nepal and the pride of the Hindus losing their ground in the Indian Subcontinent in the 18th century.

Nepal's identity as the only Hindu state of the world has a historical background that Prithvi Narayan Shah saved the only Hindu State when all the Hindu Kingdoms fell under the British Regime. He saved Hindu culture and took strict action against conversion in the Kathmandu Valley and its surroundings. Prithvi Narayan Shah's contribution should not be limited to Nepal's unification; he also protected Hindu culture by saving only one Hindu state in the world. Hence, he is the great person for the Hindus worldwide. It is an injustice to limit Prithvi Narayan Shah's role in Nepal only because he saved the seed of the Hindu state in a crucial era. Hence, it is better to describe him as a great warrior who sacrificed his life for the sake of Hindu culture and safe land.

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# Culture in Cementing Indo-Nepal Ties

Avni Sablok\*

## Abstract

Similarities in civilizational traditions and cultures are instrumental in cementing a strong bond that cuts across geographical borders. As such, ‘culture’ has gained prominence in cementing ties with India’s immediate neighbors, particularly Nepal. With India-Nepal ties very often experiencing ups and downs, it is particularly important to underscore cultural similarities and amplify the soft power potential. In a deeply divided world order, India’s approach towards building a cultural connection through cultural diplomacy is deeply rooted in the Modi government’s Neighbourhood First Policy, of which the Himalayan Kingdom of Nepal is integral. Sharing cultural interests for some decades now, India and Nepal have been endeavoring to build a relationship connected by geographical boundaries and cultural heritage that enriches the legacy of the neighboring countries (India and Nepal), reorienting a new age of bilateral relations. With the growing focus on culture in Indian Foreign Policy, the paper seeks to analyse important questions juxtaposed in the conceptual framework of cultural diplomacy: What are the sources of cultural connections between India and Nepal? What are the strong points of soft power, and how can the governments of both countries leverage these soft power strengths to encourage bilateral relations?

## Keywords

Culture, civilization, religious bonding, Indo-Nepal relationship

## Introduction

Over the 75 years of diplomatic relations, India and Nepal have shared unique ties of friendship and cooperation, navigating various ups and downs. Whereas, on the one hand, the relationship suffered from ‘big-brother and small-brother syndrome’, on the other hand, civilizational traditions and cultures have been instrumental in cementing a strong

\* Senior Researcher, Public Policy Research Centre (PPRC), New Delhi

relationship cutting across geographical borders with ‘the elder brother looking after its younger kin’. In a deeply divided world order, India’s approach towards building stronger relations through cultural diplomacy and its enriching ethos, epics, and traditional knowledge has been deeply rooted in the Modi government’s Neighbourhood First Policy, of which the Himalayan Kingdom of Nepal is integral.

Prime Minister Narendra Modi rightly underscored the above during his visit to the Himalayan nation on 16 May 2022, “Nepal means the country of the world’s highest mountain-Sagarmatha! Nepal is the country of many holy pilgrimages, temples, and monasteries! Nepal means the country that preserves the ancient civilizational culture of the world! When I come to Nepal, I have a different spiritual experience than any other political visit.”<sup>1</sup> The civilization connections between the two nations celebrate ‘Roti Beti ka Sambandh’, with the Buddhist connection between Nepal and India dating back to the time of Emperor Ashoka, who sent his daughter Charumati to Nepal, who is said to have established a small stupa in Chahbahil and also married a Nepalese prince.<sup>2</sup>

The two open-border states have an age-old language, history, culture, tradition, and religion linkage. The interrelationship in various terms has posed positive pronouncements in political, social, cultural, and economic engagements. In fact, cultural similarities between these two countries are so prominent that it would be an exaggeration to maintain that we share the same history of culture and the same tradition. Therefore, this paper examines the sources of cultural connections between India and Nepal, the pillars of soft power strengthening the relationship between the two ‘cultural sisters’ and leveraging this

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1 Narendra Modi (2022) ‘The Budhha is an incarnation of the collective sense of humanity: PM Modi in Lumbini, Nepal’ [Online: web] Accessed 5 Sept. URL: <https://www.narendramodi.in/english-translation-of-prime-minister-narendra-modi-s-address-at-2566th-buddha-jayanti-and-lumbini-day-2022-event-in-nepal-561847>

2 Rae, Ranjit (2021), *Kathmandu Dilemma Resetting India-Nepal Ties*, Haryana: Penguin Random House India.

cultural connection by the governments of both countries to embolden bilateral relations.

### **Civilizational and Cultural Connection**

The whole picture changes when culture and civilization come together; culture inspires us to be diverse. Thus, culture is the binding force that connects two people and two countries. Not only cultural similarities but ‘cultural diversity’ unite nations together. Nepal looks up to India and vice-versa when celebrating diversity across cultures, religions, and even languages. Thus, from the lens of soft power, the two nations fall more in the category of ‘cultural sisters’, finding unity in similarities as well as diversity.

These cultural similarities transcend geographical boundaries but do not infringe on them. It connects the people and places of both nations without harming their territorial integrity and sovereignty. People living in the bordering areas of India and Nepal celebrate each other’s lifestyle, language, literature, and culture. They cherish traditions and festivals but rarely care for the language of politics or hate. Simply put, heart-to-heart relations matter more for them in celebrating the legacies of cultural exchanges. Through this study, it was enriching to find that these linkages even go beyond the bordering states, with deep religions and marital connections of Nepali communities with some western and southern states in India.

### **The Roots of Relationship**

India and Nepal share unique ties of friendship and cooperation characterized by an open border and deep-rooted people-to-people contacts based on kinship and culture.<sup>3</sup> The relations between these two neighbouring countries are prominent, not only because of antiquity but also for its continuity and gradual consolidation. Geographically, Nepal shares a border of over 1850 km with five Indian states – Uttar Pradesh, Sikkim, West Bengal, Bihar and Uttarakhand. The India-Nepal

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<sup>3</sup> Ministry of External Affairs (2020), Government of India, Ministry of External Affairs, Brief on India- Nepal Bilateral Relations, February.

Treaty of Peace and Friendship of 1950 forms the bedrock of the special relations between India and Nepal.

Historically, we can trace Nepal-India relations since the 6th century B.C.E. It is written in Pali literature that King Prasenjit of Kaushal, who was contemporary to Lord Buddha, ruled the Shakyas of Kapilavastu. The history of these two countries is closely woven together across different periods. Perhaps this is the reason that Prime Minister Shri Modi rightly said, “Our Ram is also incomplete without Nepal”.<sup>4</sup> Lord Rama married Sita, the daughter of King Janak, who was the ruler of Mithilapuri (Janakpur), now a part of Nepal.

From the Ramayana period to the present era, marital relations have been followed between the Royal families of India and Nepal. And such relations are not limited to royal families only. Several prominent Rana clan members in Nepal married Indian women, a tradition that continues to date. Similarly, the Marwari families of Nepal continue to maintain strong links with Rajasthan.<sup>5</sup> Further, it is not only the border states that share this unique cultural relation with Nepal but also states such as Maharashtra and Karnataka that have a rich cultural legacy with the Himalayan state.

An interesting connection has been established by historians between the Taleju Bhawani temple in Bhaktapur, near Kathmandu, Nepal, and the Tulja Bhawani temple in Tuljapur, near Solapur in Maharashtra. The Taleju Bhawani temple in Bhaktapur is one of the three main temples in Nepal dedicated to Goddess Taleju Bhawani, built in the 1500s by the Malla kings, who claimed themselves to be the decedents of ruler Nanyadeva, the founder of ‘Karnataki’ or the ‘Karnat’ dynasty of Mithila in Nepal. It is said that King Harisingh Deva, one of the decedents, fled

4 Narendra Modi (2022) ‘The Budhha is an incarnation of the collective sense of humanity: PM Modi in Lumbini, Nepal’ [Online: web] Accessed 5 Sept. 2022 URL: <https://www.narendramodi.in/english-translation-of-prime-minister-narendra-modi-s-address-at-2566th-buddha-jayanti-and-lumbini-day-2022-event-in-nepal-561847>

5 Rae, Ranjit (2021), Kathmandu Dilemma Resetting India-Nepal Ties, Haryana: Penguin Random House India.

to the Nepali hills from an invasion and brought with him the Yantra (a gematrical diagram used in tantric worship) of the Goddess Bhawani, which his ancestor had brought him from the South and installed it in Bhaktapur temple in Nepal.

Historians like RC Mazumdar and KP Jayaswal connect the Karnataki dynasty to the invasion of Chalukya kings, who ruled from Badami in Karnataka and Rajendra Chola's army, who carved the kingdom in the north. Also, some of the chronicles of Nepalese kings, also known as 'Bhasha Vanshalis', trace the original home of these kings to the 'Konkan Desha', who had settled on the banks of river Chandrabagha before moving North. The river Chandrabagha flows through the Solapur district of Maharashtra, near Tuljapur, where the Tulja Bhawani temple is located. Also, it establishes further linkages with the Tulja Bhawani, the family deity of Maratha ruler Chhatrapati Shivaji.<sup>6</sup>

### **Our Religious Bonding**

Engulfing visitors with a mystic touch, the Pashupatinath temple in Nepal and Kashi Vishwanath temple in India are holy places and pilgrimages for Hindus all over the world and have an intrinsic relationship. This religious bonding constitutes several aspects, such as Nepali priests serving in the Kashi Vishwanath Temple and Indian priests serving in the Pashupatinath Temple. Kashi is one of the major religious destinations for the elderly people of Nepal; Kathmandu and Varanasi are considered sister cities. Ganga Arti of Varanasi is followed in the Pashupatinath Temple on the bank of the Bagmati River.<sup>7</sup>

Such is the civilizational connection with India that, according to tradition, only the high priests of Pashupatinath, who are Indians, are allowed to touch the holy Shivalinga. Even the head priest of the

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6 Chavan, Akshay (2018), "The Goddess Who Went to Nepal" [Online: web] Accessed 5 Sept. 2022 URL: <https://www.livehistoryindia.com/story/intersections/the-goddess-who-went-to-nepal>

7 Faculty of Social Sciences, BHU, Varanasi and Nepalese Students in BHU 'Commemorating Democracy of Nepal: Different Facets' [Online: web] Accessed 5 Sept. 2022 URL: <https://bhu.ac.in/seminar/mar2020/05/0001.pdf>

Pashupatinath Temple and some junior priests belong to a Brahmin lineage from Karnataka. Also, the panchamukhi jyotirlinga, residing in the Pashupatinath, is conjoined with the Kedarnath jyotirlinga, worshipped by millions of Hindus in Nepal and India.<sup>8</sup>

The way culture and religion have weaved the two ‘sisters’ together is also reflected in the way Buddhism has flourished across the region. Whereas Lumbini in Nepal is the birthplace of Gautam Buddha, India is also home to some of the most sacred sites of Buddhism: Bodh Gaya being the place of Lord Buddha’s enlightenment, Saranath, of his first sermon and Kushinagar, of his Mahaparinirvana. Also, not to miss out on counting Shravasti, where the Buddha preached for many years. Nalanda and Rajgir are among several others. The deep Indo-Nepal cultural relations can also be witnessed from the fact that during Makar Sankranti, the King of Nepal used to send Khichadee (Polenta) as an offering to Guru Gorakhnath. The tradition continues today.<sup>9</sup> Further, the king of Nepal donated musk to the Jagannath temple in Odisha, and India provided Chandan to the Pashupatinath Temple. When Prime Minister Narendra Modi visited Nepal during his first tenure, on 4 August 2022, he donated 2500 kg of sandalwood to the Pashupatinath Temple, upholding the ancient cultural and religious tradition that binds the two nations.<sup>10</sup>

Even our customs and traditions have striking similarities. From greeting each other with ‘Namaste’ (palms together in a prayer-like gesture) to our food habits and preferences, they are similar on both sides of the border. Language is yet another component of Nepal-India cultural affinity. People in both countries share many languages. Such common languages include, *inter alia*, Nepali, Maithili, Bhojpuri, Hindi, Avadhi,

8 Rae, Ranjit (2021), *Kathmandu Dilemma Resetting India-Nepal Ties*, Haryana: Penguin Random House India

9 Business World (2020), ‘India’s Border States Enjoy Historical, Cultural Ties With Nepal’ [Online: web] Accessed 5 Sept. 2022 URL: <https://www.businessworld.in/article/India-s-border-states-enjoy-historical-cultural-ties-with-Nepal/15-08-2020-309067/>

10 Rae, Ranjit (2021), *Kathmandu Dilemma Resetting India-Nepal Ties*, Haryana: Penguin Random House India

etc. Sanskrit, which is regarded as the language of the gods and saints, is the root of many of these languages. Even the poets before Bhanubhakta Acharya considered the first poet of the Nepali language who translated the Ramayana from Sanskrit to Nepali, usually wrote poetry in Sanskrit. Nepal and India both use the Devnagari script in writing Nepali, Hindi and many other common languages. Many religious texts, including the Vedas, Upanishads, Puranas, and Tripitak, are written in this script. For instance, Buddhist texts such as Prajnaparamita are in Sanskrit, not Pali.

People of both countries share common religious faiths and philosophies and revere and worship the same gods and incarnations (like Shiva, Ram, Sita, etc.). Another component of Nepal-India cultural relations is cinemas and music. Indian movies are popular in Nepal, and so is Indian music. Popular Indian movies in Nepal – Roja (1992), Mann (1999), Gharwali-Baharwali (1998).

### **Neighborhood First Policy- Generating and Reviving More Areas of Engagement**

Under the Neighborhood First policy, India is actively focusing on improving ties with its immediate neighbors; the first step in this direction was the invitation to all heads of state/governments of South Asian countries, including Nepal, to the oath-taking ceremony of PM Modi in 2014. Thereafter, the two cultural sisters, India and Nepal, actively pursued official visits at the prime ministerial and foreign minister levels. These official visits have added symbolism and substance to the two countries' socio-cultural linkages.

During his recent visit, Nepal Prime Minister Sher Bahadur Deuba visited prominent temples in Varanasi, which included the Kaal Bhairav, Kashi Vishwanath and Samrajyeshwar Pashupatinath shrines and expressed his gratitude towards both Prime Minister Narendra Modi and Chief Minister Yogi Adityanath, for the 'darshan' of Lord

Vishwanath.<sup>11</sup> This cultural connection is rooted in divinity and ancient tradition, connecting India and Nepal as ‘cultural sisters’.<sup>12</sup>

This was followed by Prime Minister Narendra Modi’s official visit to Lumbini, Nepal, on May 16, 2022, which coincided with the auspicious occasion of Buddha Purnima. He visited the Mayadevi temple, within which lies the birthplace of Lord Buddha. After that, the two PMs also lit lamps near the Ashoka Pillar adjacent to the temple, which was erected by Emperor Ashoka in 249 BC and bears the first epigraphic evidence of Lumbini being the birthplace of Lord Buddha. His visit reiterated the message of peace, compassion and non-violence preached by the Buddha and spread by the roaring lions in the four directions, as depicted in the Lion Capital of Ashoka, our national emblem — a message that calls for shunning extremes in the ideology and thought and following the middle path forged through tolerance, dialogue and debate, and reconciliation and consensus.

On the 75th year of Independence, when India is celebrating its freedom fighters and forgotten heroes, Prime Minister Modi’s Lumbini visit signifies the importance India gives to Nepal — the two countries and their people actually fought together against the colonial British rule. During the colonial rule, Nepal became a safe haven for some of the Indian freedom fighters such as Begum Hazrat Mahal of Awadh went to exile in Nepal, and Nana Saheb Peshwa fled to Nepal during the First War of Independence, Rani Jind Kaur, wife of Maharaja Ranjit Singh, sought refuge in Nepal after the 2nd Anglo-Sikh war of 1849 and during the Quit India Movement in 1942, Jayaprakash Narayan and Ram Manohar Lohia organized a jailbreak with the help of their Nepalese compatriots. The above also showcases, once again, how India’s commitment to peace and prosperity in Nepal has been unwavering.

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11 Dikshit, Rajeev, ‘‘Feeling blessed’’, says Nepal PM Sher Bahadur Deuba after darshan at KV Dham in Kashi’ [Online: web] Accessed 7 Sept. 2022 URL: <https://timesofindia.indiatimes.com/city/varanasi/feeling-blessed-says-nepal-pm-sher-bahadur-deuba-after-darshan-at-kv-dham-in-kashi/articleshow/90630492.cms>

12 ‘Nepal PM Sher Bahadur Deuba offers prayers at Kashi temples, says he is feeling blessed’ [Online: web] Accessed 7 Sept. 2022 URL: <https://www.hindustantimes.com/cities/lucknow-news/nepal-pm-sher-bahadur-deuba-offers-prayers-at-kashi-temples-says-he-is-feeling-blessed-101649002525284.html>

Later, Prime Minister Modi and Prime Minister Deuba participated in the ‘Shilanyas’ ceremony to construct the India International Centre for Buddhist Culture and Heritage in Lumbini. This was one of the many initiatives that the Indian government was ready to initiate to revive and cement cultural ties with its Himalayan neighbour. Further, this unshakable relationship between India and Nepal can be strengthened by making inroads into Nepal through cultural routes and reviving natural trust in bilateral relations and cooperation. In this regard, including Buddhist sites in Nepal, such as Boudhanath, Swayambhunath, Kapan Gompa, Pokhara, Lumbini, and Chitwan in the Buddhist Circuit and Janakpur, the birthplace of Maa Sita, in the Ramayana Circuit, under Swadesh Darshan Yojana are the steps in the right direction.

