



Mahesh Paudyal

Mahesh Paudyal, Lecturer at the Central Department of English, Tribhuvan University is also an acclaimed writer, critic and social worker. As a member of Neeti Anusandhan Pratishthan, Nepal, General Secretary of Jara Foundation and Vice President of Children's Literature Foundation Nepal, he has been lending crucial leadership to several national and international initiatives in art, literature and academic works including publications. A well-read columnist of various national dailies in Nepal, Mahesh Paudyal is also an educational activist and a teacher trainer. He has authored two series of school textbooks in English, and has conducted English teacher trainings in several districts of Nepal. He is also an acclaimed translator, and holds the credit of translating the highest number of Nepali poems, collected in the anthology Dancing Soul of Mount Everest. He has eleven original books to his credit, which include novels, story collections, plays and criticism.

Mahesh Paudyal has attended literary and cultural seminars in various parts of Nepal, India, Bangladesh, Hong Kong, South Korea and China with his patent conviction: literature should turn towards local, indigenous sources and foreground the finest gems in the tradition of Eastern civilization. He believes, unless the local episteme is foregrounded and promoted, we can hardly assert a unique identity for ourselves. As a youth leader and motivator, Mahesh Paudyal has also inspired several youths across the country to develop national outlook, and work accordingly.

For his academic achievements and social contributions, Mahesh Paudyal has received Rebita Devi Memorial Gold Medal, Acharya Narendra Mani Dixit Memorial Gold Medal, Nepal Vidyabhushan from the President of Nepal, Govinda Gothale Award for Young Adult Literature, and Mahamandal Samman.

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Nepal and India: Exploring New Vistas

Deepak Kumar Adhikari
Mahesh Paudyal

Nepal and India

Exploring New Vistas

2nd-3rd November 2016

Kathmandu, Nepal



Editors
Deepak Kumar Adhikari and Mahesh Paudyal



Deepak Kumar Adhikari

Deepak Kumar Adhikari, Director of Neeti Anusandhan Pratishthan, Nepal (NeNAP), Rastriya Saha-Samparka Pramukh of the Hindu Swayamsewak Sangh (HSS), Nepal and a member of the Advisory Board of the World Organisation of Students and Youth (WOSY), is a social worker, who has for the past several decades engaged himself in pure social work at various capacities. In the past twenty years of his full-time social service, he spent much of his time giving visionary leadership to Pragyi Vidyarthi Parishad (PVP), Nepal and developing a strong organizational foundation for it, working as its National Organizing Secretary.

During these years, he campaigned for the establishment of crucial notion in the society that the duty of a student's organization is to keep itself above partisan politics and race for power, and work incessantly for the betterment of the society and the nation as well. His role in inspiring student organizations to abstain from the power politics but to remain informed about the national issues and be responsive to such issues has been commendable. Deepak Kumar Adhikari has succeeded in establishing the notion that we need a system of education that solves our social, political and economic problems preserving our national and cultural heritages. His success in inspiring the youths to believe that nation's interest is first and foremost is perhaps his most remarkable achievement.

Unlike trade unions that fragment students, educationists and teachers into compartmentalized groups, Deepak Kumar Adhikari has been successful in popularizing the beliefs that these three can and should be accommodated as members of the same family. It is one of his most significant contributions that he showed, over the years that teachers, educationists and students can co-work in the same organization at different capacities, though students constitute the most significant component. He has played a crucial role in expanding the organization from campuses to towns and districts, consolidating the organizational work in national proportion, balancing organizational and programmatic activities and developing a long network of workers with enhanced skills and potentials.

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

Deepak Kumar Adhikari has, in tandem with the organizational works, developed cordial relations with all political organizations, national institutions, government machineries, academicians, diplomats, intellectuals, opinion makers, media, etc. in all social and national walks of life.

Since 2012, Deepak Kumar Adhikari has been committed, as a founder-director, to the activities of Neeti Anusandhan Pratishthan, Nepal, a leading research institution for the long-term development of the society.

Nepal and India

Exploring New Vistas

A Two-day Bilateral Seminar

on

2nd and 3rd November, 2016

Radisson Hotel, Lazimpat, Kathmandu, Nepal

Jointly organized by

India Foundation, New Delhi

Neeti Anusandhan Pratishthan, Nepal (NeNAP)

Nepal Centre for Contemporary Studies (NCCS)

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India Foundation, New Delhi, Neeti Anusandhan Pratishthan, Nepal (NeNAP) and Nepal Centre for Contemporary Studies (NCCS), Kathmandu, jointly organized a two-day seminar entitled “Nepal and India: Exploring New Vistas” in Kathmandu on 2nd and 3rd November, 2016. This book contains the transcriptions of the speeches delivered in the seminar. The ideas and thoughts of the speakers have been kept intact; however, necessary linguistic editing has been done with the help of the concerned experts to maintain the standard.

Listening to multi-lingual audio or video records and transcribing the same into a written text of a single language is an extremely arduous and challenging task. We, the entire Pratishthan family and the publisher deeply acknowledge the contribution of Shri Mahesh Paudyal, who readily took up the task, transcribed the sounds, translated them wherever required, got them edited and delivered them for publication in time. In spite of extremely unfavourable personal and familial conditions, he accomplished the task and made it available to us for publication. He deserves the entire credit for making this publication possible in this form. It’s true that the professional market abounds in translators, but the one we needed here was not just a professional who would do literal translation; we needed one who would translate the essence, and we readily found it.

Shri Santosh Acharya, the Chief of the program department of Neeti Anusandhan Pratishthan, Nepal deserves due acknowledgements for his efforts in shaping this book in its present form. He did the proof reading of the entire document, oversaw its layout, selected the photographs, corresponded with the speakers and communicated with two other co-organizers, and also with the Embassy of India in Kathmandu and Embassy of Nepal in Delhi before preparing the final draft of the book for publication.

In fact, this book is the outcome of the collective efforts of all the three organizations, despite the fact that Neeti Anusandhan Pratishthan, Nepal has the lead role in this effort. We extend our thanks to His Excellency Ambassador of India to Nepal, Shri Ranjit Rae, and to His Excellency Ambassador of Nepal to India, Shri Deep Kumar

Upadhyay, for their practical help and guidance. We, on behalf of the Pratishthan, also thank the Indian Embassy in Kathmandu, the Nepalese Embassy in New Delhi, and India Foundation, New Delhi for their support.

We extend our respect and gratitude to Professor Dr. Lok Raj Baral, Executive Chairperson of Nepal Centre for Contemporary Studies, whose involvement and guardianship remained incredible. We also extend our deep appreciation to Shri Neelakantha Uprety, former Chief Election Commissioner of Nepal, for bearing the extremely crucial responsibility of being the Convener of the seminar and driving the event to a historic success.

Director

Neeti Anusandhan Pratishthan, Nepal (NeNAP)

Preface

Neeti Anusandhan Pratishthan, Nepal (NeNAP) believes that Nepal and India are destined to live together always, no matter how easy or difficult a choice it is. The Pratishthan has been tirelessly organizing track II dialogues between the eminent people of Nepal and India, both in Delhi and Kathmandu, since 2012 in the forms of seminars to create an atmosphere of open-hearted discussions so that the existing relations are consolidated and the possible problems mitigated. All these initiatives are directed at achieving a single goal: strengthening Nepal-India relations.

The seminar this book encapsulates was organised jointly by three organizations: India Foundation, New Delhi, Neeti Anusandhan Pratishthan, Nepal (NeNAP) and Nepal Centre for Contemporary Studies (NCCS). And the seminar coincided with the state visit of His Excellency Shri Pranab Mukherjee, the Rt. Honorable President of India to Nepal, and this highest level visit was taking place after 18 years, following the state visit of the former Indian President KR Narayanan in the year 1998. By bringing together Nepalese and Indian scholars with proven scholarships and experiences in Nepal-India affairs, the organisers made sincere attempts to bring to the table all issues that influence the bilateral relations. The eminent speakers included those who could influence policy and state decisions in both the countries, and could drive and supervise researches in the right direction so that all stakeholders in the bilateral relations can make informed decisions in the days to come.

By bringing together people from diverse fields and disciplines—from diplomacy to politics, from art and culture to trade and commerce, from defence to history, and from social sciences to media, the organisers were making an attempt to suggest that the work has to be done in all the vital aspects of bilateral relations between Nepal and India. The fact that Rt. Honorable Prime Minister of Nepal Shri Pushpa Kamal Dahal opened the seminar and His Excellency Shri Pranab Mukherjee, the Rt. Honorable President of India delivered the valedictory speech was a powerful means to assert how important this seminar was. Seasoned politicians from Nepal and India,

including former prime ministers and ministers, former secretaries and ambassadors and security experts, practicing trade and business experts and journalists together put forward their views—both on good aspects and those that need rectification—in an atmosphere of extreme cordiality and trust.

One of the aspects the seminar highlighted was the age-old cultural and civilizational links that exist between Nepal and India. Based on this uninterrupted connection that has stood the test of time, suggestions were made to work further upon it and capitalize on the relation by linking sister cities in Nepal and India, building Buddhist and Hindu circuits, constructing newer rail and road networks and working together on Yoga, Ayurveda and Sanskrit education so that cultural commonalities can be converted into economic assets.

Another issue that attracted serious attention in the seminar was the trade relation between the two countries. Measures were suggested to mitigate the discrepancy that exists in the form of trade deficits. Very rightly, the trade issue was also connected with electric power, and stress was laid on pushing ahead the running and planned hydropower projects and addressing the trade deficit through power sale to India by Nepal. Commitments were renewed, and measures were suggested to address the hurdles and mistrusts that have been impeding the progress in this sector.