Indian initiatives to promote people-to-people contact in the fields of art and culture, academics and media include cultural programmes, symposia and events organized in partnership with different local bodies of Nepal, as well as conferences and seminars in Hindi. Familiarization visits to India by Nepalese journalists/editors and short-term training in India for Nepalese editors/ journalists/experts/officials in the field of print and electronic media and archaeology. Swami Vivekananda Centre for Indian Culture was set up in Kathmandu in August 2007 to showcase the best of Indian culture.

B.P. Koirala India-Nepal Foundation was set up in 1991 through an MoU signed between the Governments of India and Nepal. The Foundation’s objective is to foster educational, cultural, scientific and technical cooperation between India and Nepal and promote mutual understanding and cooperation by sharing knowledge and professional talents in academic pursuits and technical specialization. Likewise, hundreds of thousands of Nepali students are pursuing higher education in Indian colleges and universities. The Government of India, through its cultural arm, the Indian Council for Cultural Relations, provides many scholarships to Nepali students every year. Every year, many Nepali students move to India to earn higher degrees and become the preferred human resource for the nation. This is how the youth cement the cultural relationship between the two neighbouring countries.

Further, the two nations signed six agreements during Prime Minister Modi's recent visit, which also included a memorandum of understanding (MOU) between ICCR and Lumbini Buddhist University on the establishment of Dr Ambedkar Chair for Buddhist Studies, an MoU between ICCR and CNAS, Tribhuvan University, on the establishment of the ICCR Chair of Indian Studies, an MoU between ICCR and Kathmandu University on the establishment of the ICCR Chair of Indian Studies. These agreements will further inculcate a better understanding of the cultural linkages between the two "cultural sisters".<sup>13</sup>

## Way Forward

Apart from strengthening the existing cultural connection, the respective nations' governments need to give due recognition to the uniqueness of their cultural similarities and assist each other in exploring new avenues of cooperation. Revival and revisiting of old connections, such as the visit by Guru Nanak Dev to Kathmandu and several other places in Nepal during his third Udasi and the establishment of a Nanak Math in Kathmandu, has the potential to increase the inflow of the number of pilgrims and boost tourism.

Further, even as India moves towards the completion of its development targets, it continually partners with its neighbouring countries, such as Nepal, according to their needs and priorities. One such area of cooperation is promoting holistic development through assistance in better road connectivity between the cultural and religious sites under the Buddhist circuit, the Ramayana Circuit, and even discovering the possibility of a Sikhism circuit.

This could be implemented under the Swadesh Darshan scheme, the core components of which include promoting and harnessing the

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13 Ministry of External Affairs (2022), Government of India, Ministry of External Affairs, press release of Ministry of External Affairs: List of MoUs /Agreements signed and exchanged during Prime Minister's visit to Lumbini, Nepal, 16 May URL:<https://www.meaindia.gov.in/outgoing-visit-detail.htm?35314>List+of+MoUs+Agreements+signed+and+exchanged+during+Prime+Ministers+visit+to+Lumbini+Nepal>

potential of tourism, building sustainable tourism infrastructure, and coordination between border area management officials from both sides. Another area of mutual assistance could be boosting air connectivity by extending the outreach of the UDAN Scheme through the ‘hub and spoke model’ between the designated sites. Further, UNESCO has recognised Lumbini, the Birthplace of Lord Buddha in Nepal as well as the Mahabodhi Temple Complex at Bodh Gaya and Archaeological Site of Nalanda Mahavihara at Nalanda in India as heritage sites. Efforts to recognise the whole Buddhist circuit as a heritage site, along with a master plan, could be a step in the right direction.

Prime Minister Narendra Modi, while quoting Lord Buddha, underscored the importance of strengthening friendship for the greater good of humanity, “Lord Buddha says: (सुप्पबुद्धं पबुज्ञक्ति, सदा गोतम-सावका । येसं दिवा च रत्तो च, निच्चं बुद्धगता सति ॥) That is, those who are always engaged in friendship, in goodwill, those followers of Gautama are always awake. That is, they are the real followers of Buddha. Today, we have to work for the whole of humanity. With this spirit, we have to strengthen the spirit of friendship in the world. I am confident that India-Nepal friendship will continue to work together to fulfill this humanitarian resolve.” Prime Minister Modi’s recent visit to Nepal has provided an opportune moment for India to utilise the soft power matrix to benefit both nations.

# **The Cultural Foreign Policy that Nepal should Implement**

**Prem Raj Neupane, PhD\***

We can learn from history the various steps Nepal has implemented to make itself strong globally. Considering the physical importance and situation of the country, although there are some differences in the lexicon used regarding foreign policy, in essence, they are the same from historical times. As Nepal is situated between the giants like India and China, its most important relationship is with them. From a historical perspective, Nepal's relationship with India and China has been unique for a long time. Nepal is landlocked, so it maintains a deep and cordial relationship with India and China. Likewise, Nepal needs to promote its established norms and values globally based on the strong relationships with both countries.

On the global map, Nepal is a small country. This point becomes even more prominent as it lies between two big countries. As almost six dozen countries are smaller than Nepal, Nepalis need not feel their country is small. As Sagarmatha, the highest mountain in the world, is in Nepal, Nepal is considered the country with the highest elevation point on earth. We need to promote this strength to the world and create an environment to take pride in because we come from a country with the highest mountain. If we can establish our viewpoints, ideological dialogue and practice of having the highest standards, then the world accepts our existence. As Nepal is known as the land of Buddha, we can establish the country based on Buddha's teachings, values and norms.

**चरत भिक्खवे चारिकं .....**

**बहुजन हिताय बहुजन सुखाय ॥**

As the saying goes, travel around the world for the benefit of the masses. Travel the world to benefit the many and promote your religions.

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\* Associate Professor, Nepal Sanskrit University

From this viewpoint, we can make the world our own. Nepalis have the best ability to think about everyone's welfare. Buddha renounced the materialistic concept of doing for oneself, which had a deep impact on Nepalis. It can be a topic of critical international relations for Nepal to use that ability and mentor ship. In order to relieve the world from the horrors of war and the collision of conflicts, the path laid out by Buddha can be the path for Nepal. And it is the responsibility of Nepal to guide the world on that path. If Nepal can weave these issues into its foreign policy, it can create a strong place in the eyes of the world.

Finance rules the race for weapons, trade and politics in the world. Nepal cannot be the global leader from an economic perspective but can leave a mark in service, education and health. Nepal is reaping some financial benefits from the labour of our youth serving worldwide. If we can liberalize education and diversify health, Nepal can gain economically and strategically. We can reach equal status in discussion, interactions and collaboration with other countries through education, service and health. But we should not be limited to those goals; we should strive to make our country reach the highest position and prepare accordingly. If we can transition from a developing country to a developed one, our journey towards the destination will start.

We can establish our existence through foreign policy as countries communicate with each other through diplomatic relationships. Foreign policy is determined based on the pace of the country's development, physical situation and the ideology of the country. There are differences in a developed country's relationship with another developed country, a developing country and an under developed country. The economic status of the relevant countries determines the ease of travel for people between the countries. Thus, Nepal needs to deliberate while preparing plans. She needs to study how our ancient norms and values have provided a global view and how she can establish herself in the world. For such outcomes, cultural and religious dimensions have an essential role.

## **Cultural and Religious Dimensions**

Nepal can quickly establish itself in the world through Hindu and Buddhist religions. Nowadays, the appointment of ambassadors and other staff for foreign missions that work as important foreign policy tools are done through ideological conformity, and the country has not realised its potential. The country has to bear unnecessary losses as people are not appointed to work as per their qualifications. In ancient Nepal and India's state structures, Buddhist teachers used to visit other countries to represent their countries and promote the religion. They would share their knowledge, religion, and culture and establish their countries ideologically in those countries. Although they had to face harsh terrain, remoteness and language difficulty, they devoted their life to propagating their culture, civilization and identity in other places. Those efforts promoted religion, increased political influence, and created a favourable environment for the country. Their motive was not limited to political benefit but driven by altruistic feelings of the general welfare and corresponding behaviour. Because of these aspects, religious teachers were accepted by society. The structure for present-day international relationships also requires the ancient system of service and help.

People used to make efforts to acquire wisdom with the feeling that the kings were worshipped in their own countries, but wise people were honoured everywhere. People used to promote knowledge, thinking that knowledge was the real wealth. It would not require a visa to move around to acquire knowledge, and people imparting knowledge were all around the world. In the present context, a visa is provided, but it is accessible to people with knowledge or ability. Thus, Nepal and other developing countries should use the path of expertise to establish themselves globally.

The world will automatically accept the people who are marching to have everyone's potential realized, but that feeling should be translated into action along with words. The government should also take the initiative to utilize people with these feelings to have a meaningful presence in

the world. Swami Vivekananda fits this description, and through his actions, India's stature increased worldwide after the Chicago Summit. And the world had to give high credit to India's knowledge. Such able and talented people should transfer their knowledge to others and people of younger generations. Swami Vivekananda used the power entrusted by Ramkrishna Paramhansa for the welfare of the country. And that power vanished due to a lack of people with the ability to receive such power. The state should make plans for the inter-generational transfer of those abilities through institutional manners.

Paramhansa Yogananda played an important role in increasing the stature of India and made yoga acceptable throughout the world. Arabinda attracted the world towards India, and his contributions have added many dimensions to India's foreign policy. The special cordial relationship with France was possible due to his contribution, and that influence spread throughout Europe. Arabinda's main disciple was a French woman who received Arabinda's divine power. That has been used to deepen the international relationship. In order to establish mutual relationships between countries, individual relationships are important. Thousands of people who have received and have been influenced by Arabinda's teachings have played crucial roles in deepening their relationship with India.

That power provided immediate benefits. The divine power was also transferred to another generation, and the influence of Hinduism increased throughout the world. That power was transferred to a teacher, Sada Shiva Golwalkar, from the main disciple of Arabinda. Considering that if a person is the main focus, arrogance might arise in that person, Gowalkar transferred the power to a saffron flag. Even today, millions of people who consider the saffron flag as their teacher are scattered around the world, focused on foreign relations and total human welfare and are working to reestablish the influence of the Indian sub-continent in the world.

In another example of India, a western scholar named J Bennet promoted Raman Maharshi. Those actions helped bestow the title of world guru to India, and the world was deferential to India. We can find the facts in the history books that divine individuals like Shyamacharan Lahadi, J Krishnamurthy, and Rabindranath Tagore have helped establish their influence in India.

Shivapuri Baba came from India and mediated in Nepal. The then Nepali power state had total confidence in his powers and knowledge. He had an important role in the relationship between Nepal and India.

Nepal is an example of how marriage relationships can be used to spread influence throughout the world. After Bhrikuti was married to a king of China, Nepal could breathe a sigh of relief regarding possible attacks from China. That relationship helped bring Nepali culture to Beijing, China's capital city.

Nepali royal families had marriage relationships with people from India, which helped create a cordial and trusting relationship between the two countries. These examples are found in India, China, Europe, America and other countries. The practitioners of foreign relationships should have knowledge about marriage relationships as they impact the relationship for a long time.

The world is considered a small village due to the ease of communicating with each other. If Nepalis are married to people with influence in other countries' state machinery, then we should identify those and make efforts to benefit from those relationships. As the daughter of Janak, Janaki was married to the prince of Ayodhya, Rama; its impact is still felt. Our cultural history, ancient stories, Veda, and Upanishads have exhibited different dimensions of foreign relationships. We should deeply understand those contexts and use that knowledge accordingly.

Sanskrit poet Kalidas was an intellectual from Ujjain, India. The fourth-century poet talked about Chinese silk. That proves that there used to be trade of commodities and knowledge exchange during that time. The

cultures of Nepal and India were propagated to Europe through the Silk Road.

The Silk Road played an important role in strengthening the mutual relationship between China, Nepal and India and introducing our civilization to the world.

Almost all the scriptures of Buddhism have been translated into Tibetan. Indian teachers promoted Buddhism in Tibet after travelling there from Nepal. In order to publish the Buddhist scriptures and translate them into Tibetan, many of them were handwritten in tree barks in the Kathmandu Valley. Thus, through Nepal, Buddhism was promoted to Tibet and China. Informal relationships were established when Buddhist teachings were being promoted. A scholar from one country is like an ambassador, and these types of relationships are important in strengthening the relationship between the countries. When there are people-to-people relationships from different countries, it will help in informing about the feelings of people about the other countries. Because of the promotion of Buddhist religion, Nepali culture and traditions were propagated in those countries.

Cultural organizations can play an essential role in strengthening the relationship between countries in modern times. The government should prepare a plan for developing personalities that think about the country's welfare and utilize the people divided along the religious, cultural and ideological lines to deepen the country's relationship with other friendly countries.

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## Technical Session VI Chaired by



**Sahil Aggarwal**

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**Session VII**  
**Development 2.0:**  
**Industries, Infrastructure and Innovation**



# Analysing the Impact of Globalisation in Nepal

Dr. Neha Sinha\*

## Abstract

Globalisation in Nepal has accelerated after Nepal gained its WTO membership in 2004. The country adopted the policy of liberalisation, privatization, and globalisation (LPG) - after getting back to multiparty democracy in the early 1990s. Globalisation has had a huge impact on Nepal, and it has offered many opportunities as well as challenges for the country. It can be said that it is one of the significant drivers for Nepal to adopt liberal economic policies, further leading to an increase in foreign direct investment, tourism and remittances, which have, in turn, helped reduce poverty and unemployment in the country. With respect to this list of issues, it is taken for granted in this paper that globalisation exists and that it is a very important phenomenon. The main objective of this paper is to comment on the impact of globalisation, particularly in terms of the effects on the Nepalese economy. Further, this paper examines the implications of globalisation on Nepal's economy and concludes by summarizing both the advantages and disadvantages of globalisation in Nepal.

## Keywords

Globalisation, world order, education, Nepal

## Introduction

Globalisation is the movements and exchanges of human beings, goods, services, capital, technologies or cultural practices all over the planet. It further promotes interactions between different regions and populations across the globe. Therefore, it is important to analyse how globalisation impacts the world order, and we will take Nepal as the case study. Globalisation in Nepal has accelerated after Nepal gained its WTO membership in 2004. The country adopted the policy of liberalisation,

\* Assistant Professor, Dr. B.R. Ambedkar University, Delhi

privatization, and globalisation (LPG) - after getting back to multiparty democracy in the early 1990s.

There are both kinds of people, one in support and the other not in support of the process of globalisation. People who support globalisation argue that it can help poor countries' domestic businesses reach the international market, which can help citizens increase their standard of living. However, people, on the other hand, are of the view that globalisation has only helped the western countries, not the poor ones. Today, most Nepalese businesses and entrepreneurs have been struggling to compete with multinational companies (MNCs) because of their huge capital and investment. People not in favour of globalisation seem to have a different opinion; for them, globalisation has resulted in several issues that have become a challenge for the country.

There are specific positive impacts of globalisation in the context of Nepal. Globalisation has increased access to various goods and services available in the country at lower prices. Moreover, the free flow of information and technology has brought different opportunities. For example, there is access to search engines, where we can find various reading materials to enhance our knowledge about a specific field. Similarly, with the help of technology, it has become easy to transfer our ideas and knowledge from one place to another and can connect beyond our borders. Also, Nepalese no longer have to rely on one product or service, as we can find various alternatives to buy products that match our criteria. Globalisation has led to the creation of job opportunities in labor-rich nations like Nepal. Furthermore, the process has brought social-cultural transformation, where we can see that as a result of globalisation, many countries have been peacefully celebrating each other's culture, religion, and traditions for the past few decades.

Emerging Regional integrations such as SAARC, BIMSTEC, etc., have become effective ways to overcome divisions that impede the flow of people, ideas, products and services and constrain economic growth. Globalisation has also increased people's participation in showing support and raising voices against injustice, inequality, and corruption.

For example, when we see people in western countries fighting against inequality or corruption, it directly or indirectly impacts the country as well, as people here raise their voices against such activities to show participation. Globalisation has enhanced the voice against global issues with the help of social media. Many people are coming forward to raise their voices against issues like climate change, terrorism, racial discrimination, and so on. More helping hands than before can be seen in our day-to-day life, which in the past was limited only to local authorities. For example, when an earthquake hit Nepal, different countries came together to help Nepal by providing health assistance, sanitation, food, and other essentials. Crowdfunding is another example where people can ask for donations via the internet to support their cause, and interested ones can donate.

### **Impact of Globalised Education in Nepal**

The change in people's income and purchasing power influences the demand for education and the consumption of high-quality goods and services in the country and abroad. Education collaboration with foreign universities and the exchange of students and faculty members influence the education environment of both countries. Educational earnings or loans from the public sector control the banks to advance the capacity for lending and accepting deposits.

Along with some of the positive impacts, globalisation also has some negative impacts on Nepal in the new world order. First and foremost, economic globalisation has increased the gap between poor and rich countries. As a result, Nepal has seen domestic businesses struggling to thrive because of multinational corporation dominance. Globalisation has also resulted in the exploitation of workers in Nepal, where the workers are paid just a tiny fraction of what would be paid to workers in developed nations. Another negative impact of globalisation is that it empowers multinational companies. For example, when multinational companies open up their businesses in the host country, they make sure to earn lots of profit, and after work is finished, profits usually go back to their home nation, and the host nations are left with nothing in their

hands. Due to globalisation, cultural importance has been gradually vanishing in most countries. As a result of globalisation, people are more attracted to Western culture, lifestyles, cuisines, and so on. For example, as we can see in today's context, most youths in Nepal prefer to speak in English, how Hollywood has impacted, and wear Western clothes at parties instead of their traditional dress. Political influence is another negative impact of globalisation on Nepal. The major world powers tend to intervene in internal affairs and influence the leaders of the respective nations to work for them and for their self-interest, which is not always in the favor of the citizens of these countries. For example, the Millennium Challenge corporation (MCC) in Nepal has been on the verge of controversy since the day it was proposed. As a result of globalisation, Nepal has faced the major problem of brain drain as skilled manpower like doctors and engineers are moving from their home country to abroad for better opportunities, which has resulted in a lack of skilled manpower for the country. Globalisation also results in the rapid circulation of diseases from one place to another. For example, the corona virus has affected Nepal significantly. Globalisation has also brought some major challenges around the globe, i.e. cyber attacks, communal riots, racial discrimination, environmental degradation, climate change, and so on.

### **Challenges Faced by Nepal in the World Order**

Today, globalisation is under attack around the world. There is pressure to roll back free trade, free markets, and free movement of people, which are virtues of globalisation (Whither Globalisation). Nepal's economic stability is susceptible to any adverse change in the global economy. Nepal is vulnerable to shocks in the regional economy due to its open border and currency and trading regimes being connected with its neighbouring countries. This has led to the emergence of a new world order.

### **Way Forward**

Nepal is highly affected by globalisation. The state of Nepal, political

parties, NGOs, net and internet, information communication technology, schools, hospitals, developments, mobiles and people's lives are running with globalisation. Now, we can think how much we are depending on and going at risk. There will always be two sides to every story. In regard to globalisation, people who are in favor of this concept argue that globalisation has more benefits than drawbacks, whereas people who oppose this concept argue that it has resulted in huge exploitation of workers, environmental degradation, and a huge gap between rich and poor countries. Whatever the extent of connectivity or integration, Nepal is learning to adjust to such external shocks by building powerful resilience mechanisms. Nepal has been globalizing quickly in recent decades. This has been the result of three major trends. First, many Nepalis have gone overseas for work, which has created and strengthened international ties. Secondly, an increasing number

of foreign tourists have been coming to Nepal. Finally, neighboring China has increased its interest in trade and commercial ties with Nepal. All this has brought about significant changes to this once rather isolated nation. Whatever pros and cons Globalisation has brought to the nation. We believe and hope to see Nepal rise and the people prosper.

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# **Determinants of Nepal's Trade with South Asian Countries: A Gravity Model Approach**

**Gyanendra Adhikari\***

## **Abstract**

This paper attempts to determine the factors for determining the bilateral total trade of Nepal with South Asian countries, endogenizing total trade (import and export), GDP, exchange rate, population, foreign trade policy index, GDP per capita, and distance for Nepal during the period from 2010-2021. Using the trade gravity approach, the evidence of co-integration exists among the variables used in the model, so there is a long-run association among the variables. Based on the fixed effect model and VECM model, GDP, population, foreign trade policy index, GDP per capita, and distance were found to be significant, and the exchange rate does not contribute to total trade in the Nepalese context. Most of the variables show the unidirectional causality leading to Nepal's total trade. Furthermore, the result also points out that most of the variables show unidirectional causality leading to total trade in the Nepalese context. Both the stability diagnostic and residual diagnosis tests indicate that the estimation is free from spurious form.

## **Keywords**

Gravity, total trade, vecm, causality, unidirectional

## **Introduction**

Nepal is a small South Asian country with a population of approximately 30 million. Nepal's government has been trying to integrate the country fully into the global economy. Nepal is one of the founding members of the South Asian Association for Regional Cooperation (SAARC), a member of BIMSTEC and became the 147th member country to join the World Trade Organization (WTO) membership in 2004. Foreign trade is understood as a country's trade with other countries. It is the exchange of capital, goods, and services across international borders

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\* Assistant Professor, Shankardev Campus, Nepal

or territories in a legal fashion. A nation's trade with others consists of imports and exports flowing in and out of the country, respectively. International trade arises because no country can be completely self-sufficient.

Trade in goods declined by 5.3 per cent in 2020. Trade in services also declined as limits to travel and other health-related restrictions prevented or severely curtailed face-to-face service delivery activities. Travel and transport services declined by 63 per cent and 19 per cent, respectively. Most of the 335 COVID-19 trade and trade-related measures identified in WTO trade monitoring reports were adopted on a temporary basis. In the early stages of the pandemic, most of the measures taken by WTO members restricted trade. But by mid-October, 195 (58 per cent) of the measures were trade-facilitating compared with 140 (42 per cent) that could be considered trade-restrictive. Around 39 per cent of the restrictive measures implemented in response to the pandemic had been repealed by mid-October. Some 18 per cent of trade-facilitating measures related to COVID-19 have also been eliminated. The trade coverage of pandemic-related trade-facilitating measures implemented since the beginning of the pandemic was estimated at US\$ 227 billion, while trade-restrictive measures stood at US\$ 180 billion. The WTO established an internal, cross-cutting working group to help respond to trade issues arising from the global health crisis. This was directed to help ensure comprehensive monitoring of COVID-19-related trade measures touching on WTO work(WTO, 2021).

The previous studies conducted to analyze the direction and pattern of trade generally agree that the countries involved in trade and exchange mutually gain. However, such gain from international trade is not uniform and equal to all countries, depending upon several country-specific factors. The international trade-related studies done with some extension in an established model, including country-specific factors, can specify the model correctly to explain the variation in international trade. The United National Conference on Trade and Development (UNCTAD) has revealed that in 2011, out of \$69.72 trillion in world

GDP, \$18.20 trillion was traded across the countries. Based on the data, the share of international trade on world GDP accounts for 26.10 per cent, which reflects the growing importance of international trade in the world economy. Nepal has shown mixed economic performance in the last decade. The average GDP growth rate from 2000-2010 is 3.88 per cent. The GDP growth for Fiscal Year (FY) 2011-12 stood at 4.6 per cent, whereas it was 3.8 per cent in FY 2010-11. The sectoral contribution to GDP is estimated at 50.31 per cent by the tertiary sector, 35.68 per cent by the primary sector and 14.02 per cent by the secondary sector in the FY 2011-12, while the share of export in GDP reached 9.8 per cent and that of import in GDP stood at 32.6 per cent during the same period. Based on the open economic principle, liberalisation and privatization policy has been adopted in Nepal since the 1980s to maximise net economic benefit by opening up international trade activities in the country. The basic notion of open economic policy was to achieve economic development and growth by attracting domestic and foreign investment, generating employment opportunities and alleviating poverty. The process of opening the economy accelerated further after the restoration of democracy in 1990 by introducing new policies and amending existing policies in order to make them compatible with outward-oriented regimes. These policies include Industrial Policy 1992, Trade Policy 1992, and Privatization Policy 1994 (MOF & ADB, 2010).

Foreign trade is understood as a country's trade with other countries. It is the exchange of capital, goods, and services across international borders or territories in a legal fashion. A nation's trade with others consists of imports and exports flowing in and out of the country, respectively. International trade arises because no country can be completely self-sufficient. Trade between countries is therefore essential to ensure the supply of a country's needs. There is an unequal distribution of productive resources by nature on the surface of the earth. Countries differ in respect of climatic conditions, availability of cultivable land, forests, mineral products, labor, capital, technology, and

entrepreneurial skills. Given the diversities of resource endowment, no country has the potential to produce all the commodities at the least cost. Through international trade, nations can specialize in those goods they can produce most cheaply and efficiently. They export such products to others and, in return, import those products in which they have a comparative cost disadvantage in the production.

By importing the required raw materials, intermediate and capital goods and consumer goods and services, a country is able to enlarge its productive capacity, foster export growth, meet the growing domestic demand and raise the living standards and economic well-being of its population if these goods and services are not domestically available. On the other hand, exports are important for the growth process. Exports generate the foreign exchange necessary to increase the country's import capacity and boost its industrialization and overall economic activities, which augments its economic growth. Exports also enable them to expand their markets and hence take advantage of the economies of scale. Over the years, not only has the growth in world merchandise trade persistently outpaced the growth in the world output, but it has also been the key driver of the economic growth and development of the world's advanced, emerging and developing economies.

## **Objectives**

Identify which factors matter for bilateral trade flows in the case of Nepal and examine the effect of regional trade agreement (SAFTA) on trade flows in Nepal.

## **Review of Literature**

Modern trade theory is the product of an evolution of ideas in economic thought. In particular, the writings of the mercantilists, and later, those of the classical economists – Adam Smith, David Ricardo, and John Stuart Mill – have been instrumental in providing the framework of modern trade theory. The major pre-occupation of these international trade theorists was to explain the pattern of trade (i.e. which country trades in what good with which country). In addition to predicting and

explaining the composition and direction of international flows of goods and services, the array of trade theories that have been developed over the years also sought to assess the impact of trade flows on domestic welfare and to predict how national policies affect these flows, the prices of traded commodities, the prices of productive factors and, through them, domestic welfare of consumers. Since these early views on trade form the foundation of contemporary trade theory, and some of these views still influence present-day trade policy from time to time, in this section, we present a concise overview of these classical theories in terms of their views on the causes of international trade.

The ideas of Adam Smith, David Ricardo, and other classical economists emerged in reaction to the mercantilists' view on trade and the role of the government. Adam Smith demonstrated that the potential to gain from specialization applies not only to the assignment of tasks within a firm but also to trade between countries. Smith reasoned that trade between countries is based on absolute advantage, which exists when countries differ in their ability to produce commodities arising from technological differences. According to Smith, a country should export products in which it is more productive than other countries (that is, goods for which it can produce more output per unit of input than others can and in which it has an absolute advantage) and import those goods where it is less productive than other countries and has an absolute disadvantage. With free trade and government pursuing laissez-faire policies, Smith argued that world output would rise because of more efficient utilization of productive resources resulting from specialization and division of labor. Both nations will, then, end up consuming more of both commodities after exchanging (through trade) part of their output with the other nation for the commodity of its absolute disadvantage (Carbaugh, 2006; Dunn & Mutti, 2005; Salvatore, 1998).

The theory of absolute advantage seems to make sense in situations where the geographic and climatic conditions, special skills and techniques, and economic environment give natural or acquired absolute advantage to some countries in producing certain goods and services over others.

However, Adam Smith's absolute advantage can explain only a very small part of the world trade today because it is unable to explain why nations which are more efficient in the production of all the traded goods still trade with partners who have absolute disadvantages in the production of all the traded goods (Carbaugh, 2006; Salvatore, 1998).

Dissatisfied with this looseness in the absolute advantage theory, David Ricardo (1772–1823) extended the insight from Smith's free trade theory into the concept of comparative advantage to demonstrate that there exists a basis for mutually beneficial trade, even when one country is absolutely more efficient in the production of all goods than the other, provided that their relative costs, that is, the ratios of their real costs in terms of labor inputs, are different for two or more commodities. Ricardo posited that a country that is less productive in two goods still can gain from trade by exporting the good in which its relative disadvantage is smaller because the relative price of this good before trade will be lower than abroad. A country has an absolute advantage in both goods gains by specializing in producing the good with a more significant relative advantage. It can gain from trade by importing the product whose relative advantage is smaller, because the foreign opportunity cost of producing it is lower. Thus, the Ricardian model demonstrates that the difference in technology between the nations gives comparative advantage to some countries in the production of certain goods over others and motivates advantageous international trade (Anderson, 2004; Dunn & Mutti, 2005; Suranovic, 2006).

Although empirical verifications (MacDougall, 1951; Balassa, 1963; and Stern, 1962) confirm Ricardo's postulation that comparative advantage is based on a difference in labor productivity, the Ricardian trade model was criticized for its unrealistic underlying assumptions and its inability to neither explain the reason for the difference in labor productivity across nations nor the effect of international trade on factor earnings (Salvatore, 1998).

## The Gravity Model of Bilateral Trade

The gravity model has been the workhorse of empirical studies since its first application to analyzing the determinants of bilateral trade flows by its pioneers, Tinbergen (1962) and Pöyhönen (1963). As a reminiscence of the Newtonian theory of gravitation, the basic form of the gravity model of trade assumes that, just as planets are mutually attracted in proportion to their sizes and proximity, countries trade in proportion to their respective GDPs and proximity (Bacchetta et al., 2012). Worded differently, the gravity model assumes that the bilateral trade between any two countries is, all other things being equal, directly proportional to their economic size (i.e., their “masses” proxied by the respective GDPs) and diminishes with the distance between them.

According to Krugman et al. (2012), the gravity model works because large economies spend large amounts on imports because they have large incomes. They also tend to attract large shares of other countries’ spending because they produce a wide range of products and have a large domestic market. So, the larger the trade between any two economies, the larger the economy is.

On the other hand, the geographical distance between countries trade impedes trade flows. As a proxy of transportation costs, the farther apart countries are, the higher the costs (i.e., shipping costs, time-related costs, and costs of cultural unfamiliarity) associated with transporting the goods and services. This consequently reduces the gains from trade and, therefore, the volume of trade between the countries (Baxter and Kouparitsas, 2006). Krugman et al. (2012) also noted that trade tends to be intense when countries have close personal contact and close economic ties, and these contact and ties tend to diminish when distances. Thus, when trading partners are located far apart, the higher the required costs in their bilateral trade erode possible gains from trade and consequently discourage trade.

One prominent feature of the gravity model is that, unlike the supply-side classical models such as the Ricardian model (which relies on

differences in technology across countries to explain trade patterns) and the Heckscher-Ohlin (HO) model (that relies on differences in factor endowments among countries as the basis for trade), the gravity model of trade takes into account both supply and demand factors (GDP and population), as well as trade resistance (geographical distance, trade policies, uncertainty, and various bottleneck) and trade preference factors (preferential trade agreements, monetary unions, political blocks, common language, common borders, and cultural differences) in explaining the bilateral trade flows between countries (Luca De Benedictis and Vicarelli, 2004; Bacchetta et al., 2012).

### **Description of Variables and Data Source**

This study uses an annual panel data set on a South Asian country between 2010 and 2021. Data was collected from various secondary sources to analyze the determinants of Nepal's bilateral trade flows within the gravity model.

The availability of data on all the variables used in the study and the relative importance of each country in Nepal's total trade balance over the sample period each impact the choice of the sample period and countries in the cross-section in this study.

This paper has applied six explanatory variables as the determinants of Nepal's total trade with other countries in accordance with the theoretical model used in this study.

**Total Trade (TT):** The term “total trade” refers to the combined activities of exporting and importing that take place between the two countries. An implicit price deflator is used in order to determine the true values. The Department of Customs supplied the information requested regarding bilateral exports and imports. The researcher has also compiled the data using information from other sources, such as the economic review, the NRB, and the WTO.

**Gross Domestic Product (GDP):** The market value of a country's total production of goods and services is reflected in its gross domestic product. In order to account for inflation, it is expressed in constant

US dollars. The World Bank's World Development Indicators database provided the GDP information used in this report.

**Population (POP):** According to the United Nations Population Division's de facto definition, the total population includes all residents, regardless of legal status or citizenship, except for refugees who have not yet been permanently settled in the country of asylum. The United Nations Population Division, World Population Prospects, 2021, was used to obtain the total population of the selected countries.

**GDP per capita differential (GDPPCD):** This is calculated as the absolute value of the country in which the GDP per capita is the gross domestic product (in US dollars) divided by the total population. The World Bank's online database of World Development Indicators was used as a source for the data used to calculate GDP per capita.

**Distance (D):** This is the geographic distance, in kilometers, between the economic centers of Nepal and the capital cities of its trading partners, expressed in terms of the distance that a crow would travel in the same amount of time. The information regarding the distance comes from a website that offers an online distance calculator.

**Exchange Rate (RBER):** Exchange rates between trading partners' currencies and Nepal are referred to as "real bilateral exchange rates." Each trading partner's foreign currency is used to express the price of the Nepalese currency and is represented in US\$. The World Bank's World Development Indicators online database provided the data on currency average exchange rates.

**Foreign Trade Policy Index (FTPI):** The trade freedom index is a composite measure of the absence of tariff and non-tariff barriers that affect importing and exporting goods and services. This metric is included in the formula to measure the openness of trading partners to the flow of goods and services from all over the world, as well as the freedom of citizens to engage in international trade as buyers or sellers. In this case, the index ranges from zero to one hundred. No tariffs or non-tariff barriers are required by the government in order for a country

to be considered free of trade restrictions. It has been taken from the World Heritage Foundation's database of trade freedom.

## Specification of the Gravity Model:

The paper begins this section by defining a panel data analysis framework that allows for a wide range of models to be used for analyzing behavioral differences between groups of  $N$  entities ( $i, j: 1, 2, \dots, N$ ) over  $T$  years ( $t: 1, 2, \dots, T$ ). The basic framework for the discussion in this section is a regression model of the form.