The third issue, which formed another core subject of discussion in the seminar, was Nepal's position between India and China, and the growth imperatives at hand, closely connected with security and strategic concerns. Suggestions were made encouraging both the countries to tactfully benefit from one another's sovereign trade and commerce decisions, safeguarding the security interests of both the countries with high degree of trust that has always characterized such relations between the two neighbours. Nepal's tremendous potentials of benefits with the growth of India were highlighted, and ways were suggested to ease the bottlenecks for expanded transactions. The panels discussed how Nepal and India could jointly benefit at the sub-regional levels as members of SAARC, BIMSTEC and BBIN, though the speakers seemed quite apprehensive about the progress of SAARC for certain understandable reasons.

Another subject of equal gravity that dominated the seminar was the issue of Nepal's political progress: from monarchy to a democratic republic, and from a unitary state to a federal one. The Indian speakers shared their experiences of dealing with diverse interests of various linguistic and ethnic groups, discussed issues of social justice, economic decentralization, devolution of power, and streamlining state-centre relation. They also cited problems that free India faced over the years and foregrounded the measures India took to solve such issues. They expressed their wishes for the success of Nepal's federal experimentations, and expressed the views that it is for Nepal to make its choices and find solutions to its existing problems. This was a commendable gesture from the Indian scholars respecting Nepal's sovereign existence as an independent nation.

A couple of other issues, which concern both the nations and the world at large for that matter, found entry into the seminar agenda. Climate change, terrorism, fake currency traffic, human trafficking and conservation of biodiversity were discussed, and urges were made to go for collaborative efforts for addressing such issues.

Thus, the seminar foregrounded a large and comprehensive picture of Nepal-India relations, and stressed the need to consolidate cultural and civilizational links on one hand, and economic and trade relations on the other, to keep the bonds unshaken. The speakers were unanimous that the common cultural and civilizational roots are the most reliable guarantees that make the relation between Nepal and India unique and unshakable.

The seminar has, however, brought on the table certain issues that need serious research, contemplation and introspection. No one, so far, has any concrete idea as to how the huge degree of informal trade that takes place across the porous border can be brought within the purview of state surveillance and custom clearance. Peddling of fake currencies across the porous borders, threats of terrorist infiltration, issues of human trafficking, anti-dumping duties affecting the export of certain merchandise goods, exceptionally long stagnation in executing hydropower agreements, facilitation of third-country good imports, and export pessimism that marks Nepal's economic mood are issues that invite serious discussion, study and action for good, as suggested by the seminar.

As organisers, we feel that this seminar was a huge step towards cementing and emboldening relations between the two countries. We believe, such track II diplomatic dialogues are far more spirited, open and cordial than government-to-government dialogues that are often limited by political constraints. So, thanking all the participants, we express the hope that the trend of such deliberations will continue to receive intellectual support even in future, and we shall keep our endeavours going, until our relations qualify to the rank of the best of the neighbours in the world.

This volume is the transcription of all the presentations made in the seminar. Besides recording all the sessions, it contains the speeches of Rt. Honorable Nepalese Prime Minister Shri Pushpa Kamal Dahal, Honorable Nepalese Foreign Minister Dr. Ram Sharan Mahat, and the His Excellency Shri Pranab Mukherjee, the Rt. Honorable President of India. Since most of the texts have been developed from oral speeches, there are obvious gaps and inevitable inter-semiotic translational losses here and there, but care has been taken to ensure that the main essence of the speeches is kept unaffected. Discourse markers, repetitions, jokes, light-hearted humorous references and redundancies have been omitted. However, the question-answer sessions have been transcribed and reproduced here, considering that the sessions discussed serious issues for contemplation.

We expect your suggestions for improving not just this publication but also the areas of researches and operations we need to work on. The issues dealt with in this book obviously reflect what we incorporated and what we missed. To those issues we have incorporated we shall go adding. On those we have missed, we expect suggestions from our learned readers.

Deepak Kumar Adhikari
Director
Neeti Anusandhan Pratishthan, Nepal (NeNAP)

राजदूत
AMBASSADOR



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23rd February, 2017

MESSAGE

The Neeti Anusandhan Pratishthan, Nepal (NeNAP) is contributing to the further enhancement and deepening of India-Nepal relations through its various initiatives including organizations of seminars, conferences and exchanges between students of India and Nepal.

The seminar organized on 2nd and 3rd November, 2016 on 'Nepal and India: Exploring New Vistas' has made important recommendations for strengthening the multifaceted India-Nepal relationship in diverse sectors particularly in the field of cultural and civilizational links, trade relations and security issues. The fact that the seminar was addressed by H.E. the President of India Shri Pranab Mukherjee and H.E. the Prime Minister of Nepal Shri Pushpa Kamal Dahal 'Prachanda' as well as senior Ministers of the Government of Nepal testifies to its importance.

I wish the Neeti Anusandhan Pratishthan, Nepal all success in its noble endeavors to further strengthen the ancient bonds of friendship between our two countries.

[Ranjit Rae]



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5th April, 2017

MESSAGE

I am pleased to learn that Neeti Anusandhan Pratishthan, Nepal (NeNAP) is publishing the book “**Nepal and India: Exploring New Vistas**” covering the visit of Shri Pranab Mukherjee, Honorable President of India to Nepal at the friendly invitation of Rt. Honorable President Mrs. Bidya Devi Bhandari was definitely an important occasion in Nepal-India relations as the visit of Honorable President of India to Nepal took place after 18 years.

Nepal and India share similar history, culture and civilization. The people to people relation between the two countries is not comparable to any other relations in international arena as it shares close ties of friendship and cooperation.

The visit of Honorable Mukherjee to Nepal from 2nd to 4th November 2016 and the activities such as honorary degree of doctor conferred to Shri Mukherjee, Excellency’s visit to Pashupatinath and Janakpur explains the ties of relation both the countries have.

Nepal and India should have frequent exchange of high level visits as these visits strengthen the friendly relation between the two countries and further deepens the engagements. Nepal is glad to observe the economic and social developments India is making. Being next door neighbors, Nepal and India should build up closer partnership for development and prosperity. Nepal-India relation should build up closer partnership for development and prosperity. Nepal-India relation should move towards more economic engagements and focus on greater connectivity and more trade.

I congratulate Neeti Anusandhan Pratishthan, Nepal for the important publication.

Deep Kumar Upadhyay
Ambassador of Nepal to India

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Introduction of the Speakers

Prof. Dr. Lok Raj Baral Professor Baral is a former Ambassador of Nepal to India & Executive Chairman of Nepal Centre for Contemporary Studies (NCCS) and former Ambassador of Nepal to India. He was professor, and Head of Department of Political Science, Tribhuvan University, Nepal and also the President of Nepal Council of World Affairs and Nepal Political Science Association. Professor Baral is the author of more than 20 books (authored and edited) and is in the advisory board of many national and international journals. He has contributed articles to Asian Survey, Journal of Democracy and Pacific Community, International Studies, Journal of Contemporary Studies, South Asian Survey and others. Prof. Baral is deeply involved in studying Nepal and South Asian politics, society and foreign policies.

Shri Ram Madhav

Shri Ram Madhavji is the National General Secretary of Bharatiya Janata Party (BJP) and Director, India Foundation, New Delhi. He is an Indian politician, writer and journalist. He is a former member of the National Executive of the Rashtriya Swayamsevak Sangh and has authored several books. His latest is *Uneasy Neighbours: India and China after Fifty Years of the War*. He was the editor of *Bharatiya Pragna*, a monthly magazine in English published by Pragna Bharati, and associate editor of *Jagriti*, a Telugu weekly. He also served as a director in several film censor boards and educational institutes of India. He worked as a journalist for over 20 years with RSS sponsored publications and authored more than twelve books. He serves as an RSS-aligned think-tank focused on the issues, challenges and opportunities of the Indian polity.

- Shri Pushpa Kamal Dahal** The Rt.Honorable Prime Minister of Nepal Shri Pushpa Kamal Dahal ‘Prachanda’ Pushpa Kamal Dahal is also known as ‘Prachanda’. He is a Nepalese politician and the chairman of the Communist Party of Nepal (Maoist-Centre). He has been Prime Minister of Nepal since 2016; previously he was Prime Minister from 2008 to 2009. He received a diploma of science in agriculture (I.Sc.-Ag) from Institute of Agriculture and Animal Science (IAAS) in Rampur, Chitwan, and was once employed at a rural development project sponsored by USAID: the project site was Jajarkot.
- Shri Neelakantha Uprety** Shri Uprety is the former Chief Election Commissioner of Nepal who was appointed to the chief of constitutional body on March 24, 2013 is a high level Election Professional with over 25 years of experiences in managing and strengthening the electoral process; specialized experience in election management, electoral reforms, project management, negotiation and conflict resolution; establishment and maintaining relation with international organizations and community; in-depth knowledge in electoral systems and procedures. He also has extensive experience of working in post-conflict and conflict-ridden countries under security threats
- Professor Dr. S.D. Muni** He did his Ph.D in ‘The Role of Political Institutions in Foreign Policy Decision-Making of Nepal’ from University of Rajasthan, Jaipur, India. Professor Muni, for forty years, taught, conducted and supervised research in International Relations and South Asian Studies at Jawaharlal Nehru University (1974-2006), National University of Singapore (2008-2013), Banaras Hindu University (1985-86), and University of Rajasthan (1972-73). The Jawaharlal Nehru University, where he held the prestigious Appadorai Chair of International Politics and Area Studies and

taught for 33 years has conferred on him the stratus of Professor Emeritus. He is also Distinguished Fellow (Hon.) at the Institute for Defence Studies and Analyses, New Delhi.