$B_i = (\beta_1, \beta_2, \dots, \beta_n)$ : Sensitivity of each variable

Xit = (X1, X2, ..... Xn: Independent Variables)

The augmented gravity equation used in this research is as follows.

$$\text{LN TTijt} = \lambda + \beta_1 \text{LNGDPit} + \beta_2 \text{LNGDPjt} + \beta_3 \text{LNDijt} + \beta_4 \text{LNpit} + \beta_5 \text{LNFTPI} + \beta_6 \text{LNGDPCit} + \beta_7 \text{LNERit} + \varepsilon_{ijt} \dots \text{Eq. 2}$$

## Vector Error Correction Model (VECM):

In this study, the optimal lag is three. The trace value and Max Eigen test prove no co-integrating equation exists in the Johansson Co-integration. If all variables are stationary at the first difference  $I(1)$  and there is no co-integration, then there is no long-run association among the variables; instead, a short-run relationship can be established. Dependent Variable: D (LRGDP)

Method: Least Square (Gauss-Newton / Marquardt steps)

Sample (adjusted): 5 46

D(LNTT) = C(1)\*(-LNTT(-1)) - 8.06315942942\*LNP(-1) -  
 6.54629271595\*LNGDPC(-1) + 5.96377640224\*LNGDP(-1)  
 - 60.3734534631\*LNFTPI(-1) - 3.54014599702\*LNER(-1) +  
 6.96244378936\*LNDI(-1) + 358.89921253 ) + C(2)\*D(LNTT(-1)) +  
 C(3)\*D(LNP(-1)) + C(4)\*D(LNGDPC(-1)) + C(5)\*D(LNGDP(-1)) +  
 C(6)\*D(LNER(-1)) + C(7)\*D(LNFTPI(-1)) + C(8)\*D(LNDI(-1)) +  
 C(9)

## Results of VECM parameters

	Coefficient	Std. Error	t-Statistic	Prob.
C(1)	-0.463180	0.036652	12.63728	0.0000
C(2)	-0.588937	0.096374	-6.110934	0.0000
C(3)	-13.07311	1.683683	-7.764590	0.0000
C(4)	-10.83540	1.596723	-6.786020	0.0000
C(5)	-11.11202	1.587082	7.001544	0.0235
C(6)	-6.260136	2.680587	-2.643326	0.2275
C(7)	-2.133463	1.746556	-1.221528	0.0000
C(8)	3.430415	0.281719	12.17669	0.0000
C(9)	0.252531	0.214479	1.177415	0.2445
R-square	0.509620			
Adj. R-Sq.	0.432697			
F-test	6.625116			
P-Value	(0.000000)			
DW test	2.125437			

From the result of VECM, table No. 10, C (1) is the error correction term or speed of adjustment within which the model will restore its equilibrium following any disturbances. The coefficient C(1) is negative and significant; this states that there is long-run causality running from real bilateral exchange rate (LNER), population (LNP), GDP per capita (LNGDPC), foreign trade policy index (LNFTPI), distance (LNDI). This result has conformed to prior expectations. All variables except the exchange rate are insignificant in the above result, and C (9) is the intercept term. This is the log-linear model (Log-Log) model where coefficient C (3) represents that 1% increase in population decrease in real TT by 13.07%, coefficient C (4) represents that 1% increase in GDP per capita decrease in real TT by 10.83%, coefficient C (5) represents that 1% increase in real GDP decrease by 11.11%, coefficient C (7) represents that 1% increase in FTPI decrease in TT by 2.13%, coefficient C (8) represents that 1% increase in distance increase in real TT by 3.43%. Prob. of F-stat (6.62511), i.e., 0.0000, is also less than 5%, indicating that these six variables jointly influence total trade. R- Square 0.509620 means 50.96 % explained by these independent

variables to dependent variables. D-W test 2.1254 is near to 2, which indicates that there is no serial correlation normally.

### Fixed Effect Model

This model assumes that differences between individuals can be accommodated from different intercepts. The Fixed effect model differs from the common effect but still uses the ordinary least square principle. The assumption of modeling that produces a constant intercept for each cross-section and time is considered less realistic, so more models are needed to capture the difference. Fixed effects assume that differences between individuals (cross-section) can be accommodated from different intercepts Torres-Reyna, O. (2007).

Table 1: Fixed Effect Model.

Variables	Coefficient	Std. Error	t-Stat	Prob.
C	2965.325	2983.881	0.993790	0.3243
LNP	8.014623	1.316341	6.088561	0.0000
LNGDPC	-4.997058	1.590168	-3.142471	0.0075
LNGDP	8.678532	1.589042	5.461486	0.0000
LNFTPI	1.245847	0.338334	3.682299	0.0049
LNER	0.594133	0.792414	0.749776	0.4563
LNDI	-4.569725	0.975311	-4.685402	0.0002
R-Square	0.718045			
Adj-R Square	0.683020			
F-Stat	420.0322			
Prob (F-stat)	0.000000			

Table 1 shows the result of the fixed effect model beta coefficient, standard error, t-values and their p-values. All the coefficient values are significant because each coefficient's P-value except LNER, i.e. (LNP, LNGDPC, LNGDP, LNFTPI, LNDI) are less than 1 per cent. There is a positive impact of the LNP, LNFTPI, LNDI and LNGDP but a negative impact of LNER and LNGDPC on the total trade of Nepal. In this panel data regression example, the R Square value is 0.7180, which means that the predictor variable has explained only 71.80% variation in the response variable, which is very strong in explaining the response variable. Prob (F-Statistics): is the p-value of the F test, which is the

significance level of the F value, that is, to assess the simultaneous influence of the predictor variable to the response variable, whether statistically significant or not, and the overall model is fit.

In this study, researchers have aimed to analyze the impact of interest rate reforms and their impact on the deepening of the financial sector in Nepal. Total trade is the explained variable: GDP, GDPC, exchange rate, population, foreign trade policy index, and distance. This study has followed the panel series econometrics tools to analyze the data.

In this study, the researcher estimated an expanded version of Tinbergen and Poyhonen's (1962 and 1963) gravity model of trade, which was developed in response to the standard theoretical and empirical literature on international trade.

As a first step, it is recommended that the monetary authorities keep a close eye on the exchange rate to improve consumer and investor confidence in the economy and to maintain Nepal's competitiveness in the global market by implementing the appropriate mix of fiscal and monetary policies.

An aggregate demand management policy coupled with a supply-enhancing policy aimed at removing supply-side constraints and increasing productive efficiency in exporting sectors can support this. It is expected that these policies will increase the economy's productivity and competitiveness, reducing the pressure on the domestic currency and bringing stability to the economy.

## **Conclusion**

As a result of its detrimental effects on Nepal's bilateral trade flows, this study demonstrates the urgent need for Nepal to enhance and modernize its trade-related infrastructure significantly. Due to the current administration's emphasis on infrastructure development, Nepal's external trade can gain from an increase in export supply capacity, a reduction in transportation and other transaction costs, and an improvement in the relative competitiveness of Nepalese goods on the international market. The nation will benefit from this action.

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# **Indo-Nepal Electricity Trade: Opportunities and Challenges**

**Keshav Raj Panthee, Prakrit Noppradit\***

## **Abstract**

Due to political instability and the inability to implement globalisation, liberalism, and privatization for long-term benefits, Nepal has suffered from slow economic growth and mounting trade deficits for the past twenty years. Despite the possibility of economic growth and a big leap in development from the development of the hydropower sector, the expected outcome has not been achieved. Hydropower production has become a political issue rather than a commercial one. As a result, electricity generation has reached only 6.67% of the total economically feasible capacity (42,000 MW) up to 2021. However, the growth of small hydropower projects, expansion of transmission lines, the progress of large hydro projects, and the continuous effort of the Nepalese government to have an electricity trade agreement with the Indian government as well as the Bangladesh government have raised hope for electricity export from Nepal. In the current weak product export diversification situation, the electricity trade agreement between Nepal and India in 2014 and successive initiations have further shown hope for reducing Nepal's trade deficit and energy dependence on India. It will support achieving twin goals: environmental balance and growth of export revenue. Revenue collected by the Nepal Electricity Authority through the sale of electricity to India under an open market system has also attracted the private sector in recent years. But, due to climate change, geopolitics, and lack of strong political willpower and common consensus, continuous supply/export of electricity seems challenging. This study has analyzed the opportunities and challenges of electricity trade between Nepal and India in this context.

## **Keywords**

Electricity trade, Indo-Nepal relation, electricity market, sales revenue, exchange price

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\* Faculty of Environmental Management, Prince of Songkla University, Songkhla, Thailand

## Introduction

The Nepal-India bilateral agreement on 17 June 1947 added a formal flavor to age-old socio-cultural, economic, political, and religious relations between the two countries (MOFA, 2022). Easy access to India for Nepalese people has helped much in setting up the building blocks for developing local businesses, education, and health in Nepal. As a key development partner of Nepal, India has been assisting in developing infrastructure since 1952. Similarly, Nepalese water resources have always been a prime agenda for bilateral cooperation between Nepal and India, and discourse between the two nations has given this agenda a concrete shape by signing a power trade agreement in 2014. It has further raised hope for hydropower investment in Nepal.

Nepal could not tie up and balance trade relations with India, mainly after the establishment of a multiparty democratic system in 1990 and the implementation of liberal economic policies. As a result, every sector of the economy, including foreign trade, is not growing as it should. After 2004 the share of India in the total trade volume of Nepal fluctuated around 60 per cent and reached 64.1 per cent in the fiscal year 2020/21.<sup>1</sup> With the pace of development, the import of machinery and transport equipment, manufactured goods, fuel, and lubricants is accelerating the trade deficit with India. This is not only the case with India; trade with other countries is also not satisfactory. As a result, the total import share in total trade reached 93.6 % in the fiscal year 2018/19 (TEPC, 2018/19). This is the outcome of a lack of export diversification and integration with the outer world.

Economically feasible hydropower generation in Nepal is assumed to be beyond 40 GW<sup>2</sup>, the estimate made 45 years ago. Besides having

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1 Author's calculation based on macroeconomic data of Ministry of Finance, Government of Nepal. <https://data.mof.gov.np/>

2 Govinda R. Timilsina, Mike Toman (2016) assume that economic potential of Nepal's hydropower is higher than that estimated (40GW) four decades ago. *Potential Gains from Expanding Regional Electricity Trade in South Asia, Energy Economics* (2016), doi: 10.1016/j.eneco.2016.08.023

such massive hydropower potential, Nepal was unable to channel or commercialize it appropriately and sufficiently for the development of Nepal and its neighboring country India. Recent development initiations for expanding transmission lines with mutual agreement between India and Nepal, acceptance of Indian investment for hydropower generation, acceptance of United States' Millennium Challenge Cooperation Project<sup>3</sup>, growth of small hydropower projects, and Nepal Electricity Authority's enhanced managerial efficiency have shown space for making electricity as a highly commercial product of Nepal. In this scenario, the paper attempted to analyze the opportunities and challenges of the Indo-Nepal electricity trade.

### **Indo-Nepal Power Trade Agreements**

The power trade agreement is the basis for power trade arrangements between India and Nepal. The government of India always preferred Indo-Nepal G2G cooperation in the power sector, but a specific preference for cooperation was not seen and realized in the policy and behavior of the government of Nepal (Bhat, 2016). Amidst the growing power demand in India, the Electricity Act 1992 made for the management and development of electricity in Nepal could not create a win-win situation for both countries. However, the Koshi Agreement (1954/1966), Gandak agreement (1959) and Mahakali Treaty (1996) promoted the base for further power cooperation between India and Nepal. As a result, the Indo-Nepal Power Trade Agreement between India and Nepal was signed in 1997. However, it did not become effective as the Nepalese parliament did not ratify it. Though Nepal was allowed to purchase power from India for commercial purposes in 2007, the Indo-Nepal electricity trade was shadowed by the Indian import policy during 2004-2009, which treated electricity as an import-restricted item (Bhat, 2016).

After continuous dialogues and efforts, through “Electrical Power Trade, Cross-Border Transmission Inter-connection and Grid Connectivity Agreement-2014 October 14”, ultimately both the countries recognized

*3 Nepal had formally ratified the MCC Compact on February 27, 2022.*

that the cooperation in cross-border power exchange and trading through enhanced transmission interconnections and grid connectivity would mutually benefit both the countries by moving towards a common electricity market that could extend to sub-regional and regional levels<sup>4</sup>. This power trade agreement has emphasized an unrestricted, free, and non-discriminatory power trading system.

Issue of “Guidelines on Import/Export (Cross Border) of Electricity-2018, agreement of Nepal Electricity Authority with VidyutVyapar Nigam and Indian Power Trader (NTPC), 400 kV Dhalkebar-Muzaffarpur transmission line (2016), 400 kV New Butwal-Gorakhpur transmission line (implementation phase), etc. are the real outcomes of the implementation of PTA 2014. The real exchange market for Nepal was opened when the Indian Energy Exchange pioneered Cross Border Electricity Trade (CBET) with the commencement of trade with Nepal in its Day ahead electricity market on April 17, 2021<sup>5</sup>.

## Overview of Nepalese Electricity Market

Table 1: Hydropower Plants Capacity till FY 2021/22

Type of Plants	Total No.	Capacity MW
Major Hydropower Plants	14	564.05
Small hydropower plants	17	578.624
Small hydropower plants (Isolated)	23	4.536
Under construction, power plants	7	487.1
Planned and proposed power plants	9	3219.2
Total	70`	4853.51
Annual National Peak demand	1747.53 MW	

Source: NEA Report (2022)

As a leader of the electricity market in Nepal, NEA is taking responsibility for electricity generation, demand-supply management, and power purchases from IPPs and India. With the high potentiality

<sup>4</sup> Power trade agreement between India and Nepal. <https://www.moewri.gov.np/listies> May 2020

<sup>5</sup> <https://www.indiaex.com/cross-border-electricity.aspx?id=TwcvhorNKKM%3d&mid=Gy9kTd80D98%3d>

of electricity generation (83000 MW), the current electricity market is characterized by the hydropower plant capacity mentioned in Table 1. As shown in Table, till FY 2021/22, 54 major and small hydropower plants have 1147.21 MW hydropower generation capacity. 7 under-construction plants have 487.1 MW capacity and planned and proposed power plants have 3219.2 MW capacity. With the existing and operating power plants, power generation's annual national peak demand of Nepal (1747.53 MW in 2021/22) cannot be met.

Fig 1: Export of Electricity to India in Gwh

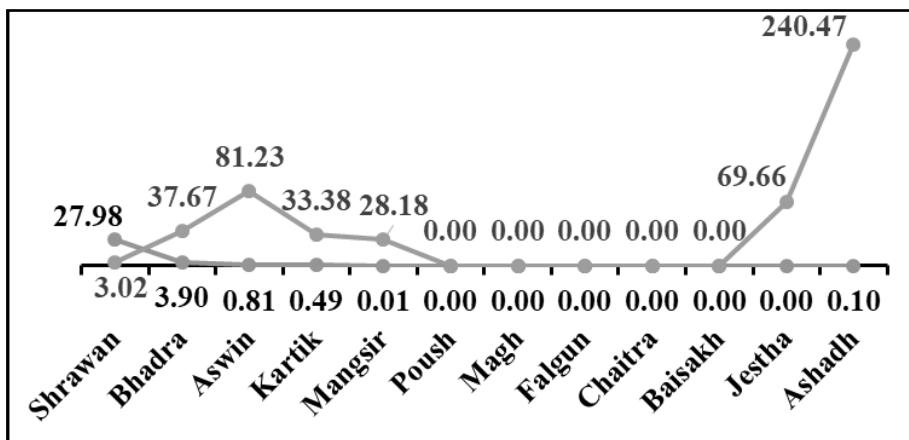
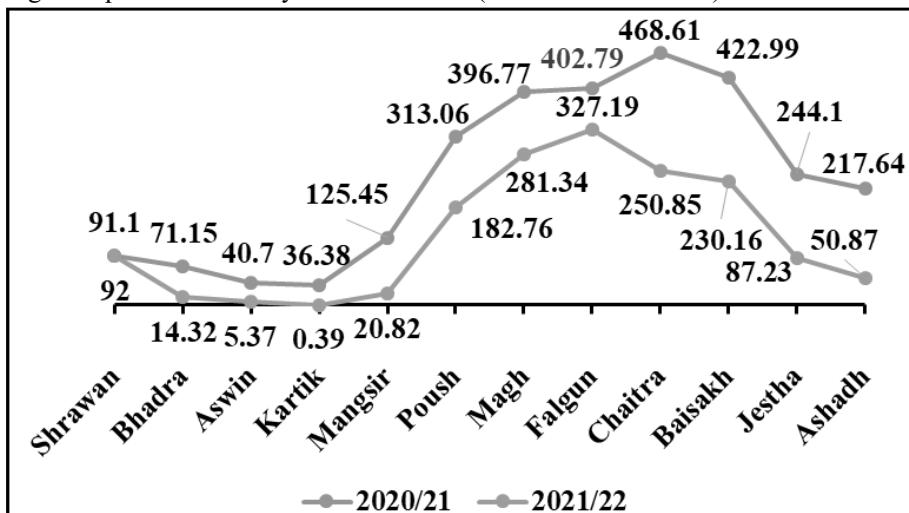


Fig 2: Import of Electricity to India in Gwh (2020/21 and 2021/22)



Source: NEA Report (2022)

Due to the low growth of hydropower development, Nepal imports electricity from India. Imports are higher in the dry season than in the wet season. The export-import of electricity in two fiscal years is shown in Fig.1 and Fig. 2. The export of electricity to India has increased significantly in FY 2020/21 compared to FY 2019/20 except in the dry season (Poush to Baisakh). Though exports in the wet season in both fiscal years were zero, they were below 0.5 Gwh in FY 2019/20 in the same period. So, the import of electricity from India from Poush to Jestha is high for the same period. But compared to 2020/21, imports decreased in FY 2021/22 (Fig 2). Due to a slowdown in business activity and demand for electricity due to the COVID-19 pandemic, there was no export in that period.

The power exchange between Nepal and India is taking place through the following modes (Timalsina, 2077):

- River Treaty: Koshi, Gandak and Mahakali
- Border town exchange programme
- Commercial power trading with traders in India (PTC, NVVN)

On April 17, 2021, IEX pioneered cross-border electricity trade (CBET) with the commencement of trade with Nepal in its Day-ahead electricity market. NEA started selling power in the IEX's Day-Ahead Market every day through the submission of sell-bids for the next day's every 15-minute time slot through the power export to IEX for the first time on 3 November 2021 through Dhalkebar Muzaffarpur 400 kV transmission line (NEA, 2022). Nepal had already started to sell electricity since 15 January 2022 from IEX through the 132 kV Tanakpur-Mahendranagar transmission line.

### **Growing Opportunities for Electricity Trade in Nepal**

Expanding trade and encouraging collaboration in economic development is the primary objective of the Nepal-India Trade Agreement (Pandey, 2019). However, power trade between Nepal and India had been made highly a political issue rather than a development

issue in the past. After the 2014 power trade agreement, India provided more privileges to Nepal. India initiated speedy development after the COVID-19 pandemic. The Russia-Ukraine War heightened the energy crisis. This energy crisis in India created a space for electricity export to India. Nepalese access to the Indian electricity market has ended the reliance on the bilateral mode of transaction for electricity between the two countries. Now, NEA is getting competitive bidding experience in the IEX market and has submitted proposals for power export from various hydropower projects for approval from the Government of India.

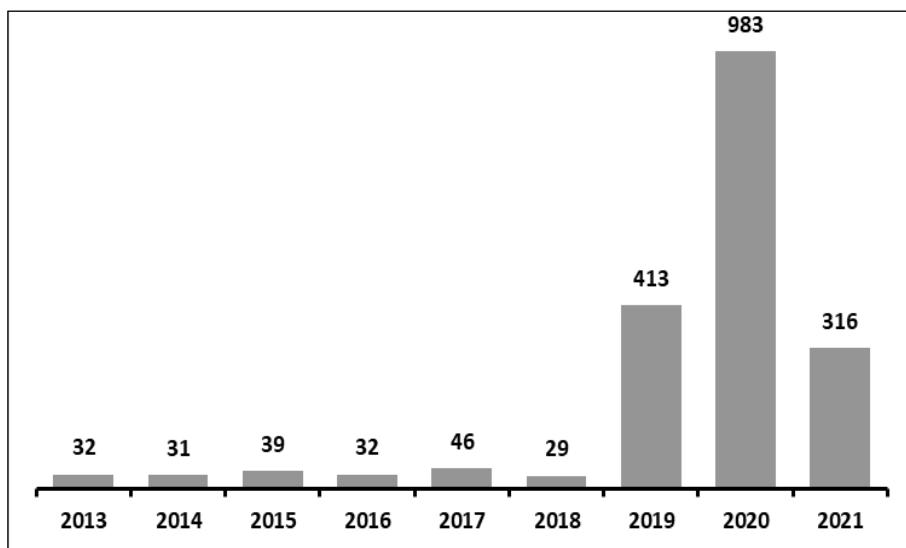
Timilsina (2018) mentioned the following reasons and highlighted the need for cross-border electricity trade in South Asia, further justifying the growing opportunity for the Nepalese electricity industry.

- There is an opportunity to use surplus hydropower resources in Afghanistan, Bhutan, and Nepal.
- There is a need for hydropower in India and Bangladesh to improve hydrothermal system balancing and peak load supply.
- There is a need for clean energy in India, Bangladesh, and Pakistan to meet their climate change and other environmental targets.
- An excellent opportunity for using existing capacities better due to differences in monthly/daily/hourly load curves across the electricity grids.
- Peak load management.
- Strong economic incentives for all countries.

There is no doubt that exchange markets could be a milestone for Nepal to solve the seasonal surplus, daily surplus and peak shortage of power/energy (Adhikari, 2020). Despite a surplus in the wet season, Nepal still needs to rely on India for power during the dry months (NEA, 2022). However, recent progress in hydropower projects has raised the export of electricity in FY 2021/22 (Fig 1), and the volume of imported power has decreased by 45 % compared to the previous FY (NEA, 2022).

Electricity sales revenue from India has increased dramatically in the last three years, as shown in Fig 3. NEA earned the lowest (NRs. 32 million) in 2013 and the highest (NRs. 983 million) in 2020. Incremental growth of transmission lines (Fig 3) and recent world energy politics will create a more favourable environment for Nepal in the coming days.

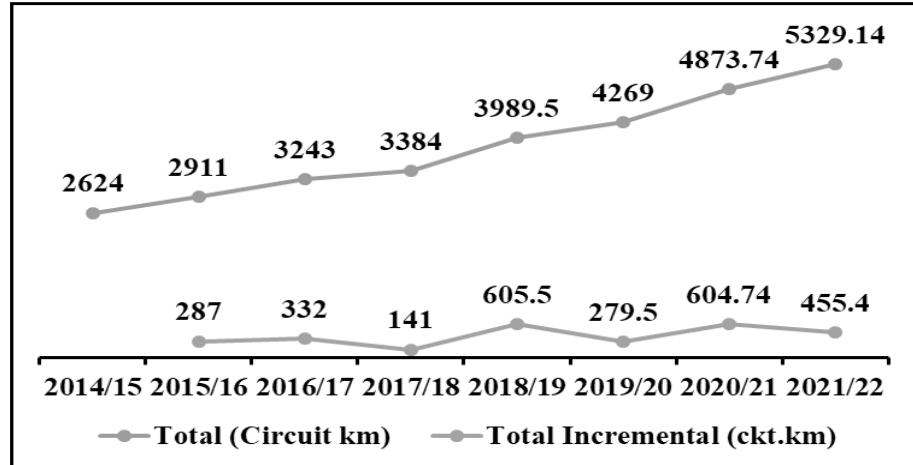
Fig 3: Electricity Sales Revenue from India (NRs. Million)



Source: NEA (2022)

India-Nepal Transmission master plan proposes 11 high-voltage cross-border transmission lines (Timalsina, 2021). Nepal itself is moving ahead to complete high-voltage transmission line projects. The growth of transmission line length after PTA 2014 with India (Fig 4) also indicates the speedy infrastructural set-up for utilizing the surplus power generated by growing hydropower projects. During the last four years (2018-19 to 2021/2022), the average length of the incremental transmission line is 486 cubic Km.

Fig 4: Growth of Transmission Line Length after PTA 2014 with India



Source: NEA (2022)

India's electricity consumption is bound to double in the next 6-7 years, driven by economic, industrial and urban growth aspirations (IEX, 2022). It has further targeted to promote clean energy and a sustainable environment. So, by developing better infrastructures, Nepal can get more access to the IEX market and earn more export revenue, which could help to offset the trade deficit with India. The effectiveness and fruitfulness of MCC will also determine the cross-border electricity trade between Nepal and India.

Nepal is supplying surplus hydropower to India through the day-ahead market in IEX. It has shown an opportunity for Nepal to supply surplus electricity and earn foreign currency. Power demand in India is increasing continuously and reached a record high of 210,793 MW in June 2022<sup>6</sup>. Indian power demand can not be met only by domestic production, and hence, Nepal, through an efficient cross-border transmission line, can get a good price. The incremental length of the transmission line during the past eight years, mainly in the last four years, shows a high possibility for electricity exchange.

6 <https://www.timesnownews.com/business-economy/industry/indias-peak-power-demand-at-new-high-of-210793mw-article-92124592>

Besides having a high potential for hydropower generation, Nepal faces a shortage of electricity during winter (Fig. 2). Export and import data of the last two fiscal years show that Nepal has to import electricity from India, mainly from Poush to Jestha.

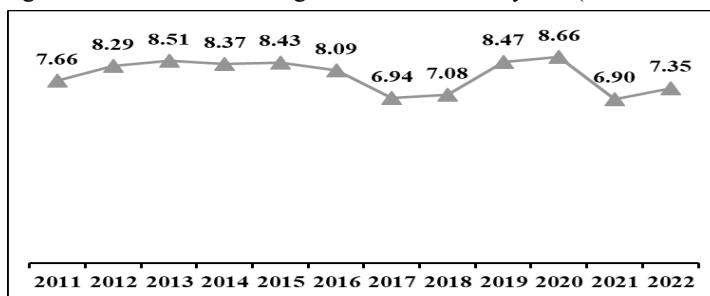
### Challenges

Speed up of power generation by India, political instability in Nepal, misconceptions created in the public regarding electricity exchange prices between India and Nepal, transmission arrangements, promotion of small hydropower investors, and completion of ambitious projects like MCC are the major challenges that could affect the electricity trade of Nepal.

India alone has almost 150,000 MW of hydropower potential, of which only one-third has been exploited so far (Timilsina, 2018). India has targeted promoting clean energy and encouraging the generation and supply of clean energy by providing renewable energy certificates and many other motivational schemes. The growth of hydropower generation and alternative energy in India could challenge Nepal's stable power trade with India.

Political instability has become a curse for the sustainable development of Nepal. After People's Movement-I in 1990, except for Prime Minister Girija Prasad Koirala (1991-1994 and 2006-2008) and Prime Minister K.P. Oli (2018-2021), no political leader was able to lead the nation even for two years (Panthee, 2077). During the last 32 years (1990 to 2021), political party-led government has changed 23 times. In such a scenario, no one can expect a stable diplomatic policy that could promote power trade between India and Nepal.

Fig 5: Bilateral and Exchange Prices - Over the years (in NRs. Per kWh)



Price politics is another challenge for the Nepalese electricity industry. The power exchange price set in earlier PTA between Nepal and India under various projects is argued to be very low. However, wide discussion on how and on what basis the price is set is not found. During the last 12 years, bilateral and exchange prices- over the years in India (Fig 5) are found on an average NR. 7.90kWh (INR 4.94). This average price is less than the price set in power exchange programmes under various projects between India and Nepal. This is also low compared to the average electricity price set by NEA for domestic consumers. So, the lack of flow of real information among the public and intellectuals is also creating hurdles in the development of the power sector in Nepal.

Recently made transmission arrangements are inadequate to evacuate power to load centers (NEA,2022). Cross-border high-voltage transmission lines could help manage peak load demand as well as balance the electricity supply of each country. However, developing an efficient transmission mechanism is still challenging in the electricity trade. In recent decades, the growth of small hydropower projects at the local level has been appreciated. Local investors are being attracted to such projects. However, the issue of equal treatment for such small hydropower projects and large projects invested by foreign companies is being raised repeatedly. Furthermore, energy security is a major concern in Nepal as it has already faced 18-hour load-shedding. So, energy efficiency practices at all levels and sectors are essential in Nepal.

## **Conclusion**

A balanced flow of electricity is obviously an incentive for the smooth functioning of business and general activities. For this, Nepal and India have no easy shortcut option other than exchanging electricity on a mutually agreed basis. Electricity trade should not be taken as a dominating issue for both countries. Mutual benefit and cooperation should be given priority while developing the electricity trade mechanism. Global experience shows the possibility of electricity trade and cooperation in the SAARC and BBIN regions. Nepal-India electricity

trade should be an example of power trade in the South Asia region. Both governments should clearly envision bilateral and regional level electricity trade and create a trusting environment among neighbors. Using energy-efficient technology and implementing energy-efficiency practices can further strengthen the Indo-Nepal energy trade in days to come. Nepal should further search for strong cooperation from India to trade electricity with Bangladesh for a stable foreign electricity market.

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**Technical Session VII Chaired by**



**Mr. Vinit Ramratan Goenka**

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**Session VIII**  
**India-Nepal Youth Dialogue:**  
**The Way Ahead**





**Deepak Kumar Adhikari**

नमस्कार । इस तीन दिन का अन्तरराष्ट्रीय सेमिनार में विभिन्न तकनिकी सत्रों में महत्वपूर्ण विचारों के साथ गहन चर्चाएँ एवं विमर्श हुई हैं । ऐसे तकनिकी सत्र दो दिनों तक चला । उसके बाद भी हम अभी समापन समारोह के पहले कुछ बिन्दुओं पर विचार विमर्श करेंगे । कुछ आगे का सोचने का प्रयास करेंगे । आगामी दिन में कुछ विषयों में सोचना होगा ऐसा मुझे लगता है । भगवान् का धन्यवाद करना चाहिए कि हम सबको उन्होंने मनुष्य जीवन दिया । तो मनुष्य जीवन क्यों दिया, उस का श्रीमद्भावगत महापुराण में अच्छा प्रसंग आता है । **दुर्लभो मानुषो देहो देहिनां क्षणभंगुरः । तत्रापि दुर्लभं मन्ये वैकुण्ठप्रियदर्शनम् ॥** यानि मनुष्य जीवन प्राप्त करना अत्यन्त दुर्लभ है । जब इतनी दुर्लभता से मनुष्य जीवन मिलता है तो परमानेन्ट होना चाहिए । लेकिन ये भी क्षण भर का है और नाश होने वाला है । भगवान ने जब हमें मनुष्य जीवन दिया है तो हम नेक कार्य करें । समाज और राष्ट्र के लिए करें । मैं मानता हूँ हमारा जीवन का एभरेज औसत आयु साठ/सत्तर साल का है । यदि हमने उसमें से दो साल राष्ट्र के लिए दिया/काम किया तो बाँकि पुरी आयु व्यक्तिगत जीवन के लिए बचता है ।

इस सेमिनार का शीर्षक International Seminar on International Relations : Nepal and the World Order (अन्तरराष्ट्रीय सम्बन्ध और नेपाल एण्ड वर्ल्ड अडर) है । दुनिया की जो व्यवस्थाएँ हैं, उसमें हम कहाँ हैं ? हम सब जानते हैं श्री इडियट फिल्म में एक उदाहरण है जो बोमन इरानी विद्यार्थियों को बोलते हैं, ये प्रतिष्पर्धा का दौर है । आगे बढ़ो । जो दौड़ में छुट गए सो छुट गए । दुनियाँ की दौड़ में अपना ऋम स्वर्य बनाना पड़ता है । अपने देश के ऋम को अपने आप स्थापित करना पड़ता है । कोई बनाने वाला नहीं है । इसलिए उस देश के नागरिक को इस बारे में विमर्श करना पड़ेगा । हमारे देश का विमर्श किस ओर जा रहा है, विचार करना पड़ेगा । भागवत में और एक प्रसंग है । भगवान् जब सृष्टि कर रहे थे तो उन्होंने सृष्टि करते समय वृक्ष, सरीसृप, पशु, खग, दंश और मतस्य यानि पशुपंक्षी, रेंगने

वाले जीव, वृक्ष, मछली आदि सृष्टि की । यह सारे करने के बाद भी उनकी हृदय में तुष्टी पुरी नहीं हुई । “सृष्टवा पुराणि विविधान्यजयाऽत्मशक्त्या वृक्षान् सरीसृपपशून् खगदंशमत्स्यान् । तैस्तैरत्मस्त्वद्यः पुरुषं विधाय बह्यावलोकधिषणं मुदमाप देवः ॥” उन्होंने अन्तिम में विचार करके अपना ही स्वरूप का एक मनुष्य बनाया । उसके बाद उनको आनन्द आया । क्योंकि मनुष्य जब ऊपर उठेगा, तो इतना उठेगा कि जहाँ से आया वहीं तक जा सकता है । और जब नीचे गिरना शुरू करेगा तो उसकी कोई पराकाष्ठा नहीं है । इसलिए मनुष्य को आगे जाना चाहिए । इस तरह भगवान ने मनुष्य की सृष्टि की है । हमको आगे ही बढ़ते जाना है । भारत के हिन्दी साहित्य के प्रसिद्ध कवि हैं ‘अज्ञेय’ । उन्होंने जब मनुष्यों द्वारा किया हुआ डिजास्टर और प्रदूषण आदि जो उनके काल खण्ड में देखा तो कुछ लाइन की कविता लिखी । इस कविता में मनुष्यों के ऊपर करारा व्यंग्य है ।

साँप !

त सभ्य तो हए नहीं ।

नगर में बसना

भी तुम्हें नहीं आया ।

एक बात पूछँ—(उत्तर दोगे ?)

तब कैसे सीखा डँसना—

विष कहाँ पाया ?