Dr. Baburam Bhattarai The Rt. Honorable former Prime Minister of Nepal Dr. Baburam Bhattarai was born in a lower middle class peasant family on June 18, 1954, in Gorkha District. Dr. Baburam Bhattarai is widely recognized for his political and intellectual activism. Being at the forefront of the Communist Party of Nepal (CPN, Maoist), Dr. Bhattarai is known as one of the chief architects of the political transition that led to the establishment of the republic of Nepal. He was elected in two Constituent Assemblies from Gorkha with the highest national margins of votes. Dr. Bhattarai became the Minister of Finance in 2008 and served as the 35th Prime Minister of Nepal between August 2011 and March 2013. He received his doctoral degree in Regional Planning from Jawaharlal Nehru University, New Delhi and has a master's degree in Urban and Regional Planning from New Delhi's School of Planning and Architecture. Presently, he is the President of Naya Shakti Party, Nepal.

Shri Tarun Vijay

Shri Tarun is a former Member of Parliament (Rajya Sabha), author and columnist. A keen Nepal observer, he has been frequenting Nepal since the democratic movement days, supporting and keeping close contact with leaders like Ganesh Man Singh, Kishanji, Madhav Nepal and others. He was sent to Nepal to meet King Birendra and later King Gyanendra by the then Prime Minister Shri Atal Behari Vajpayee. His books include *The Saffron Surge* (Haranand), *India Battles to Win* (Rupa) and *An Odyssey in Tibet*. He writes regular columns in more than 22 newspapers.

Shri Mahantha Thakur Thakur is the President of Terai-Madhes Loktantrik Party. He is one among highly reputed senior politicians of Nepal. He has been in active politics for the last 50 years. His invaluable contributions to the struggle for democracy and transforming Nepal into a federal democratic republic are praiseworthy. He started his political career while he was a student as the President of the Free Student Council at the University. He performed a lead role in many political movements for democracy in Nepal such as the movements in 2028, 2032, 2036, 2042, 2046, and 2062/063 Bikram Samwat (BS). During these movements, he was in imprisonment too. He became Deputy Speaker of the first Parliament after democracy restoration in Nepal in 2048 BS. He got elected in all the three general elections held in Nepal during democratic regime. He was a nominated member of the first Constitutional Assembly.

Shri RP Sarmah He is Member of Parliament (Lok Sabha) from Tezpur, Assam. He was born in 1955 in Kathanibari of Sonitpur District of Assam. Born in a rich family, he did many petty jobs to sustain himself and to get his education from Shillong and Garo Hills. He did his Bachelor of Law from Tura Law College in 1980-81 and Bachelor of Arts from Mendipathar College in 1976. Professionally he is a Senior Advocate at the Guwahati High Court and he won the 2014 General Election from Tezpur Constituency in Assam from BJP ticket. RP Sarmah joined Rastriya Swayamsewak Sangh (RSS) in 1978 and then BJP in 1991. At that time BJP did not have much base in Assam. He contested his first election in 1999 from Tezpur but lost with small margin. He again contested from Tezpur in 2014 general elections and won this seat with a huge margin.

Gen. Rookmangud Katawal (Retd.) General Katawal served as the Chief of the Nepal Army from September 2006 to

August 2009. He has widely travelled across the world. His hobbies include reading, hiking and riding. A keen social worker in his spare time, General Katawal is also involved in the development of a high school (currently a college) in his home village in Okhaldhunga District. General Katawal has penned many lyrics in the Nepalese folk, patriotic and popular song disciplines. He has been awarded Birendra Prajatantra Bhaskar, Second Class and has been awarded a host of other decorations and medals in some 40 years of service. After retirement from Nepal Army in 2009, Katawal has been engaged in many public functions and private ceremonies. He has been travelling widely attending conferences and talk programs as a guest of honor, chief guest and speaker on varied issues both inside and outside the country.

Smt. Mala Rajya Laxmi Shah Smt. Shah was born on 23rd August 1950 in Kathmandu, Nepal. She passed her high school from the Convent of Jesus & Mary, Pune and then was for two years in Ratna Rajya Laxmi College, Kathmandu Nepal. She is married to Shri Manujendra Shah of Tehri Garhwal. She was elected to the 15th Lok Sabha in the by-election in 2012 and then re-elected for the second time in 2014. She is the first lady member of Lok Sabha from Uttarakhand. She is a member of the Standing Committee on Defence, Women Empowerment Committee, Consultative Committee on Tourism and Culture and Member of Governing Body of All India Institute of Medical Sciences, Rishikesh, Uttarakhand.

Prof. Dr. Jaya Raj Acharya Professor Dr. Jaya Raj Acharya is a retired diplomat and a Professor of English. With his master's degrees in English and Sanskrit from Tribhuvan University he was a Fulbright scholar (1984-1986), and earned his Ph.D in 1990 from Georgetown University, Washington DC. Acharya served

as Nepal's Permanent Representative to the UN in 1991-1994. He was the Vice-chairman of the UN Special Committee against Apartheid (UNSCA), met Nelson Mandela, and contributed to preparing the final report of the Committee in 1994. He also facilitated the increased contribution of Nepal's UN Peacekeeping troops in Lebanon, Former Yugoslavia, Somalia, Haiti, and Iraq. Acharya was a Senior Fellow at the University of Leiden in the Netherlands in early 1995. He was also a Fellow at the Centre for International Affairs, Harvard University (1995-1996) where he taught advanced Sanskrit texts in Hinduism and Buddhism as well.

Prof. Dr. Sangeeta Thapliyal Professor Dr. Thapliyal is the Chairperson of the Centre for Inner Asian Studies in the School of International Studies, Jawaharlal Nehru University. Her area of specialisation is India's strategic interest in South Asia with a special emphasis on the Himalayas and Trans-Himalayas, Nepal, Bhutan, Regional Cooperation in South Asia and issues related to Water Security. She is the Vice President of the Association of Asian Scholars and Convener, South Asia Chapter. In her administrative capacity she has undertaken outreach programmes to various universities and think tanks by organizing seminars, talks and projects. Professor Thapliyal has wide ranging administrative and academic experience.

Amb. Jayant Prasad Ambassador Shri Jayant Prasad is Director General, Institute for Defence Studies and Analyses (IDSA), New Delhi. He was Indian Ambassador to Afghanistan, Algeria, Nepal, and the UN Conference on Disarmament, Geneva. At headquarters, in the Ministry of External Affairs, he served as special Secretary (Public Diplomacy), and Head of the Americas and the Multilateral Economic Relations Divisions. He was Rapporteur

of the U.N. Commission on Human Rights, Geneva (1986-87), Fellow at the Weatherhead Centre for International Affairs, Harvard University (1998-99), member of UN Secretary-General's Advisory Board on Disarmament Matters (2005-07), and visiting scholar, Centre for the Advanced Study of India, University of Pennsylvania (2014-15).

Professor Nisha Taneja Professor Taneja is Professor at Indian Council for Research on international Economic Relations. Her broad areas of interest include WTO issues, regional trade, industrial economics, and institutional economics. In recent years she has worked on tariffs, non-tariff barriers, and transport issues related to Nepal-India, India-Sri Lanka, India-Pakistan, India-Bhutan, India-Korea, India-Japan, India-China and sub-regional cooperation between India, Bangladesh and Nepal. She has served on committees set up by the Government of India on Informal Trade, Rules of Origin and Non-tariff Barriers and was recently appointed as Trans shipment Adviser to the government of Nepal. Her research papers have been published in several journals and have been disseminated widely in India and abroad.

Dr. Vandana Mishra Dr. Mishra completed her Ph. D in Politics of Coalition Government in India from University of Delhi in the year 2005. She specialises in Indian Government and Politics/Public Administration and has a teaching experience of over 14 years. She was the recipient of Junior Research Fellowship from UGC in 1997. Dr. Mishra received the Best Teacher Award (2013-14) from the Department of Higher Education, Government of NCT Delhi. She has published 25 research papers in different journals and popular magazines. She has been regular contributor to Yojana, Mainstream and Manthan. She has authored three books: Political Ideas of Bipin

Chandra Pal, Political Response to Indian Economic Reforms, and Coalition Politics: A Comparative Study of Italy, Japan and India.

Shri Prashant Jha

Shri Jha is a Nepal-born, Delhi-based journalist and author. He is currently an Associate Editor with Hindustan Times in New Delhi, writing on both Indian national politics and foreign policy. Jha is the author of a deeply personal, critically-acclaimed, reported account of the years of war and peace in Nepal - *Battles of The New Republic: A Contemporary History of Nepal*, which has also been translated in Nepali. The book deals with the transformation of the Maoists, the rise of Madhes movement, Nepal-India relations, and the peace and constitutional process in Nepal. He has also contributed chapters to a range of other scholarly books. Jha has written for The New York Times, New Yorker, Janes Intelligence Review, among other international publication. He has been an analyst with the International Crisis Group.

Dr. Arzu Rana Deuba

Dr. Deuba is a politician, philanthropist and a social worker. She is a member of Nepalese Constituent Assembly from Nepali Congress. Apart from politics, she is actively involved in running numerous social organizations and has a special interest in the empowerment of women in Nepal. Dr. Deuba was elected as Regional Councillor of the World Conservation union (IUCN) during its fourth world congress held in Barcelona, Spain in October 2008. Dr. Deuba is the President of SAATHI, a non-governmental organisation working in the area of violence against girls and women in Nepal. She is the Executive Director of SAMANTA Institute for Social and Gender Issues, a non-governmental organization working mainly in research and training on multi-sectorial issues pertaining to gender. She is the founder and chairperson of Rural Women's Development

and Unity Centre, which has established a low-risk birthing centre in far-western Nepal. She is the honorary chairperson of Safe Motherhood Federation, Nepal.