हम मनुष्य हैं तो देश के लिए कुछ करना चाहिए अपने कालखण्ड में । हम समस्याओं की सूची तो बनाते रहेंगे । ये समस्याएँ हैं, वो समस्याएँ हैं । ठीक है समस्याएँ हैं । पर मैं क्या करता हूँ वो महत्वपूर्ण है । What I am doing is important । समस्याओं की सूची तो १०-२० पेज के भी बनेंगे । लेकिन मैं समस्या समाधान के लिए क्या करता हूँ ? मुझे कोई पुछें तो मेरे पास उत्तर होना चाहिए कि मैं यह कार्य कर रहा हूँ । यह हम नागरिकों की जिम्मेदारी होती है । विश्व का विकास करना है लेकिन कहाँ से शुरूवात होना चाहिए ? Where is our operational based ? हमारी आधारशीला कहाँ होनी चाहिए ? सबसे पहले अपना देश आधार होगा । उसमें भी अपना जिला आधार होगा । अपने जिले में भी अपना गाँव आधार होगा । सबसे ऊँचा उड़ने वाला जो पंक्ती है, चील यानि गिर्द । उसको भी घोंसला बनाने के लिए नीचे ही आना पडेगा । उडेगा बहुत ऊपर पर घोंसला तो वो नीचे ही बनाता है । इसलिए पहले अपना विकास करें । विश्व के इस क्रम में हमारे देश के स्थान को आगे बढ़ाना है तो हमको अहोरात्र सोच के देश के लिए दिन-रात काम करना पडेगा ।

प्रत्येक नागरिक को अपने देश के बारे में सकारात्मक और रचनात्मक नाराज होना चाहिए लेकिन नाराजगी का अर्थ गाली देना नहीं है । दूसरों को गाली देने से राष्ट्रीयता नहीं होती है । मैं कइ बार अनुभव करता हूँ कि हम सार्क के देश अवधारणा में जीते हैं । तथ्यों पर नहीं । नेपाल का स्पेसिफिक बोलूँ तो नेपाल तो अधिकतम अवधारणा में जीता है । नेपाल की विदेश नीति

पर कुचुरपुचुर चल रहा है, नेपाल की परराष्ट्र नीति में कोई स्पष्टता नहीं है। पडोसी देशों के साथ कैसा व्यवहार करेंगे एवं सम्बन्ध कैसे होंगे इस पर कोई ठोस मार्गचित्र उल्लेख नहीं किया है। सफ्ट पावर क्या होता है? इसकी कोई स्पष्ट व्याख्या नहीं किया है, और इसके विम्ब एवं संकेत भी नहीं किया गया है। इस विषय पर कल कुछ लिखने वाले भी होंगे। यहाँ भी कुछ बैठे हैं। हम कहेंगे मत लिखिए पर फिर भी लोग लिखेंगे।

अनुसन्धान पर आते हैं। अनुसन्धान के बारे में विचार करें तो यहाँ कुछ प्रचलित शब्द हैं। शब्दों के बारे में मैं कई बार सोचता हूँ, विचार करता हूँ और इस निष्कर्ष पर पहुँच जाता हूँ कि हमें इन शब्दों पर जरूर विचार करना चाहिए।

हमको लोगों ने कुछ शब्द दिए हैं। जैसे multiculture (बहुसांस्कृतिक)। कई बार मुझे भ्रम होता है कि लोग क्यों संस्कृति और परम्परा को एक समझते हैं! और परम्पराओं के स्थान पर भी संस्कृति शब्द का प्रयोग करते हैं। जबकि ये दोनों भिन्न शब्द हैं और इनके अर्थ भी भिन्न हैं। भारत, नेपाल और अपना थेसिस तक में हम बहुसांस्कृतिक लिखते हैं। हम कभी भी विचार नहीं करते कि वास्तव में नेपाल बहुसांस्कृतिक देश है क्या? उदाहरण के लिए बोल रहा हूँ, यदि आप सुदूर पूर्व के सतार गाँव में जाएँगे तो वहाँ कोई अतिथि आने पर उनका स्वागत करने का तरीका थोड़ा भिन्न है। वहाँके घर में मांस बनाया जाएगा। नेपाल की सीमा को पार करके आप भारत के असम जाएँगे, तो वहाँ मछली बनाते हैं। थारू समुदाय में जाएँगे तो वहाँ भी उत्कृष्ट भोजन मिलेगा। सुदूर पश्चिम में जाएँगे तो वहाँ दाल के परिकार मिलेगा जैसे डुब्का। इन सब के पीछे का भाव क्या है? भाव यह है कि हमारे घर में अतिथि आए हैं। इनका स्वागत करना है। तो संस्कृति कैसे अलग हुई? संस्कृति का भाव तो एक ही है। परम्पराएँ (traditions) भिन्न भिन्न हैं। संस्कृति प्रस्तुति की परम्पराएँ भिन्न भिन्न हैं। लेकिन हमारी सांस्कृतिक धारा और भाव एक है।

हमको यह पढ़ाया जा रहा है कि हमारा देश बहुसांस्कृतिक देश है। इसलिए भमेला यहाँ से शुरू होता है। इस तरह पढ़ाया जा रहा है कि ब्राह्मण संस्कृति अलग है, थारू संस्कृति अलग है, लिम्बू संस्कृति अलग है, क्षेत्री संस्कृति अलग है आदि। हमारी भिन्न भिन्न परम्पराओं में भिन्न भिन्न संस्कृति है कह कर शिक्षा दी जा रही है। जब संस्कृति अलग हैं तो एक साथ कैसे रह सकते हैं? यहाँ से अलगाववाद की भावना जन्म लेती है और अलग अलग राष्ट्रवाद की भावना से देश का विखण्डन/विभाजन हो जाता है।

जैसे राई जाति की परम्परा में चण्डी नाच है, यानि भगवती का नृत्य है। अगर पान्थिक दृष्टि से देखें तो चण्डी देवी किसकी भगवती है? इसाई की तो भगवती नहीं है। इस्लाम की तो हो ही नहीं सकती। वह तो हिन्दु की ही भगवती हैं। लिम्बू जाति की परम्परा में एक नृत्य होता है, उस नृत्य का नाम है धान नाच। उस नृत्य के पहले एक पूजा होती है। उस पूजा में श्रीकृष्ण और राधिका की मूर्ति बनाके पूजा करते हैं। लेकिन आजकल वहाँ एक आन्दोलन चल रहा है

कि हम हिन्दु नहीं हैं। इस बहुसंस्कृति (multiculture) शब्द के पीछे हमको विचार करना चाहिए। जैसे मैंने कहा यह एक बिन्दु है। दूसरा ethnic शब्द जो मैं समझा हूँ, भाषा विज्ञान के एक विद्यार्थी के नाते। इथनिक का अर्थ हमारे भाषा में है वंश। हमारे नेपाल और भारत में कभी वंश की लडाई हुई है क्या? Jews और German में जो हुई, वो वंश की लडाई थी। काला, गोरा भी वंश की लडाई है। हमारे यहाँ ऐसी लडाई है क्या? मैंने शुरू में कहा था कि चेहेरा के अलग बनावट के कारण हम वंश को ही अलग करके जोड़ देते हैं। क्योंकि मैं तो एनथ्रोपोलोजीकल स्टडी में रूची रखता हूँ, मैंने बहुत थारू को पुछा है और वह गोत्र कश्यप बताते हैं। मैं अधिकारी हूँ और मेरा गोत्र कश्यप है तो उनके और मेरे ऋषि कैसे अलग हो गए, हमारी संस्कृति कैसे अलग हो गई? श्री संजय पास्वान जी जो बिहार से हैं उनका भी गोत्र कश्यप है, तो उनके और मेरे पूर्वे अलग कैसे हैं? एक ही तो हैं। हमारे चेहेरे की भिन्नता के कारण हमें वंश अलग है कहकर लडाई लडवाया जा रहा है। जब हम शोध, अनुसन्धान और अध्ययन करेंगे तो इस मूलभूत बात पर हमारा ध्यान आकृष्ट होगा। इसीलिए हम इन स्थापित गलत विषय, सिद्धान्तों और अवधारणाओं पर लड़ रहे हैं। That's why we are fighting against this established concept and theory। यदि इसको हमें चुनौति देना है तो हमको पर्याप्त प्राज्ञिक (academic) कार्य करना चाहिए, भाषण से नहीं होगा। हमारे पास तर्क होना चाहिए। मेरा आग्रह यही है कि हमें मूलभूत विषयों को लेकर पर्याप्त अध्ययन एवं अनुसन्धान करना चाहिए।

उसी तरह एक शब्द है धर्मनिरपेक्षता (secularism)। आज कहीं पर बैठे तो सेकुलरिजम आता है। हमारे एक विद्वान् की बात को उद्धृत कर रहा हूँ। उन्होंने कहा कि मार्कंडेय ऋषि ने दुर्गा सप्तशती में कहीं पर भी या देवी सर्वभूतेषु सेकुलर रूपेण संस्थिता तो नहीं लिखा! वो भी लिख देते या लिख सकते थे। सेकुलरिजम शब्द पश्चिम के किस सन्दर्भ में आया था? हम किस सन्दर्भ में प्रयोग करना चाह रहे हैं? सन्दर्भ भी तो फरक होते हैं। और एक शब्द है आदिवासी (indigenous)। इस शब्द को मैं कई बार नेपाल के विज्ञापन में देखता हूँ। इस इन्डिजीनियस शब्द के भीतर राई, लिम्बू, तामाङ, गुरुङ, मगर हैं। ये अप्रत्यक्ष रूप से कह रहे हैं कि Rest are migrated। इसका तात्पर्य क्या है? यदि मैं अपना कहूँ तो काख्ने से काठमाण्डू आए हुए १८० साल हो गए हैं। एनथ्रोपोलोजी के हिसाब से २० साल में पीढ़ी परिवर्तन होता है। सोसियोलोजी २५ साल कहता है। तो यदि मैं २० साल का ही मान लूँ तो भी १८० साल हो गए। १८० साल में काख्ने से काठमाण्डू आया परिवार इन्डिजीनियस नहीं हुआ! और ११५ साल पहले आया वह आदिवासी कैसे हुआ? शब्द का अर्थ हमको समझना चाहिए। तो इस मूलभूत बात पर हमारा अनुसन्धान चलेगा कि नहीं चलेगा? उन्हीं के शब्द को लेकर हम अनुसन्धान करते रहेंगे तो हमारे देश को इस मूलभूत ज्ञान की जानकारी नहीं मिलेगी।

वैसे ही वैश्विकरण (globalisation) शब्द है। इसका अर्थ क्या है? पश्चिम को क्या चाहिए? क्योंकि उनको बाजार (मार्केट) चाहिए। हमारे वसुधैव कुट्म्बकम् का भाव तो बाजार

नहीं है। हमारा तो भाई बन्धु है। शब्द किस सन्दर्भ में आते हैं? नेपाल के जनजीवन में एक शब्द प्रचलित है 'खाने'। क्या खाया आपने? मैंने उपकूलपति (वी.सी.) खाया। मैंने जनरल मेनेजर (जी.एम) खाया। और भाई जी.एम बनो, वी.सी बनो पर खाओ मत। पहले खाओगे तो बनोगे कब? वी.सी बनके उस संस्था को बनाओ। अभी मैं एक बडे अधिकारी से मिला। वह बोले यदि नियम होता तो मैं दो term इस संगठन का प्रमुख खाता। यानि आप चिफ खा रहे हैं। अभी मैंने आप किसी एक को फोन किया और आप ने कहा कि मैं भोजन कर रहा हूँ। तो मैं यह नहीं सोचूँगा कि आप काम कर रहे हैं। समझूँगा कि आप भोजन खा रहे हैं। शब्द के पीछे एक दर्शन होता है। देश के अच्छे स्थान पर जाकर उस संस्था को मुझे बनाना है। खाना कैसे भाई? मैं कमेन्ट नहीं कर रहा हूँ। मैं बोल रहा हूँ कि शब्द के बारे में हमें विचार जरूर करना चाहिए। साहित्य (literature) के बारे में हमको सोचना चाहिए।

पश्चिम का एक शब्द द्वन्द्व है। वह पश्चिमी समाज द्वन्द्व (conflict) में जीता है। हम द्वन्द्व पर नहीं जीते। हम लोग लीला पर जीते हैं। हमारे यहाँ लीला है। भगवान लीला करते हैं। बाइबल की अवधारणा द्वन्द्व का है। मैं सबको एक पुस्तक पढ़ने के लिए आग्रह करता हूँ। वह पुस्तक अनवर शेख की है। वह इन्डियन मुस्लिम है पर लन्डन में रहता है। उसकी पि.एच.डी की थेसिस है "**Islam : Sex and Violence**"। उस पुस्तक (थेसिस) को पढ़िए। वहाँ बिबिलिकल कन्सेप्ट क्या है और इस्लामिक कन्सेप्ट क्या है सब बताया गया है। और एक पुस्तक है तस्लीमा नसरिन का 'औरत के हक में'। मैंने बंगाली में पढ़ा था। आप हिन्दी में पढ़ सकते हैं। नेपाली में वही किताब 'आइमाइका हकमा' नाम से है। उसमें क्या है विचार करते हैं। आपको पढ़ते पढ़ते किताब पटकने का मन करेगा, गुस्सा आएगा। आप से आग्रह है कि जरूर पढ़िएगा। हम किताब पढ़ते ही नहीं हैं और उधर तुलना करने लग जाते हैं। हमारी मूलभूत चीजों की तो हमें जानकारी होनी चाहिए न। हमारे शत्रु को तो जहाँ द्वन्द्व दिखेगा वहाँ पैसा लगाएगा। और छोटी छोटी चीजों पर भूठा स्वाभिमान खड़ा करके भगड़ा लगाते हैं। हमें बड़ी चीजों पर सोचना चाहिए। जैसे मैंने उद्घाटन में भी कहा था। हमारा भूगोल, हमारा प्रान्त, हमारी जाति..। इस पर हमारा प्रेम है, गर्व है। लेकिन इसके आगे जाना है कि नहीं? परिचय किसका होना है? परिचय किसी एक जाति विशेष का होना है कि परिचय नेपाल का होना है? परिचय इस देश का होना चाहिए। सम्मान नेपाल का होना चाहिए। सम्मान भारत का होना चाहिए। अपने को तिरस्कार करके नहीं, अपने को प्रेम और गर्व करते हुए हमें छोटे परिचय से ऊपर उठना है।

मुझे कभी कभी हँसी आती है क्योंकि जब मैं असम विश्वविद्यालय में पढ़ रहा था। वहाँ दीक्षान्त था तो मैंने गाउन लगाने से मना कर दिया। यदि मैं भारतीय नागरिक हूँ तो मेरा जन्म स्वतन्त्रता के बाद है और यदि मैं नेपाली नागरिक हूँ तो मैं कभी गुलाम रहा ही नहीं। तो क्यों गाउन लगाउँ मैं अपने दीक्षान्त में? कुछ लोग कहते हैं कि हमारे यहाँ दीक्षान्त का अवधारणा ही नहीं था। मुझे हँसी आती है त्रिभुवन विश्वविद्यालय पर क्योंकि वह अपना

दीक्षान्त समारोह गाउन लगाकर करता है। अगर नेपाल कभी गुलाम रहा ही नहीं तो गाउन काहे को लगा रहे हैं? यदि हम अपना उपनिषद् पढेंगे तो वहाँ तैत्तिरीयोपनिषद् के शीक्षा-वल्ली में दीक्षान्त का वाक्य आता है। 'मातृदेवो भव, पितृदेवो भव, आचार्यदेवो भव, अतिथिदेवो भव' वह दीक्षान्त का वाक्य है। दीक्षान्त से पहले समावर्तन संस्कार होता था। दीक्षान्त के पहले दिन मुण्डन करके, स्नान करके और व्रत लेकर रहते थे फिर दुसरा दिन अपना स्वदेशी वस्त्र पहन कर दीक्षान्त में भाग लेते थे। हम दीक्षान्त जरूर करेंगे लेकिन गाउन लगाकर क्यों करना है? हमारे यहाँ दीक्षान्त में "यान्यनवद्यानि कर्माणि। तानि सेवितव्यानि। नो इतराणि। यान्यस्माकृं सुचरितानि। तानि त्वयोपास्यानि। नो इतराणि।..." बोलते हैं। यानि इस गुरुकुल व विश्वविद्यालय में जब तक आप रहे, हमारे गुरुओं से सीखी अच्छी बात मात्र लेकर जाइए और कुछ बुरी लगे, उसे यहाँ छोड़कर जाइए। देखिए गुरु कितने उदार थे! हम उसी को अंग्रेजी में अनुवाद नहीं करा सकते हैं क्या? हमको मौतिक बातों पर विचार करना चाहिए। इसलिए एक होता है भौतिक गुलाम और दूसरा होता है मानसिक गुलाम। तो हमको इस मानसिक गुलामी से आगे आना है।