Amb. G. Parthasarathy Ambassador Gopal Parthasarathy is a career Foreign Service officer. He served as Ambassador of India to Myanmar (1992-95), High Commissioner of India to Australia (1995-98) High Commissioner of India to Pakistan (1998-2000) and High Commissioner of India to Cyprus (1990-92). He served as Spokesman, Ministry of External Affairs, and Information Adviser and Spokesman in the Prime Minister's Office with Prime Minister Rajiv Gandhi (1985-90). Shri Parthasarathy is presently Visiting Professor in the Centre for Policy Research in New Delhi, He is also a member of the Executive Committee of the Centre for Air Power Studies in New Delhi.

Dr. Shekhar Koirala Dr. Koirala is a medical doctor. He completed his MD in medicine from All India Institute of Medical Sciences (AIIMS), New Delhi. He has worked in different government hospitals in Nepal. Later on he joined in establishing BPKIHS, a health science university. This institute is a partnership project between Nepal and India. He served that institute in the capacity of Rector and later on as Vice-Chancellor. After completion of the tenure of Vice Chancellor, he joined Nepali Congress as an activist.

Prof. Dr. Krishna Hachhethu Professor Dr. Hachhethu is Professor of Political Science, Tribhuvan University and has the credit of publication of about a dozen books, including Party Building in Nepal (2002), and hundreds of articles in books and journals published in Nepal and abroad. Professor Hachhethu is country coordinator of South Asia Democracy Network.

Dr. Shakti Sinha Dr. Sinha is presently the Director, Nehru Memorial and Museum Library, New

Delhi. Dr. Sinha was Director, South Asian Institute for Strategic Affairs (SAISA), and the head of Policy Research Group at the BRIEF, an economic think tank. He was a member of the Indian Administrative Service from 1979 to 2013. He headed the United Nation's Governance & Development Team in Afghanistan (2006-09), and was earlier Senior Advisor to Executive Director on the World Bank Board (2000-2004). He has served as Director at India Foundation.

Prof. Dr. Rajesh Kharat

Professor Dr. Kharat is Professor and Chairperson of Centre for South Asian Studies, Jawaharlal Nehru University (JNU) and Chief Advisor to the Equal Opportunity Office of JNU, New Delhi. Before joining JNU, he was also Professor at the Department of Civics and Politics, University of Mumbai, Mumbai. He has more than 25 years of teaching experiences and the universities initially at University of Mumbai and presently at JNU. He has authored three books, Role of Bhutan in SMRC, Tibetan Refugees in India and Foreign Policy of Bhutan and one edited book on Bhutan: Contemporary issues and Perspectives. He has also published more than 25 research articles/papers in various national and international journals and several edited volumes published in India and abroad.

Captain Alok Bansal

Captain Bansal is Director India Foundation. He is also Honorary Professor at New Delhi Institute of Management (NDIM) and facilitator of India Policy Group (IPG) on Afghanistan for Track II dialogue by Friedrich Ebert Stiftung. He has been the Executive Director of the National Maritime Foundation (NMF) and South Asian Institute for Strategic Affairs (SAISA). He has also worked with the Institute of Defence Studies and Analyses (IDSA), and Centre for Land Warfare Studies (CLAWS). He has a naval background and served in the Indian

Navy for 32 years. He has authored a book titled *Balochistan in Turmoil: Pakistan at Crossroads* and has co-edited three books titled *South Asian Security: 21st Century Discourses*, *Pakistan Occupied Kashmir: The Untold Story*, and *Sri Lanka: Search for Peace*.

Shri Pashupati SJB Rana

Shri Pashupati Shamsheer Jang Bahadur Rana studied in England. After studying in England, he became Director of the Central Bank of Nepal (1973-1975). Later he committed himself to political activity, holding important positions in the representative system of Panchayat, devised by King Mahendra. He was Minister of State for Education (1977-79), with the addition of Transport and Tourism (1978-79), Minister of Water Resources (1983-84) and Communications (1986-88). After the end of the Panchayat, he became the Minister for Foreign Affairs, Finance, Water Resources and Communications (1990-94) and Minister for Water Resources (1995-97, and 1997-98). Pashupati SJB

Dr. Prakash Sharan Mahat

Dr. Prakash Sharan Mahat is the Minister for Foreign Affairs of Nepal. He assumed his office on 26 August 2016. Dr. Mahat has an active political career of more than three decades. He actively participated in democratic movement, conflict resolution, and the peace process of the country and is keen on advancing inclusive economic development agenda. Since 2007, Dr. Mahat is working as a Member of the Central Executive Committee of the Nepali Congress, major Democratic Party of Nepal. Dr. Mahat has served in the legislature and executive branches of Nepal in different periods in various capacities. He was a Member of Interim Legislative-Parliament from 2006 to 2008. He was a member of the 1st Constituent Assembly from May 2008 to May 2012 and also a member of the 2nd Constituent Assembly since November 2013. He played vital role in the Constitution drafting process as a member of the Constitution Drafting

Committee of the 2nd Constituent Assembly, which has now been transformed into the Legislature-Parliament after the promulgation of Constitution of Nepal on 20 September 2015. Dr. Mahat was Minister for Energy from 2010 to 2011. He was State Minister for Foreign Affairs from June 2004 to February 2005. He was also a Member of National Planning Commission from April 2002 to October 2002 and an advisor to the Prime Minister of Nepal from September 2001 to May 2002. He was Member Secretary of High Level Committee constituted by Nepal Government in 1999 for the Resolution of Maoist insurgency. Similarly from 2006 to June 2007, he served as Member of National Peace Committee, which was constituted for facilitating dialogue and helping government to work on peace deal and preparation of peace accord. He was also entrusted with the responsibility to negotiate with different agitating groups in Nepal as one of the members of Government Dialogue Team from August 2007 to June 2008.

Shri Pranab Mukherjee

His Excellency the President of Republic India, Shri Pranab Kumar Mukherjee is the 13th and current President of India, he has been in office since July 2012. In a political career spanning six decades, Mukherjee was a senior leader of the Indian National Congress and occupied several ministerial portfolios in the Government of India. Prior to his election as President, Mukherjee was Union Finance Minister from 2009 to 2012, and the Congress party's top troubleshooter. Mukherjee got his break in politics in 1969 when Prime Minister Indira Gandhi helped him get elected to the Rajya Sabha, the upper house of Parliament, on a Congress ticket. Following a meteoric rise, he became one of Indira Gandhi's most trusted lieutenants, and a minister in her cabinet by 1973. During the controversial Internal Emergency of 1975–77, he was accused (like several other Congress leaders)

of committing gross excesses. Mukherjee's service in a number of ministerial capacities culminated in his first stint as finance minister in 1982–84. Mukherjee was also Leader of the House in the Rajya Sabha from 1980 to 1985.

Shri Madhav Kumar Nepal The Rt. Honorable former Prime Minister of Nepal Shri Madhav Kumar Nepal was Prime Minister of Nepal from May 25, 2009 to February 6, 2011. He was previously the General Secretary of Communist Party of Nepal (Unified Marxist-Leninist) for 15 years. He graduated in Commerce from Tribhuvan University in 1973 and worked in banking and civil service before turning to fulltime politics. Shri Nepal joined the communist movement in 1959. In the underground struggle, he used party names such as Subodh, Sunil, Ranjan and Bibek. In 1971 he became a district committee member of the Nepal Revolutionary Organisation (Marxist-Leninist). At a conference held in Biratnagar from June 7-8, 1975, Shri Nepal was elected as a bureau member of the All Nepal Communist Revolutionary Coordination Committee (Marxist-Leninist).

Shri Shekhar Golchha Shri Golchha is the Vice-President of the Federation of Nepal Chambers of Commerce and Industries (FNCCI) and Director of the Golchha Organization, one of the leading business houses in Nepal, which are involved in diverse fields of business from agro to techno and from manufacturing to trading. Shri Golchha leads various companies in his group involved in manufacturing of consumer electronics and marketing and trading of automobiles. Shri Golchha is the Immediate past President of Nepal Automobile Dealers' Association, and Executive Member of the Nepal-India Chamber of Commerce. He earned his graduate degree in Management from the Webster University in U.K. as well as from the Delhi University, India.

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

Prof. Hari Bansh Jha Professor Jha has been Executive Director of a research organisation, Centre for Economic and Technical Studies, in Kathmandu, Nepal. Currently, he is Visiting Scholar at Indian Council of World Affairs, Sapru House, New Delhi. He was formerly Professor of Economics at Nepal's Tribhuvan University (1976-1998). Besides, he was Visiting Professor at Chengdu American Center for Study Abroad, Sichuan University, China (2013), senior Indian Council for Cultural Relations (ICCR) Fellow at Institute for Defence Studies and Analyses, New Delhi (2011-12), and Visiting Scholar at Institute of Asian Studies, German Institute for Global and Area Studies (GIGA), Hamburg, Germany (2011).



Professor Dr. Lok Raj Baral

The Rt. Honorable Prime Minister, Shri Ram Madhavji, former Prime Ministers, ladies and gentlemen!