अब मैं कहूँगा नेपाल-भारत के सम्बन्ध के बारे में क्योंकि सीमा में आना जाना फ्री है, आवत-जावत में रूकावट नहीं है। बोर्डर ओपन नहीं है जितना मैं शब्द समझता हूँ। ऐसा नहीं है कि बोर्डर ओपन है तो कुछ भी हरकत कर सकते हैं। दोनों देश के नागरिक को आने जाने यानि मुवमेन्ट में फ्री है। उसके लिए कोई रूकावट नहीं है। १९५० में नेपाल-भारत का मैत्री सन्धि जब बना, तो उन्होंने लिखा कि नेपाली लोग भारत के शरहद में पाँव रखेंगे तो नेशनल ट्रिटमेन्ट मिलेगा और वैसे ही भारत के लोग नेपाल में पाँव रखेंगे तो उनको नेशनल ट्रिटमेन्ट मिलेगा। ऐसा क्यों कहा? कुछ तो दर्शन रहा होगा इसके पीछे! मैं समझता हूँ कि सांस्कृतिक रूप से हम एक ही लोग हैं लेकिन दो राजनीतिक देशों के नागरिक हैं। जैसे आप हमारे देश में भी आएंगे तो हम आपको राष्ट्रीय सम्मान ही करेंगे। एक भाई दूसरे भाई के पास जाएगा तो कितना प्रोटोकल मेनेट नेपाल करके जाएगा। कभी भी जाए कभी भी आए। इसीलिए सोचा कि दोनों देशों के नागरिकों को आने जाने में कोई रूकावट नहीं होनी चाहिए। जब १९५० की सन्धि बनी तो उस समय की सन्धि बनते समय के दर्शन और आज के समय के दर्शन में कोई अन्तर आया है क्या? हम मूलभूत विषयों पर विचार न करते हुए सस्ती लोकप्रियता के लिए हम तुरन्त बोलना शुरू कर देते हैं। इसलिए हमको सम्बन्धों के मूलभूत आधार पर सोचना चाहिए, विचार करना चाहिए। जैसे मान लीजिए अगर मेरा सुदन जी के साथ कोई परिचय/सम्बन्ध ही नहीं है तो क्या सन्धि (treaty) बनेगी? ट्रिटि सम्बन्ध नहीं बनाता है। सम्बन्ध को हम ट्रिटि में लिखते हैं। इसलिए हमें हमारे सम्बन्धों के बारे में पुर्नरावलोकन करना चाहिए सन्धि पर नहीं।

एक कार्य अभी बताऊँगा आपको तुरन्त। सभी को एक दूसरे से हाथ मिलाना है। एक को जोर से मिलाना है और दूसरे को नरम तरीके से मिलाना है। जिसने जोर से दबाया उनको भी मजा नहीं आया होगा और जिनका हाथ जोर से दबा उनको भी अच्छा नहीं लगा होगा।

इसलिए कहा गया है कि सम्बन्ध बराबर का नहीं होने से न दबाने वालों को आनन्द आएगा और न दबने वालों को मजा आएगा । तसर्थ सम्बन्ध बराबर का होना चाहिए । तब सम-बन्धन कहा गया है । सम का अर्थ होता है बराबर । जैसे बराबर का आचार होता है तो उसको समाचार बोलते हैं । लेकिन आजकल समाचार कम ही आती है । दूसरा शब्द नहीं बोलूँगा । इसलिए बन्धन बराबर की होनी चाहिए । सम-बन्धन होना चाहिए । जैसे सांस्कृतिक धारा लम्बी होती है, उसी तरह हमारे सम्बन्ध भी लम्बे होते हैं ।

नेपाल के एक बड़े कवि थे श्री लक्ष्मीप्रसाद देवकोटा, भारत के मूर्धन्य कवि राहुल सांकृत्यायन ने उनके बारे में कहा था कि “हिंदी के प्रसाद, पन्त और निराला बराबर तो एक लक्ष्मीप्रसाद देवकोटा हैं ।” प्रसाद यानि जयशंकर प्रसाद, पन्त यानि सुमित्रा नन्दन पन्त और निराला यानि सूर्यकान्त त्रिपाठी निराला । ये तीन बराबर एक देवकोटा थे । देवकोटा द्वारा रचित शाकुन्तल महाकाव्य में उन्होंने पहले सर्ग के दूसरे हरफ में लिखा है ‘मिठो लाग्छ मलाई ता प्रियकथा प्राचीन संसारको, हाम्रो भारतवर्षको उदयको हैमप्रभासारको’ । वो क्या कह रहे हैं ? हमारे भारतवर्ष का उदय । तो उनको वह सांस्कृतिक दृष्टिकोण का ज्ञान था । वह कह रहे हैं कि हमारा भारतवर्ष के उदय पर मुझे गर्व है । नेपाल जब विकसित कर रहा है तो सांस्कृतिक रूप से भारत ही विकास कर रहा है । इसी चीज को श्री अरविन्द जी ने भी कहा है । मेरा बिन्दु यह है कि हमको संयुक्त रूप से आगे बढ़ना चाहिए ।

जैसे पूजारी नियुक्ति का एक उदाहरण बताता हूँ मैं । आप बद्रीनाथ जाएँगे तो वहाँ मुख्य मन्दिर के पास सटा हुआ पहला धर्मशाला है नेपाली धर्मशाला । और वहाँ यह नियम है कि कोई भी नेपाली वहाँ जाएँगे तो उनको रखना, भोजन कराना, दर्शन कराना और पैसा नहीं लेना । उसी तरह कामख्या देवी में भी पहले तो नेपाल के राजा नेपाली पूजारी नियुक्ति करते थे । उनको आदेश था नेपाली को अच्छे दर्शन करवाना और दान दक्षिणा ज्यादा नहीं लेना । तो भारत के मन्दिर में पूजारी नियुक्ति करने का अधिकार नेपाल के राजा को किसने दिया ? यहीं तो हमारी सांस्कृतिक सम्बन्ध हैं । हमको इस दृष्टिकोण से समझना चाहिए । जैसे पशुपतिनाथ के पूजारी कृष्ण यजुर्वेदी ब्रह्मण हैं । वह केवल महाराष्ट्र, आन्ध्रा प्रदेश और कर्नाटक में है । इन तीन प्रान्तों के अलावा कहीं नहीं है । शिव नेपाल के इष्ट देवता हैं । तो इष्ट में चढ़ाए हुए अन्न आदि सम्पत्ति को हम नहीं खाएँगे । इसलिए नेपाली पूजारी नहीं खाना है । उनको आपको मानधन देना पड़ेगा । कभी कभी जल और फल देते हैं । वास्तव में शिव का अस्व नहीं लिया जाता । शिवस्व नहीं खाते । इसके पीछे का जो सांस्कृतिक आधार है, उसको हमें समझना चाहिए ।

एक और बिन्दु मैं विचार के लिए रखूँगा । जब तक नेपाल और भारत अपने अपने स्थानों पर स्पष्ट नहीं होंगे तब तक विश्व का अर्दर आगे नहीं बढ़ेगा । नेपाल और भारत के बारे में जब हम विचार करेंगे तो हमें लम्बे स्मृति (मेमोरी) को देखना चाहिए । कभी कुछ समस्या आ जाती है और हम दिक्कत एवं उल्फ़न में पड़ जाते हैं, और हम नाराज होने लगते हैं कारण हम short

term memory को देखके अपनी धारणा बनाते हैं। हमें long term memory पर जाना चाहिए तब हमको समझ में आएगा।

नेपाल और भारत के अर्थ यानि इकोनोमी को जब मैं देखता हूँ तो भारत से नेपाल में एक formal money आता है और दूसरा एक informal money आता है। उदाहरण के रूप में जैसे आप कोई भी भारत में कहीं गए और आपको उधर कोई मित्र मिला और मान लीजिए उन्होंने आपको कुछ भारतीय मुद्रा दिए और आपने उसको लेकर नेपाल में आ गए तो उसको काला धन कैसे माने? वो इनफरमल मनी है। तो इसपर अनुसन्धान होना चाहिए कि कितना इनफरमल मनी भारत से नेपाल आता है। आप सीमावर्ती बाजार में किसी दुकानदार के पास जाइए, सभी के पास वहाँ भारतीय रूपैयाँ हैं। जब नोटबन्धी हुआ तब एक सामान्य परिवार के पास भी अच्छा खासा भारतीय रूपैया था। हमारे एक शुभचिन्तक हैं। उनके घर में भी अच्छा खासा भारतीय रूपैयाँ था। It was legal money, लेकिन वह इनफरमल मनी था।

नेपाल का कुल ग्राहस्थ (जी.डी.पी) का तीन प्रतिशत भारतीय मिलिटरी पेन्शन से है। जब हम अर्थ के बारे में विचार करेंगे तो दोनों एक दूसरे को कैसे योगदान देते हैं और आगे भी अच्छी तरह से कैसे दे सकते हैं, इस पर कार्य होना जरूरी है।

नेपाल में ३०० प्रतिशत टेक्स है। विदेशी भी यदि हम पर शासन करता तो इतना टेक्स नहीं लगाता। इन सारे बिन्दुओं पर हम विचार करें।

नेपाल को काफी लोग भूपरिवेष्ठित (landlocked) देश कहते हैं। लेकिन मैं इस शब्द पर सहमत नहीं हूँ। और काउन्टर भी करता हूँ। उस दिन कोई बता रहे थे कि यु.एन में सबसे बड़ा योगदान नेपाल का है। यदि नेपाल भूपरिवेष्ठित होता तो कैसे इतने देशों में योगदान देता? UN Peacekeeping में नेपाल का बड़ा योगदान है, तो नेपाल कैसे भूपरिवेष्ठित हुआ? हमको पढ़ाया जा रहा है कि हम भूपरिवेष्ठित देश है इसलिए बैठे रहो। नेपालीयों का भारत में बड़ा योगदान है। सीमाओं पर रक्षक हैं। नेपाली नागरिक के नाते रक्षक हैं। भारत के अल ईंडिया रेडियो द्वारा बुधवार और शुक्रवार को नेपाल से भर्ती हुए सिपाहियों के द्वारा चिट्ठी पढ़ने का कार्यक्रम रहता था। उस में नेपाली सिपाही चिट्ठी पढ़ते हैं नेपाल में अपने परिवार और अपने पड़ोसियों के लिए सन्देश भेजते हैं। आजकल तो नई टेक्नोलोजी के कारण बन्द हुआ होगा! तो देखिए नेपालीयों का कितना बड़ा योगदान है दुनिया में! दुनिया में जा रहे हैं, शिक्षा दे रहे हैं, गुरु हो रहे हैं, कौशलयुक्त और सामान्य मजदूर जा रहे हैं। हम फिर भी भूपरिवेष्ठित ही कहते हैं। इस बारे में पुनर्विचार करना चाहिए।

नेपाल को एक बड़ा स्कोप है Medical Science के क्षेत्र में। अन्तरराष्ट्रीय विद्यार्थीयों के लिए मेडिकल में ५०७ सिट आरक्षित हैं। उसमें इस वर्ष सिर्फ २३६ ही दाखिला हुए हैं। २३४ भारत से आए हैं और २ श्रीलंका से आए हैं। अभी कितना बाँकी है? आप लोग हिसाब

कर लीजिएगा । जब पहले भारत के विद्यार्थी मेडिकल पढ़ने के लिए बाहर का देश जाना चाहे तो भारतीय मेडिकल काउन्सिल में जाकर एक हजार का पर्ची बनाकर एक eligibility test का परीक्षा देना होता था और उस परीक्षा को पास करने के बाद ही मेडिकल काउन्सिल उनको दुनिया भर में जाकर मेडिकल पढ़ने का एलिजिबल यानि मान्यता देता था । लेकिन जब से भारत में NEET अनिवार्य लागू हो गया है तब से उपर्युक्त परीक्षा की आवश्यकता नहीं रही । अब एक बार NEET पास हुए तो बाहरी देशों के लिए तीन साल तक का मान्य देते हैं । तो इसको नेपाल में अवसर के रूप में लेना चाहिए । लेकिन नेपाल का मेडिकल का एडमिशन NEET परीक्षा का परिणाम आने के पहले ही पुरा हो जाता है । इस बार का भी दाखिला पुरा हो गया है और भारत में NEET का परिणाम आने में और १५-२० दिन लगेगा । और अभी जो NEET qualified होंगे, उसको यदि नेपाल में लाना है तो दाखिला अगले साल के लिए रुकना पड़ेगा । तो क्या अब NEET पास किया हुआ भारत का विद्यार्थी नेपाल में पढ़ने के लिए एक साल तक का इन्तजार करेगा ? एक विदेशी विद्यार्थी के लिए नेपाल में मेडिकल शिक्षा के लिए १ करोड नेपाली रूपैयाँ हैं और नेपाली विद्यार्थी के लिए मात्र ५० लाख हैं । कोर्स और शैक्षिक सत्र वही है पर विदेशी विद्यार्थी पैसा ज्यादा दे रहा है, तो नेपाल के sustainable economic development के लिए उसका बढ़ा योगदान हो रहा है । इस पर हम क्यों विचार नहीं कर रहे हैं और विचार क्यों नहीं हो रहा है ? मेरा ये अर्थशास्त्रियों के लिए प्रश्न है । क्योंकि वह विद्यार्थी नेपाल में ६ साल रहेगा तो नेपाली भाषा भी सिखेगा, नेपाली संस्कृति को जानेगा । नेपाल का Goodwill Ambassador बनेगा । तो नेपाल से मेडिकल पास करने के बाद वह यहाँ नहीं रहेगा । अपना देश चला जाएगा । वह नेपाल का एसेट नहीं, लायबिलिटी हो सकता है । तो नेपाल क्या मेडिकल अध्ययन के लिए हब नहीं बन सकता ? दुनियाँ के विद्यार्थियों को अच्छा मेडिकल पढ़ाए । गाँव में लोगों को चिकित्सा निःशुल्क मिले ।

यदि कोई सक्षम व्यक्ति मेडिकल कलेज खोलना चाहता है तो नेपाल सरकार को उसको जिस क्षेत्र या जिला में मेडिकल कलेज नहीं है वहाँ मेडिकल कलेज खोलने को अनुमति देना चाहिए और उस क्षेत्र के लोगों को चिकित्सा सेवा निःशुल्क देना चाहिए । और आप उस की रिकभरी अन्तर्राष्ट्रीय विद्यार्थियों से पैसा थोड़ा ज्यादा लेकर कर सकते हैं । इस तरह मेडिकल कलेज भी खुलेगा और लोगों को निःशुल्क सेवा भी मिलेगा । किसी भी नेपाली नागरिक को स्वास्थ्य उपचार के लिए रास्ते पर बैठकर पैसा मांगने की नौबत नहीं आएगी ।

नई चिकित्सा शिक्षा आयोग बनने के पहले देश में ११२ शैक्षिक संस्थाओं में नर्सिंड विषय पढ़ाया जाता था । कुछ विवाद के कारण तीन संस्था को सरकार ने निरस्त कर दिया था और बचे हुए १०९ संस्थाओं में ४६८० विद्यार्थी नर्सिंड विषय का पढाई करते थे । उपर्युक्त नई चिकित्सा आयोग के अनुसार अब कोई भी शैक्षिक संस्था दो शैक्षिक संस्था का सम्बन्धन लेकर कार्यक्रम नहीं चला सकते हैं । अब उन्हें एक ही संस्थान से सम्बन्धन लेकर या तो नर्सिंड कार्यक्रम अथवा MBBS कार्यक्रम चलाना पड़ेगा । इससे सभी मेडिकल कलेजों ने द

काउन्सिल फर टेक्नीकल एडुकेशन एण्ड वोकेशनल ट्रेनिङ (CTEVT) से सम्बन्धन लेकर जो नर्सिंड कार्यक्रम चला रहे थे, उन सभी ने नर्सिंड कार्यक्रम को छोड़ दिया। उसके कारण ३६ नीजि नर्सिंड शिक्षण, २ साजेदारी और २ आगिंक बन्द हो गए और भर्ना संख्या ४६८० से घटकर १४८० मात्र हो गए है। उस कारण २६८० विद्यार्थी पढ़ने से बज्ज्वत रह गए। उस कारण नेपाल का एक खर्ब एक्विटस करोड़ पैसा (revenue) बहार जाएगा। मैंने अभी कुछ डाक्टर को पुछा था तो उन्होंने कहा कि आगामी कुछ साल में नर्स की कमी होगी। हमें नेपाल में नर्स को बाहर से मंगाने पड़ेंगे। उससे देश का बड़ा धन राशि/रेविन्यु बहार चला जाएगा। उस से छात्रवृत्ति पर भी बहुत असर पड़ रहा है। इसीलिए जब कोई भी नीति बनती है तो हम पढ़े लिखे लोग जरूर विचार करें कि हमारी नीति industry friendly है कि नहीं, costumer friendly है कि नहीं तथा देश हित में है कि नहीं? उसी तरह जब कोई भी राष्ट्रीय आपदा आई तो आप बहार से राहत सामाज्री आसानी से ला नहीं सकते। बहुत ज्यादा प्रशासनिक भफ्फट है। उससे आप पारित कराने के वजाय प्रशासनिक भफ्फटों से उबकर अन्त में उसे छोड़ देंगे। इसीलिए जब हम देश को विकास के रास्ते समृद्धि पर ले जाना चाहते हैं तो हमें इन सारे नीति और नियमों के बारे में पुर्नविचार करना चाहिए और खुले मन और दिमाग से सोचना चाहिए।