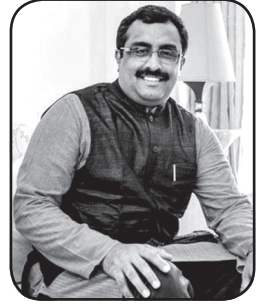
It is a great privilege for me to welcome His Excellency Shri Pranab Mukherjee, President of the Republic of India, on behalf of India Foundation, New Delhi, Neeti Anusandhan Pratishthan (NeNAP), Nepal and Nepal Center For Contemporary Studies (NCCS). This visit is significant in many respects. First, it is taking place after eighteen years of the visit of the then President K.R. Narayanan, though the Nepali President visited India formally and informally. Exchange of visits in fact helps reinforce bilateral relations, despite various other measures adopted for improving such relations. President Mukherjee is well aware of the developments in Nepal because of his keen interest in the South Asian region. He combines various traits – University teacher, accomplished scholar, experienced administrator, seasoned politician, perfect diplomat and now dignified Head of State. Nepalese are benefited by the vast array of roles that he has played in different capacities. His unflinching faith in democracy has added both beauty and functionality in state affairs of his country.

President Mukherjee started his political career in 1969 after he became the member of Rajya Sabha from Indian National Congress. Mrs. Indira Gandhi discovered a young talent (Pranab Mukherjee) who subsequently played a key role as a trouble shooter, planner, Finance Minister and Minister of External Affairs. As a parliamentarian, Mukherjee helped Congress Party develop its image. After assuming office of the President, he has not only enhanced the dignity of the

institution but has also developed cordial functional relations between the Presidency and the government. His long political career in the Congress Party has not at all given an iota of doubt about his new incarnation as the dignified Head of State.

Thus, President Mukherjee has earned respect from both government and opposition in India. Respected as Pranabda by the parties' leaders in opposition when he was in practical politics, President Mukherjee is indeed the quintessence of modern Indian democratic state. For Nepal, his great contribution to the peace process cannot be forgotten. I hope Nepal-India relations would gain new heights during his term as President of India. Let me once again welcome such illustrious statesman from India.

Thank you.



Shri Ram Madhav

Excellency Rt. Honorable Prime Minister Shri Pushpa Kamal Dahal Prachanda, all the distinguished scholars and eminent citizens present on both sides of the dais.

I stand before you as one of the organizers of this two-day seminar. India Foundation from New Delhi is hosting this seminar in collaboration with two important think tanks in Kathmandu. We are very grateful to Rt. Honorable Prime Minister for agreeing to come and speak in the inaugural session of this conference.

Excellency, you visited India recently. It was a very successful visit. Nepal and India have always had very strong bilateral relations. Actually, our relationship is more than political or diplomatic. It is a civilizational relationship. Prime Minister Vajpayee once described this relationship in a very beautiful and poetic way. Vajpayee is also a great poet as everybody knows. He called it 'higher than the Himalayas, and deeper than the Indian Ocean'. When we talk of the Himalayas or of the Indian Ocean, the Himalayas face storms, and so does the ocean. But the storms are transient. Beyond all such storms, our relations thrive. We all will make attempts, especially, Rt. Honorable Prime Minister, from the side of my India Foundation, and as an office bearer of India's ruling party Bharatiya Janata Party, I want to assure you that, we are here to further help strengthen this bilateral relationship. We must take it to a higher altitude, so that the interests of both the countries are best safeguarded. We might share experiences with each other, learn from each other's experiences, as is often said by our Rt. Honorable Prime

Minister Shri Narendra Modi, “together we grow!” We must come together and march ahead, and we shall always direct our endeavours in this direction.

Honorable Prime Minister! India is completing an experience of about 80 years in democracy. India’s journey of democracy began in 1935 with India Independence Act. Our constitution-making process started in 1947 after independence. We took three years. Making a constitution is not an easy process; we have a good experience of the same. We took three years to make sure that everybody was happy, satisfied and was with the constitution. And today, after seven decades of our independence, we can proudly say, we are the largest democracy in the world. Just being the largest is not the case; we are not merely a huge democracy. This is not the only truth. We are also a successful democracy.

At ours, people change the guard with their power. In democracy, the power rests in the hands of the people. When we got independence in 1947, right then, we had decided that our journey would be democratic. A big leader of the independence movement was asked by a journalist, “What kind of a governance system would you love to see in independent India?” The leader had answered, “India should become a democracy.” The journalist asked again, “Why only democracy?” In 1947, democracy was not a very romantic word. There were several administrative models. The leader replied, “Because it is the second best available form of governance; so we will go for it.” The journalist was flabbergasted. So, he naturally asked what the best governance was. The leader said, “Yet to be invented.”

Though democracy is not the best arrangement, India has considered it the best among those available, and with it, we are moving ahead. We are glad that our good neighbour Nepal too is today moving along the same path, and has started its endeavour, which started many years back. We wish, your endeavour attains success, and attain its first logical conclusion, by making a constitution at the soonest, and making Nepal a good democratic state.

When our Prime Minister was speaking to Nepal’s Constituent Assembly (CA)/ Parliament last year, he had definitely said that on the basis of consensus—as in India—Nepal should move, being a country full

of diversity. Consensus and common happiness, should be the basis of constitution making, and let democratic system prosper and flourish. If our experience becomes handy, you might benefit from it too. We extend our best wishes.

Excellency, India Foundation is a group of intellectuals, who are normally addressed as 'think tank'. There are several think tanks in the world; we call ourselves a 'do tank'. The only difference is that, thinking takes place at many levels, but it is necessary for us to employ that thinking for the welfare of the nation and the world, and what attempts are possible in that direction, that becomes necessary. Else, we conduct seminars for two days and move away; you too will go away, and books will be published. Our Foundation doesn't have such objectives. So, in this two-day seminar, we will discuss some very important issues on bilateral relations which can strengthen the relation, and also make sure that we will be helping each other develop and grow into successful countries. So, in this two-day seminar, we are discussing many of such issues that will decide whether in trade we can make good exercise, we can remove the existing impediments in connectivity. We will discuss such issues in the two-day seminar .

Excellency, you will be pleased to know that our delegation from India includes eminent thinkers of India, who have a very sound knowledge of India. We have His Excellency the Indian Ambassador to Nepal Shri Ranjit Rae, Ambassador G. Parthasarathy, Ambassador Virendra Gupta, Professor Dr. S.D. Muni, Shri Tarun Vijay, and we have two Parliamentarians both from Lok Sabha: Shri Mala Rajya Lamxi Shahji from Uttarakhanda, and Shri R.P. Sarmah from Assam, and the two share the fact that they belong to Nepali origin, and are members of Indian Parliament, and they both are here. Shri Mala Rajya Lamxi has great relations with Nepal, and R.P. Sarmah has visited Nepal after forty years. We shall make attempts to ensure that such a gap becomes narrowed, and the trends of visit accelerated. These are people who play crucial role in the policy making of India. They are all here, and I believe, this two-day seminar will bring an outcome, which will be beneficial to both the nations.

I am extremely delighted that today, our President of the Republic of India has visited here, and we are holding this seminar by the side of this visit. As Baralji said, our President is going to deliver the concluding address in this seminar tomorrow evening. The

President was accorded a huge reception this afternoon when he landed here. Her Excellency the President of Nepal and His Excellency the Prime Minister reached the airport to receive him. This indicates what degree of good will we have for one another's country. Excellency, to strengthen this, and to explore avenues for the benefit of the two nations, we are holding this two-day seminar. I once again thank you for accepting our invitation to come and address the inaugural session of this seminar. With this I conclude. Namaskar.



**The Rt. Honorable Prime Minister of Nepal
Shri Pushpa Kamal Dahal 'Prachanda'**

Honorable convener of this very unique and timely seminar, Honorable guests, Honorable Ministers, friends from media, ladies and gentleman!

It is a matter of great honour to address and inaugurate this seminar organized by India Foundation, New Delhi in collaboration with Neeti Anusandhan Pratishthan, Nepal and Nepal Centre for Contemporary Studies coinciding the state visit of His Excellency the President of India. I am confident that this seminar will be useful in further enriching the multi-faceted relation that exists between Nepal and India. Almost one and half month ago, I embarked upon the state visit of India at the invitation of Prime Minister Modiji. That visit in, my view, has contributed to strengthen the relation existing between our two friendly neighbours. The visit provided an excellent opportunity to enhance mutual trust and confidence to boost our friendship and rekindle optimism for strengthened partnership.

Close on the heels of my visit, the President of India is on the state visit of Nepal. This is the visit by Indian President after eighteen years. This visit will further consolidate our ties. Ladies and gentlemen, connected by geography, history and culture, Nepal and India share an enduring bond of relation whose entirety and depth cannot be summed up by the official documents and treaties alone. Our friendship stands on a solid foundation of amity, which is unshakable. Our friendship thrives in an atmosphere of goodwill handed down through ages. Sometimes,

there have been episodes of misunderstanding and friction, but such transient episodes should not and could not shake the foundation of our relations. We share not only the open border, but also our aspiration for peace and prosperity. We share not only our cuisines and festivals, but also a fabric of commerce and trade.

Our countries are gifted with immense resources. Ours are the lands of tremendous potential and opportunity and the responsibility is ours to unleash those potentials. Our countries stand on the business of glorious innovation on the bases of glorious history. They have cultivated humanity with spirituality and civilization, wisdom and innovations. Ours are the lands that conceived Gautam Buddha and Mahaveera, ours are the lands of Gandhi, who induced the world to walk upon the path of tolerance and non-violence. Ours are the lands of great philosophers, creative innovators and pioneers. And the responsibility is ours to revive that glory, redeem that splendour. Despite the richness of our resources outside world equates our region with poverty and backwards, and the responsibility is ours to change the face of our countries to a face of development, and to a face of prosperity. To fulfil these responsibilities, we need noble vision and ideas for exploring new vistas of cooperation. We require imagination and innovativeness.

Ladies and gentlemen, along with the wheel of time, our age-old relations have become more extensive and multi-dimensional. New latitude has emerged; new opportunities have surfaced up. As we desire to see more dynamism and vibrancy in Nepal-India relations, we must ensure that the governments' efforts are supported by multiple stakeholders including civil society, non-governmental sectors, intellectuals and business communities. They should contribute constructively to expand and deepen our relations. We have several bilateral mechanism and frameworks. These mechanisms must be reactivated and re-energized to fulfil their mandates. We must adapt them to the changing needs and circumstances. It was in this spirit that our two governments decided to form the 'Eminent Persons Group' (EPG) and to look into the totality of the Nepal-India relations and suggest measures to further expand and consolidate the close the multi-faceted relation between our two countries. I am happy to note that the EPG has stated its business.

Nepal and India have cooperated in the domains of commerce and investment, transit, transport and connectivity. The importance of connectivity for landlocked Nepal cannot be overemphasized. Infrastructure is the lifeline of economy and development. We need to build new infrastructure, improve the existing ones and link them to generate economic activities. We need to expand and deepen the connectivity of infrastructure, roads and railways, of air links as well as web links of ideas and digital networks. We have agreed to give priority to connectivity. We must scale up collaboration now and start working immediately. Parallel to this, we need to focus on technology transfer, and human resource development. Nepal's trade deficit is widening at an alarming rate. This will not be sustainable. Our productive capacity is limited, and our trade basket is small. Enabling trade facilitation, measures and streamlined procedures are important to enhance our trading capacity. Specifically, we need dedicated and supportive measures from friendly government of India to address our trade imbalance.

Water resource of Nepal is an important sector where we need to intensify our cooperation for mutual benefit. Effective implementation of power trade agreement which we signed in 2014 will boost up the confidence of the investors. We need to ensure unrestricted market access on both sides and encourage investment. Our immediate priority should be to make the Pancheshwor Multipurpose Project a success story of shared efforts.

Today, problems like climate change, disaster vulnerability, terrorism, violent extremism and fundamentalism transcend the national boundaries, and these cannot be addressed by the effort of a single country alone. Consorted and effective responses are required to slash the tentacles of such threats. Today, development priority and agenda have gone through tremendous change. Quest for socio-economic development cannot be confined to out-dated paradigms. We need to pursue a closer collaboration to capitalize on genetic resources, biodiversity and organic farming in which we have tremendous potentials. We need to utilize our traditional knowledge with huge human expertise at our disposal. We stand a good chance to be a forerunner in technology and science. To benefit from globalization, we also need to excel in IT sector and digital economy.

If Nepal continues to remain stagnated in the development landscape, if it continues to be grappled with the dearth of basic things, we will not be able to successfully navigate the waters of coming age. Such plight of underdevelopment will not be in the interest of our neighbours as well. If the state of underdevelopment continues to persist, that will be an insult to our conscience. That will be an insult to the vision of shared prosperity and inclusive development. This is the time where dignity and honour are the inalienable rights of individuals, societies and nations. As we step through new vistas in our relationship, we must ensure that the rights of honour and dignity stand on even stronger citadels. This is the time where sciences and societies are free to pursue their independent path of socio economic development where they can make a choice of development process and modality. Yet in today's world of interdependence, there is no alternative to mutually beneficial collaboration and partnership. Nepal's location in between two growing economies of India and China offers promising future. We can forge a successful trilateral partnership; a partnership with sole focus on economic growth and development; a partnership that will be economically rewarding and beneficial to people of all three countries. Successful experience of similar model of cooperation elsewhere can provide us with a useful lesson to explore the vistas offered by unfolding economic opportunities. Ladies and gentlemen! Nepal India relations are not confined only in the formal relations between two governments. People to people relations and cultural and civilizational bonds constitute the vibrant core of our relations. Certainly, this domain of our relation must be nurtured with enhanced understanding. There are various cultural and religious sites revered equally by our people. We can develop Hindu and Buddhist circuits incorporating the major shrines of both the countries. This will provide a powerful boost to our tourism industry. The flow of people as tourists, students, workers and entrepreneurs can be a major catalyst to increase the interaction among people to link our markets and to explore new vistas in the people-to-people relation. We must create an environment congenial to increase the academic collaboration, joint business venture and partnership.

In the aftermath of April earthquake last year, India provided us generous assistance in rescue and relief efforts. The pledge by Indian government in Nepal's post-disaster reconstruction is substantial. The promptness of response and generosity of assistance is a testimony

of our close neighbourly relations. Cooperation between Nepal and India are multi-layered. Our memberships to sub-regional, regional, and multi-lateral forums have enabled us to pursue the issue of mutual interest. To intensify the regional integration and development, we have worked closely in the platform of SAARC and BIMSTEC, and we must work collaborate together to make these forums more effective. Delivery of the result is the key concern.

To complement our bilateral interaction, sub-regional cooperation such as BBIN initiative provides useful opportunity to collaborate in critical areas of energy transport and connectivity among others.

Ladies and gentlemen, our relations are full of potential. We must capitalize on them and inject dynamism for mutual benefit. We must engage in dialogue, act in good faith, and nurture respect from each other.

Last year, we promulgated democratic and inclusive constitution through Constituent Assembly elected by the people of Nepal. Some voices of dissent have surfaced up in this context. My government remains committed to take everyone on board and has taken serious steps towards this end. We believe we can find an acceptable solution to all, upholding the vital national interest of Nepal.

Nepal's democratic stability is essential not only for undertaking economic and social transformation but also for building an enduring framework for mutually beneficial cooperation between our two countries.

To conclude, I would like to underline that we have arrived at a juncture in Nepal-India relations to hit the call of time, sense new opportunities and explore new vistas in our relations as per the wish of our people and demand of our time. Together, we can achieve prosperity for our people. For this, we must be pragmatic in our approach, steadfast in our commitment and determined in our action. Opportunities are there to be seized.

Thank you all for your attention. Thank you very much.



Shri Neelakantha Uprety

The Rt. Honorable Prime Minister, Ministers, Honorable former ministers, intellectuals from India, particularly Shri Ram Madhavji of Bharatiya Janata Party, and Captain Alok Bansal, Their Excellencies from India, Honorable members of Parliament from Nepal and India, the Ambassador of India to Nepal, intellectuals from various disciplines attending this seminar and journalists!

I have been assigned to accord vote of thanks. So, I won't love to speak many things. Three organizations: India Foundation, New Delhi, Neeti Anusandhan Pratishthan, Nepal and Nepal Centre for Contemporary Studies organized this one and a half day seminar. As its convener I extend special thanks to all these three organizations. In the same line, I thank our Rt. Honorable Prime Minister who formally inaugurated the seminar and made his comprehensive speech available to us. In the same way, I thank Shri Ram Madhav, who arrived here on time despite the delay of his flight, and shared with us his enlightening thoughts. I thank Professor Dr. Lok Raj Baral for welcoming all of our guests and dignitaries.

We are organizing this event at a very important time, when His Excellency the President of India is visiting us, and Rt. Honorable Prime Minister and Shri Ram Madhavji too made a mention of it. The issues placed here are very interesting. I cannot speak much as I am not a student of political science, but as a student, I have read about several layers in a system, and about open system, inter-connection; ours are both open and inter-connected. How can we overcome problems and

move ahead, we shall discuss in various sessions featuring learned and scholarly invitees coming from India, and Nepal. I request all the scholars partaking in socio-political, economic, religious and cultural issues, problems and solutions. We shall have one session today, and tomorrow whole day, we will be busy.

His Excellency the President of India will address the Valedictory Session, and after that we shall have a concluding session, after which, we shall publicly notify our achievements. Once again I thank the Rt. Honorable Prime Minister and all the dignitaries for their time.



Dr. Baburam Bhattarai

Respected Chairperson, distinguished and Honorable members of the panel, Excellencies and friends!

We are gathered here to engage in a very promising and seminal discussion on pertinent themes related to Nepal and India. It is an honour for me to be amidst such an eminent group of panellists as well as in the audience, who have contributed widely towards strengthening Nepal-India relations. So, at the outset, I would like to express my sincere gratitude to the organizers of this Nepal-India dialogue and for providing me this opportunity to share my thoughts on a theme that is immensely relevant to the politics and people both in Nepal and India. The topic “Inclusive Democracy: Experiences of Nepal and India” provides an opening for us to reflect upon the democratic trajectory of both these nations.

India has had a rich history of engaging with democratic principles and institutions, making itself known today as largest and one of the most vibrant democracies in the world. The people of Nepal too have fought relentlessly for several decades against autocratic regimes, albeit our quest for institutionalization of democratic republic has been realized rather late. Nevertheless, a maturing democracy and an infant republic have must to share with each other regarding the lessons to be learnt and answers that need to be sought.

Today, democracy has acquired universal sanction and attribution as a desirable system of rule or governance. Yet, there is

no certainty or agreement about the specific components or process of democracy. Therefore, it is not surprising that some of the core controversies of politics and political theory continue to revolve around the question of what it means to make our democracy more democratic. Particularly, the crisis that representative democracies the world over are facing is indeed very disconcerting. On one hand, you have increasing socio-economic inequalities and political crisis brewing within liberal democracies. On the other hand, there are socialist systems that tend to constrict basic political rights and freedom in the name of addressing the socio-economic domains. Therefore, I think, it has some imperative to indulge in a thought-provoking discussion about striving for a democracy that is superior to these conventional models of democracy.

I would primarily like to focus on discussing the challenges that confront Nepal's quest for realizing a truly democratic polity in society. Together with the diagnosis of the ills, I would also like to raise some points that may be useful in understanding what inclusive democracy would actually mean in Nepal's context and why the concept of inclusion is the most crucial indicator of Nepal's success in its democratic endeavours.