अन्तिम बात कहुँगा कि अपने को अपने देश की भाषा को हमेशा आगे करना चाहिए। मेरा हमेशा आग्रह रहा है कि नेपाल में नेपाली और मैथली भाषा को हर किसी विश्वविद्यालय के विभाग में अत्याधुनिक विभाग बनाना चाहिए। जब कि नेपाली और मैथली भाषा के अलावा नेपाल की अन्य सभी भाषाएँ भी राष्ट्रीय भाषा हैं। लेकिन मैथली और नेपाली विभाग विश्वविद्यालयों में सम्मानयुक्त विभाग नहीं हैं। त्रिभुवन विश्वविद्यालय में बाहर के देशों से नेपाली पढ़ने आने वाले २ विद्यार्थीयों के लिए छात्रवृत्ति था। उस छात्रवृत्ति का नाम महेन्द्र छात्रवृत्ति है। बाद में सिक्किम, दार्जीलिङ और असम से पढ़ने आए हुए विद्यार्थीयों ने सरकार से मांग किया और उसे २ से बढ़ाकर ४ कर दिया गया था। लेकिन अभी जो वहाँ विश्वविद्यालय में हैं, वह उसको बढ़ाने के वजाय बन्द कराने की मनसाय में हैं। तो इस तरह से क्या नेपाली भाषा का प्रचार प्रसार होगा? बुद्धिमानी तो ये होती कि हम ४ से बढ़ाकर ५० करते। एक तरफ हमारी अपेक्षा यह है कि भारतीय और विदेशी लोग नेपाल में जब आते हैं तो वह अपना विचार नेपाली में रखें। यदि ऐसा हानो है तो दूसरी तरफ हमारा प्रयास यह होना चाहिए कि नेपाली भाषा के व्यापक प्रचार प्रसार के लिए नेपाल को विशेष प्रयास करना चाहिए।

भारत की भाषाओं में नेपाली और मैथली प्रमुख भाषाओं में आती है। नेपाली भाषा को भारत में संवैधानिक मान्यता प्राप्त है। हमें नेपाल के विश्वविद्यालयों में नेपाली और मैथली भाषा को अत्याधुनिक और गुणवत्तायुक्त शिक्षा अध्ययन अध्यापन कराना चाहिए ताकि भारतीय और नेपाली विद्यार्थीयों को बाद में भारतीय विश्वविद्यालय तथा कलेजों पर अध्यापन कराने का अवसर मिल सके। उससे वह तुलनात्मक रूप में अच्छा खासा मानधन आर्जन कर सकते हैं। उसका रेविन्यु तो वापस नेपाल में ही आएगा। इस सम्भावना और क्षमता को ध्यान में रखते

हुए हमें सकरात्मक रूप से सोचकर आगे की कार्य दिशा तय करनी चाहिए और नीति बनाना चाहिए। इस तरह समग्र नीति के बारे में हमें विचार करना चाहिए।

एक तरफ संस्कृत विश्वविद्यालय को अत्याधुनिक और आकर्षक बनाने के बजाय पंगु बनाया जा रहा है तो दूसरी तरफ भाषा जिला में भाषाली मुस्लिम विश्वविद्यालय खोलने का असान्दीभिक प्रयास चला रहे हैं। यह कैसी सोच है? इसे हमें गम्भीरता से विचार करना चाहिए।

एक बात जो मुझको चुभती रहती है वह यह है कि काठमाण्डू से बाहर जाने वाली सभी बस तथा यात्री वाहनों को नागदुङ्गा में माइती नेपाल की महिलाओं के द्वारा चेक जाँच किया जाता है। इससे यह सन्देश जा रहा है कि हर कोई यात्री महिलाओं के ट्राफिकिङ्ग के लिए जा रहा है। तो यह छवि किसने बनाई? हम ही ने बनाई है। इसीलिए हमको इस छवि को बदलना चाहिए।

नेपाल और भारत के समग्र विकास के बारे में जब हम सोचेंगे तो हमें खुलस्त होकर चिन्तन करना चाहिए। हम पुरानी सिद्धान्तों/विषयों को लेकर आगे बढ़ने का प्रयास कर रहे हैं। जबकि वह आज के समय में असान्दीभिक तथा अव्यवहारिक सिद्ध हो चुके हैं। इसीलिए हमें नए तरीके से सोचना एवं विचार करना चाहिए और यह एक अच्छा अवसर भी है। हम अपना परिचय स्वयं बनाएँ। हमें अपने देश का सही विमर्श (correct narrative) दुनियाँ में ले जाना चाहिए।

नीति अनुसन्धान प्रतिष्ठान, नेपाल का यह उद्देश्य नहीं है कि हम समस्याओं की गिनती करके सूची बनाएँ और उसी में उलझकर बैठे रहें। हमारा उद्देश्य आगे बढ़ना है। और हमें आगे बढ़ना है तो नेपाल की विरासत को नेपाली लोग पहले ठीक से समर्पें। उसी तरह भारतीय लोग पहले भारतीय विरासत को ठीक से समर्पें। जब दोनों एक दूसरे को ठीक से समर्पेंगे तो हमें पुरा विश्वास है कि हम दोगुना गति से आगे बढ़ेगे। इस सेमिनार का पुरा उद्देश्य भी यही था। हम नई पींढी के लोग बैठे, विचार करें कि आगे कैसे रास्ता बन सकता है, कैसे रास्ते बनाएँ। छोटी बातों पर उलझे नहीं बल्कि दस कदम आगे बढ़ें। ऐसी नीति पर हमको समग्र से विचार करना चाहिए।

अन्त में कार्यक्रम की भी एक मर्यादा होती है, कुछ लिमिटेशन होता है, सेमिनार सभी के लिए नहीं हो सकता। सभी का यही नियम है। कुछ निश्चित संख्याएँ तय करनी ही पड़ती है। कुछ व्यवस्थाएँ बनानी पड़ती हैं, बनती हैं तथा व्यवस्थाएँ खड़ी करनी पड़ती हैं। और इन व्यवस्थाओं में जो हम को खटूटा मीठा बोलना पड़ता है वो मन से नहीं बल्कि व्यवस्थापन को अच्छा करने के लिए होता है। यदि कोई भुल चुक हुई तो मैं क्षमा चाहता हूँ। ये सेमिनार अच्छा रहा। इसमें सब का योगदान है। आप सभी को श्रेय जाता है। मैं आप से आग्रह करता हूँ और आशा करता हूँ कि आगे प्रकाशन में आप सभी का लेख मिलेगा। इन भावनाओं के साथ मैं अपनी बात को विराम देता हूँ साथ ही धन्यवाद व्यक्त करता हूँ।

पुनः सभी को धन्यवाद।



**Closing Ceremony**

**28 August 2022**





**Dr. Abhishek Srivastava**

Thank you Binay ji. Respected honourable former PM of Nepal Pushpa Kamal Dahal Prachanda ji, honourable deputy speaker of House of Representative, Nepal Pushpa Bhusal ji and Honourable Director of Neeti Anusandhan Pratishthan, Nepal Deepak Kumar Adhikari ji. Let me begin by thanking the organizers for including me as a co-convenor from India in this conference. We started on 26 August. The inaugural session was blessed by the honourable Prime Minister of Nepal, Shri Sher Bahadur Deuba ji, honourable Foreign Minister Dr. Narayan Khadka ji, Israel Ambassador to Nepal, his excellency Mr. Hannan Godar, Acting Chief of Mission of the United States, his excellency Mr. Mark Templer. Many social and political personalities were also there.

We had two days of an intense academic discussion that started on 27 August. We presented 26 papers: 15 from India and 11 from Nepal. On day 1<sup>st</sup>, there were four sessions. The first session was on “Nepal in New Global Order.” In this session, we discussed the role of Nepal in the emerging global order and the role of major external players in Nepal as well. There were four presenters to present this session. The second session was on “Involvement, Climate Change and the Burden of Developing States”. It was an interesting session about the climate change issue, involvement challenges and the mitigation of carbon emissions. These challenges are burdening the developing states and small states daily. The third session was on “Democracy 2.0; Actors and Issues”. In this session, we discussed the role of civil society, how the actors are strengthening our democracy, and how, in the future, democratic countries across the globe can work together to

make the world more democratized. The last session of the first day was on “Foreign policy counters of Developing states”. In this interesting session, there was a paper on the role of Nepal and its contribution to the United Nations. With all these deliberations and discussions, we ended our first day.

We started the second day with a special session about Nepal’s foreign policy and the shape it is turning into. The deputy Executive Director of the Institute of Foreign Affairs, Nepal Mr. Rajendra Pandey, delivered it. Another session was on “Multilateralism, Minilateralism and Multi polarity in New World Order”. There was a very interesting paper on India, Nepal and Japan’s context..... the relationship between countries on different dynamics and different subjects. Another session was on “Countries’ connection over culture and the search for old routes,” in which we discussed our culture, traditions, and routes. Similarly, the next session was on “Development 2.0: Industries, Infrastructures and Innovation”. In this session, we discussed the future programme, challenges and innovation. The last session chaired by Dr. Deepak Kumar Adhikari ji was on “India-Nepal Youth Dialog”. In this way, within two days, we concluded eight sessions. We discussed tradition, technology, energy, education, customs, commerce, and religion to resources.

We have covered almost all areas. All these deliberations come under the four pillars in a few words i.e. सम्बन्ध, सुरक्षा, स्वावलम्बन और संस्कृति . These four words are the key takeaway for the audiences and the speakers as well. In the youth dialogue, we discussed India and Nepal’s mutual engagement and cooperation. In this context, I must say that दोनोंका साथ है दोनोंका विकास. I humbly request that we need more such conferences and seminars with specific issues to talk about like this one. We can invite eminent personalities from different areas like business, management, law, and medicine to gain deeper insights into India-Nepal relations. This is an opportunity for me to speak in front of Nepal’s great leader. Thank you so much for this opportunity.



**Honourable Deputy Speaker Pushpa Bhusal**  
House of Representatives

Thank you ! Convener of the seminar Dr. Binay Kumar Mishra, Honourable Pushpa Kamal Dahal ‘Prachanda’, Chairman of the Communist Party of Nepal (Maoist Center) and Former Prime Minister of Nepal, Deepak Kumar Adhikari, Director of Neeti Anusandhan Pratishthan, Nepal.

Ladies and gentlemen,

Namaste, It is my immense pleasure to be a part of this programme. First, I would like to congratulate you on the success of this seminar organized by Neeti Anusandhan Pratishthan. I believe that this international seminar has benefited everyone by allowing the exchange of ideas on different topics by experts and delegates. I look forward to participating in this kind of progressive seminar.

Dear friends, Nepal has made its presence in the world by achieving inclusive democracy through the peace process and political change. Therefore, our responsibility is to preserve our achievements, including geographical and demographic diversity, because they represent our global image.

The new constitution of Nepal guides the nation in formulating and maintaining foreign policies. Our foreign policy is basically directed by ‘panchashil’, which helps to maintain stable and good relations with countries worldwide.

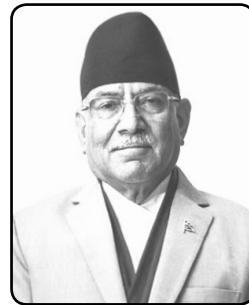
As a member of the United Nations, Nepal is committed to protecting human rights practices and providing everyone with fundamental rights. The state believes in democratic norms and global peace. Thus, Nepal has the second-highest peacekeeping force among countries participating in UN peacekeeping programmes. The world faces various challenges, including a global health pandemic, economic recession, food crisis, refugee crisis, global warming and climate change. There should be a systematic solution to these problems. The effort of one country can't solve these problems but should be addressed globally.

Global problems can only be resolved by improved cooperation and democratic decision-making. The rise of new powers has threatened the old world order. At the same time, complex problems like climate change, poverty, refugee crises, etc., need fresh ideas fostered by rising leaders. As the global front lines of democracy and human rights fall short of their responsibilities, youths must be represented in decision-making bodies and incorporated into global institutions. With a more inclusive international society, the problems of the day can be addressed with an eye on the issues of tomorrow.

The traditional relationship among states has gradually evolved as norms of internal relations have changed. People-to-people relations have increased the significance of non-state actors, their relationships shaped by cultural ties and global connectivity by advancement in technological innovations. This time, young leaders have increasingly occupied high offices in governments and international organizations globally. The increasing role of youth in global decision-making reflects the changing global demography. Diversity entails cohesion.

Dear friends, as an ambassador, engage with a diverse world population, peer learning and then share the knowledge. Learn the processes outside your nation and bring them in. And lastly, I would like to end with a quote by Franklin D. Roosevelt, who once said, “We cannot always build the future for our youth, but we can build our youth for the future”.

Thank you.



### **Rt. Honourable Pushpa Kamal Dahal (Prachanda)**

Chairman of the Communist Party of Nepal (Maoist Centre)

Mr. Chairman, Honourable Deputy Speaker, distinguished delegates, friends, ladies and gentlemen.

At the very outset, let me express my profound happiness for being part of this crucial international seminar on such a vital subject, “International Relations: Nepal and the World Order”. Therefore, I sincerely thank Neeti Anusandhan Pratishthan, Nepal for organizing this seminar on such a vital issue concerning Nepal’s international relations and inviting me as a chief guest of the concluding session.

Such programmes serve as important platforms for discussing and exploring the dynamics of international relations in this rapidly changing global world order. The changing dynamics of international relations bring challenges as well as opportunities for us. In this context, our basic focus should be to comprehend such challenges and opportunities better while formulating and implementing policies. The fundamental objective of our foreign policy should be guided towards addressing the present challenges and utilizing the opportunities of the current global system in an effective manner that serves the needs and interests of our country and people.

The seminar is timely and its theme is appropriate which has enthralled me. This seminar is thus expected to have a far-reaching impact and broaden our perspective in looking at newer turns of events in the neighbourhood as well as in the broader international arena and

accordingly conduct our foreign policy and international relations. I am optimistic that the best brains who have gathered here would come up with their innovative ideas, suggestions and recommendations, which would be helpful for all of us in charting out the future course of foreign policy and the conduct of international relations as well as adopt the strategy on how best we can benefit from the developments in the neighborhood and the world.

Our constitution has clearly set forth the objectives and priorities of our foreign policy, which seek to enhance the dignity of the nation by safeguarding sovereignty, territorial integrity, independence and promoting economic well-being and prosperity of Nepal and contributing to global peace, harmony and security.

The Directive Principles of the Constitution says: The State shall direct its international relations towards enhancing the dignity of the nation in the world community by maintaining international relations based on sovereign equality while safeguarding the freedom, sovereignty, territorial integrity, independence and national interest of Nepal, while the State Policy on priorities of foreign policy is defined as to: conduct an independent foreign policy based on the Charter of the United Nations, non-alignment, principles of Panchasheel, international law and the norms of world peace, taking into consideration of the overall interest of the nation, while remaining active in safeguarding the sovereignty, territorial integrity, independence and national interest of Nepal; to review treaties concluded in the past, and make treaties, agreements based on equality and mutual interest.

The constitution also guides the conduct of our foreign policy based on principles of mutual respect, territorial integrity and sovereignty, non-interference in each other's internal affairs, respect for mutual equality, non-aggression and the peaceful settlement of disputes; cooperation for mutual benefit; abiding faith in the Charter of the United Nations; and value of world peace. We conduct our international relations, foreign policy and diplomacy based on the constitutional principles, priorities and guidelines.

Nepal is a vital geographic location, giving a greater geopolitical prominence. With the dawn of the 21st century, international power and geopolitics have significantly shifted. Asia is becoming the epicentre of global power. All predictions have it that the 21st century will be the Asian century, in which Asian countries, especially China and India, will have a more significant role due to their physical size, economy and demographic dynamics. China is already the second-largest economy and India is the fifth-largest. China and India have marched fast and firmly to become key global powers.

The spectacular rise of China and India is a matter of pride for all Asians, including Nepal, as our next-door neighbors are global powers and the center of international attention. This is also an opportunity for Nepal to benefit from the development of our two neighbours in getting rid of abject poverty, mass unemployment and backwardness. Development is a long-term and time-consuming process that requires vision, enduring patience, sustained policy measures and determination. The level of development these two great neighbours have achieved is not an overnight accomplishment. They have achieved this feat through the arduous struggle of the people, visionary leadership, sustained growth and sustainable development policies. During their march to modernization and advancement, both Chinese and Indian people made sacrifices and went through many ups and downs and difficulties. Their trajectory and experiences on the path to prosperity could be a great lesson for all of us; we can and should benefit greatly from their experiences.

A decade ago, I proposed a trilateral framework for peace, development and cooperation among Nepal, India and China. Nepal is not merely a buffer state but can be a vibrant bridge between India and China. We know their core concerns, always pay special attention to them and address them accordingly. If Nepal, India and China build a trilateral framework for development, it will have far-reaching repercussions in the region and the world.

This is the age of globalisation, and we cannot escape from this. In the present era of globalisation, all countries are interconnected. Countries cannot prosper in isolation. This is also the age of cooperation and collaboration. We can prosper only when we cooperate and collaborate with one another. Greater collaboration between nations is fundamental for peace, development and prosperity.

Nepal has no enemies but all friends. We have been receiving goodwill and cooperation from all countries in the world. I am optimistic that we will continue to collaborate in the future. Only through mutual cooperation, we can solve the multiple problems and contradictions and face global challenges. The COVID-19 Pandemic also exposed how vulnerable we are and gave us a strong message for the greater necessity of cooperation and collaboration.

The world order has also witnessed a remarkable transformation. The world is slowly moving from uni-polar to multipolar order. Nepal has always been an advocate of multi-polar order. Our constitution states that we have strong faith in the UN Charter and non-alignment in international relations.

We live in an era of multiple contradictions. Countries in the global south are suffering from poverty, inequality and backwardness. The countries in the global south are yet to reap benefits from globalisation. Now is the time for South Asian countries, including Nepal, to explore all possibilities and reap benefits from the newly developed global scenario and developments for common progress and prosperity. Peace and stability are the basic foundation for the development of prosperity. Nepal is a peaceful country; it advocates peace at home and everywhere. We can only march on the path of prosperity and modernization through peace and cooperation.

Thank you.

## International Relations Nepal and the World Order



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