Nepal is unique in the sense that although it is a small country geographically, there is an enormous diversity of races, languages, religions and cultures. Yet, it has taken a long time for Nepali state and its political rulers to acknowledge the inequality in political and socio-economic rights among various groups within this valued diversity. Historically speaking, previous autocratic regimes and its political legal institutions have been the legalizing protectors those exploiting and excluding a large section of the people from participation and representation in state structures. However, the past two decades in Nepalese politics have been characterized by a massive upsurge in demands for ensuring inclusion of such groups which have been marginalized on the basis of ethnicity, nationality, region, gender, caste, religion, and language. It is in such a context that the Maoists in consort with the new political forces—Madhesis and Adivasi Janajatis—have major contestation with the traditional political parties over the task of the new constitution. In Nepal, the abolition of monarchy and a prolonged obscurity regarding the new political system that would replace it created a major political void. Post-2006, political trajectory

of democracy in Nepal can be divided can be viewed in the light of the struggle between political parties over filling this void with new political institutions and constitutional provisions. Some of the key points of contestation directly surrounded the question of democracy and its configuration particularly regarding the conceptualization and realization of making our polity inclusive.

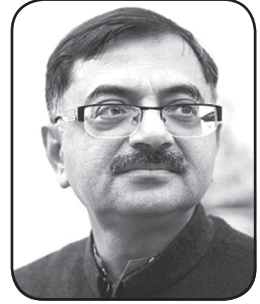
The constitution making process in Nepal can be considered ground-breaking as it marked a significant break with political continuity in at least three major ways: from monarchy to republic, from civil conflict to peaceful politics, and from non-inclusive state mechanism to inclusive democracy. The new constitution promulgated in 2015 and its ability to pave the way for a stable and peaceful Nepal in the upcoming days can be evaluated in the light of its capacity to fulfil the latter objective of inclusive democracy. Although the new constitution comes with some promising provision, it is rather unfortunate to note that the outcomes of the second Constituent Assembly (CA) did not faithfully reflect the achievements of the first Constituent Assembly. Among the most notable achievements that we failed to uphold in the final constitution were the identification of the basis for federal restructuring on five criteria of identity and four criteria of capability fixed by the first Constituent Assembly. Additionally, the formation of autonomous states for nationalities with more than 1% of the total population, which would amount to nine to ten states as agreed upon by the state restructuring committee of the first CA, and the state restricting committee was also discarded. Many progressive provisions aimed at equal and just treatment of Women, *Dalits* and Muslims, which were finalized in the first CA, were cast off in the second CA. As a consequence, today, we can see right before our own eyes that in spite of getting a new constitution, which codifies the concept of inclusive democracy, there are serious dissatisfactions among those who feel left out particularly the Madhesis, Tharus, Adivasi and Janajatis. It is in this context that I consider it important to underline that inclusive democracy on its own would not yield a fair and equal representation. This is because, the groups included in state institutions would still be numerically under-represented. Therefore, it is significant to hyphenate the principle of inclusion, with the provision for proportional allocation of political space. Therefore, even a system of proportional representation would be

insufficient to address the task of doing away with unitary, centralized structure of the state. Unless the histories and cultures of ethno-lingual region communities are recognized, devolution of power alone would not fulfil the aspiration of a large section of the people. Hence, in the Nepalese context, the agenda of federalism is intrinsically associated with the call for inclusive and proportional representative democracy. The current demands for constitution amendment need to be viewed in this light.

The proposition of proportional, inclusive and participatory democracy in the consideration of three clusters proposed by Naya Shakti party may be considered useful in this context. If you look into the composition of population in Nepalese context, the population distribution of three broad clustered communities can be broadly identified as those of Khas-Aryas being one-third, Madhesi-Tharus as being one-third, and the Adivasi Janajatis as being the other one-third of our total population. Although the new constitution has resolved many issues, the basic contradictions between the distributions of rights among these three clusters have remained unsolved. The continuation of agitation and dissatisfaction in the regions where Madhesi-Tharus and Adivasi Janajatis are in majority is a response to this discrepancy. It makes no sense to speak of national integrity and social cohesion by superficially assimilating two-third of the population under homogenizing and monopolizing impulses of one particular cluster. Although the principle of inclusive representative democracy has now been formally recognized, unless an agreement on arrangement and structure of federal units is reached and the criteria of inclusion is made clear on complicated and proportional implementation of our constitutional provision will become a tough task. It is thus obvious that if you are to look forward to a better, peaceful and stable Nepal, we cannot afford to remain stuck to this political quagmire. Therefore, in consideration of the concrete specificities of Nepal, Nepal's rainbow nation character, we need to accept not just individual rights, but also collective, group rights as well. We need to provide for not just formal equality, but also make provisions for special rights and affirmative actions. More specifically and immediately, we need to push for constitution amendments to meet the demands of the Madhesi, Tharus and Janajatis based on the recommendation of the State Restructuring

Commission. During my tenure as the Prime Minister, and later as the Chairperson of the Constitutional Political Dialogue and Consensus Committee, I made relentless efforts until the very end to push for timely rectification and realization of these issues. It is painful to see that my forewarnings then have proved over time to be true. I believe that India being among the first few democracies to take innovative and bold initiatives to recognize the rights of the minorities and cultural diversity, its experiences can provide valuable inputs to its neighbouring country. The fact that cultural diversity was affirmed and protected in India, that minority communities received special representation in the Constituent Assembly during the framing of Independent India's constitution are reasons enough to assert that India is most aptly placed to understand our on-going struggle to make democracy in Nepal more meaningful and all encompassing.

I would like to end by making a final assertion that in order to make our democratic polity stable and strong, we also need to prioritize our developmental pursuits and bring prosperity to the Nepalese people. Economic disparities among our people would only aggravate the existing political tensions. Therefore, inclusive democracy would be incomplete without ensuring inclusive development. Given Nepal's peculiar geo-strategic location, we believe that Nepal can and must play a dynamic role in facilitating and enhancing greater economic activities between India and China. It is but obvious that a perpetually poor, insecure and unstable Nepal would not only be detrimental to our own people and our national sovereignty, it will also be unfavourable to our immediate neighbours. Therefore I would like to make a call for consolidating inclusive democracy with inclusive development, through shared prosperity with India, which would be the best guarantee for our mutual security. Thank you.



Shri Tarun Vijay

Honorable distinguished people, very eminent and top-ranking scholars from Nepal and India.

I show my reverence to all. I bow to Nepal's righteous and brave land. I felicitate the brave and democratic people of Nepal. Nepal, since my childhood, has always inspired me for several reasons. Whenever I come to Nepal or read or hear about Nepal, its love for language, its bravery, its courage, its valour, its deep faith in culture, its religious life, and its 289 old monarchy's end, and steps of struggle towards democracy, are all factors in Nepal that inspire me. So, I have deep reverence for Nepal and so, I come to this land with such feelings of respect. You have proven that you have deep roots in religion and culture, and after the end for 300 year old monarchy, you can with such strength embrace democracy and can struggle for the same, and go for sacrifice of life for the same. This is for the world, especially for our neighbours, a strange example. So, I felicitate Nepal time and again.

Friends, when I talk about Nepal, I become emotional. Because, when in place of monarchy, you were in the struggle to establish the essence of democracy, I was in *Panchajanya*. I came several times to meet Supreme Leader Ganesh Manji, and went to his residence. He once told me, if you are coming again, never think you are in a foreign land, to report a new movement. He was quite old; he asked if I could separate his nail from the flesh. I laughed, and asked what he was talking. This is we and you. Such is the relation between Nepal and India.

I have met Kishunji several times. We went out together for *paan*; we used to meet at the same spot—Pandey Paanwala—and chewing *Paan* at his residence, we used to talk on several issues at night. He used to tell me, that this is that democratic Nepal, where Madan Mohan Malaviya's student at Kashi Hindu University, gave fire to democratic movement here, gave flames, and struggled. These are leaders of Nepal's democratic movement who returned from Kolkata and other provinces and came after studying there. Do not think of this generation. Think of that generation after twenty or fifty years, when Nepal's population will abroad to New Zealand, Australia, London, America (not India). When they come back, will their heart bear the same reverence for Nepal and India, which you find in Kishunji, and in Girija Babu, or in Ganesh Man Singh? Nepal and India's present generation faces this question strongly, as it is before our democratic spirit to keep it intact.

So, friends, I am very emotional and pleased, and inspired today by the Honorable Prime Minister's speech. I am deeply inspired. What did the Prime Minister say today? And it's a future course. Not only we have to eliminate poverty, fight terrorism and defeat terrorism collectively, but we have to strengthen the two pathways that have a convergence in Nepal. The Hindu Circuit and the Buddhist Circuit. If we can consolidate, democracy, and intimacy here in people's mind, we will be mutually connected through this idea. Friends, this is that land, this is the great, brave, righteous land of Nepal, whose national icons I have been seeing since my childhood, and in every speech I deliver, I mention, that this is the land that says, "*Api swarnamayi Lanka name Laksmāna rochate; Janani Janmabhoomischa swargadapi gariyasi.*" We don't need wealth, no power, no much greatness, no much superiority, but if I can serve my nation right, I will be worth calling a progeny of this land.

This is that land, where Ma Durga, Shiva and Buddha coexist as the best example of coexistence, as we exist together in South Asia. I am quite moved by the speech of the Right Honorable Prime Minister. In the democracy at ours, we have the capacity to move together with everyone.

I had heard our great Prime Minister speak a great statement in your Parliament: "Come on, from war, let's move towards Buddha."

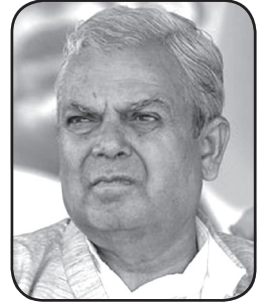
This sentence is a glory of the land of Nepal. This glory shall inspire us to move ahead together. So, my friends, when I consider or talk about inclusive democracy, I start with a story of the Buddha. The Buddha once went to a village in Japan. There was a *Dharma-Chakra* or the prayer wheel. It went round only when every single person participated in the prayer sessions. All came. They were eagerly looking at the wheel. Even after several hours, the wheel did not run. So, the worried devotees asked why the wheel was not running even after everyone had turned up. The Buddha said, "There still is someone that has not come. Someone is there still alone, standing alone. Go, find him. Unless you find and make him a part of the prayer, the wheel will not run."

The people went out to search for the missing person. They went to every nook and corner until they found a poor man, barely covering his body. He was an old farmer, standing under the tree, quite terrified. He feared that if he went with the mass in the midst of whom the Buddha himself stood, he would not be taken in. The Buddha said, unless he was brought in, the wheel would not run. So, the old farmer was made to stand in the front row in the gathering. Following this, the wheel started running.

For me, there is no definition of inclusive democracy better than this. Inclusiveness should never be exclusivist; it should be one that doesn't categorize and compartmentalize; inclusiveness is one that ensures coexistence, without the feeling of patronization or conservation, not like someone calls and offers patronization and support. Who is the one who gives such support? Without anyone's patronization, if we can push forward the idea of inclusion, we can push the idea ahead. As Ram Madhav said India is world's successful democracy, and we share this experience. Who doesn't know what happened in Tamil Nadu? Everyone knows. It shows movements of extreme nature, terrible and destructive. The same happened in Nagaland and Mizoram? What did we see in Kashmir? We made the plan to walk together with everything; we decided to leave something to gain something. So, today, even laities, fisherman, ferry man, teacher, worker breaking stones on roadside. They have become pivots of our democracy, and all big pundits, election experts have failed by a simple farmer or worker of a village. You never know when he votes for whom, whom he topples and whom he votes to power. Even great psephologists fail to understand their power of vote.

That is the power of inclusive democracy. Such power has made India pluralistic like our culture, religion and civilization. It is the product of our culture, religion and civilization in Nepal and India that we are inclusive and democratic and pluralistic. Some of our neighbours are not like us. You could have chosen a different arrangement, but you choose this, because we are similar. In Nepal and India, this is the total inclusive nature of the righteous worldview of the people and today, it stands as our strongest connecting bridge. Buddha's *Dharma Chakra* is all inclusive; unless it is all inclusive, the *dharma chakra* doesn't work. I wind up by saying '*karmame chhipa hai Dharmaka marma*': the essence of *dharma* lies inside *karma*. What action you take up to define yourself, your society and the nation, that defines the essence of *dharma*. With this, I wind up showing my respect to all of you.

Jai Nepal! Jai Bharat!



Shri Mahantha Thakur

Chairperson, friends from Nepal and India! Please accept my greetings. I thank India Foundation and other organizers.

On the topic ‘Inclusive Democracy’ slated for this seminar, what I want to say is that if democracy is in itself a complete word, why are we required to add a qualifier ‘inclusive’ in front of it? It is because, democracy can be a form of the government; it cannot be its functioning. If you look back at imperial time, the Europeans were democracies at their homelands, but, when they went to colonize other countries and rule other communities, their functioning was not democratic. Nor was it inclusive. They meted out atrocities and injustice upon their colonies.

Imperialism itself does not speak, but many colonizers integrated the captured land into their metropolitan territories. However, they never offered nationality to the colonized subjects. They considered them citizens, but not free citizens. The colonized country was seldom regarded independent. Even today, at many places democracies are at work in form, because democracy is a form of government. Form is visible, but when you consider the function, some part of the same country remains a colony. It’s imperialism. A friend of ours just mentioned two communities here—Madhesi, and Adivasi-Janajati. Why are they having to die for their rights? What’s wrong here? The country is free. In that case, are the citizens free too? This is because, they are asking for rights. Many friends present here, including our former Prime Minister, and the existing Prime Minister,

are all who have struggled for inclusiveness, but the moment they go to power, they become pundits. A pundit never talks about equality. Doctrinally, we say, equality! Like Brahma—the self, that is in all of us! It talks about equality. You can enjoy liberty, but, the pundits who adhere to the doctrine do not do the same in action.

How is our society? Undemocratic. It is not democratic. On the basis of birth, caste, religion, they are defining bigness and smallness. Why? The people who made such a beautiful doctrine, why couldn't they stop caste doctrine? Because, when they go to privileged positions, they stop even raising the question. *The Geeta* does say, this is the fruit of your former life. When someone is in trouble, it is explained away as saying, it's the fruit of former life. Our rulers are all pundits. When the people are in trouble, they promise, they would wipe away the hardship, but they soon forget. Even the people in the society do not question this. Why did our society continue to be undemocratic? Unless social democracy is established, and equality is established, democracy will not have its base. Government, after all, can never remain separated from the society. A government is made for social welfare; at least it is the root of democracy, which we call liberty or equality. But in action, it is not seen in functioning. So, why? because, unless the society remains divided into classes and castes, and isolated from one another, clashes will continue. Society in isolation will have conflict. Because, there, inclusion does not exist. There, all one can see is, in national life, inclusion is missing. Be it is judiciary, administration, civil service—which is very important to implement governments' programs, laws and administration. See from which social environment and background people come there! If that is their mind-set, their behaviour and attitude, in that case, those behind in the race will not get anything, because, they in their own class and community and self, will not work for the welfare of others. Therefore, democracy may be a form of government, but its success depends on functioning.

How is our judiciary? How is the security? Why are the bullets being fired at those who demand their rights? The law says, if one needs to shoot, it has to be below the knees. Even the wars have war

ethics; ours is not a war. But, when we were in a movement, more than 80% of the bullets were shot above the waist. Why? Have you given a thought to this fact? The reason was, the people who shot were from a community from those who were agitating. So, those who faced the bullets are underprivileged, secluded people in exclusion, and those who had never been made a part of the administration. Though there was democracy, the door was closed for them.

In that case, unless these things are addressed, and as long as exclusion continues, democracy will not be complete. The people in power many times say, 'we will do it', but in action, people are dying. They have no options. Struggle is imminent for rights.

Even now, we talk about good governance. What is good governance? Law should be good. Administration should be good. But the same is nowhere to be seen. For, people of the same type are ruling the country. Liberty, equality, fraternity are things they say. Liberty and equality are bases of democracy. But, if only these two exist, they might annihilate one another. So, French Revolution introduced the idea of fraternity. Do we have fraternity in our society? No. Doctrinally it exists, but in reality, we do not have fraternity. Where relations are like those of big and small brothers, how can we think of fraternity? We have never taught fraternity. The Buddhists use the word '*maitri*', but we don't have such a thing in action. Doctrine does have it, but the actors do not. Like in democracy, it is there in form, but there is none in action.

To show, timely election is conducted, and there is a government elected by the people. So, in form, there is a democratic government. The show continues what if there is ragging or irregularity in the election! But the procedure does exist.

Some people say the constitution was adopted by 90% of the lawmakers. Why was a fast-track method adopted to issue the constitution? Why were the procedure, law and rule suspended to hasten up the constitution making process? Were comprehensive discussion conducted on every clause? When the draft was released, it was debated

even then. They didn't listen. The constitution came out. What is the situation now? Where has it been implemented?

Still now, all the institutions here in Nepal are old-fashioned. The provisions that were there in the interim constitution have been removed. Such is the situation here.

So, I reiterate that in form, democracy may appear, but in action, it is not inclusive.

With this I wind up. Thank you.



Shri RP Sarmah

Chairman of this session Shri Muniji, dignitaries present here, brothers and sisters of Nepal!

I am thankful to India Foundation—the organizers—that invited me to Nepal to be a part of this session. I come from Assam, a state in the easternmost part of India. I also belong to Nepali community. We migrated from here in 1965 and settled in Assam. I am a member of Parliament from there, and a senior advocate at the Guwahati High Court.

Democracy is not new to Nepal and India. It was there in the age of *Ramayana*. Otherwise, Rama would not have forsaken his own wife on a single word from a washer-man. Democracy was there those days. It is not new to us. We are ingrained in democracy, since we belong to a religion which is mother of all religions in the world. The religion *Sanatan Dharma* is itself so inclusive that democracy is ingrained in that religion itself. It is not new. Somebody said, India is born in 1947. No. India was born billions of years ago. Nepal is not born now in 2015 when the new constitution came; it was born billions of years ago. Because, we are governed by the same religion, same culture, same dress, same food, same language and the same alphabet Devanagari, where is the difference?

We in India are pained when there is some sort of misgiving, misplaced feeling, and misconception in Nepal that Madhes Movement was instigated by India. That is totally wrong. India is a country which

never interferes in anybody's affairs outside. India is a country that does not desire to acquire an inch of land from other countries, unlike our two neighbors nearby. We are independent in ourselves. We are inclusive. There are about 1200 communities living in India. There are 1200 languages and dialects with 1200 forms of religions and faiths. Tribes, general castes and Aryan and non-Aryans stay together. Yet, we are untied, because our tradition and our culture show, we are born in democracy, and we will die in democracy, irrespective of what form of government we are having. What matters is the mindset of the people, not the form of government.

Too many legislatures do not make a country democratic. Too lengthy a constitution doesn't make a country democracy. Too many political parties too do not make the country democratic. What is required is inclusiveness. All aspiring communities, big or small, must have participation in the democratic process, governance, in civil society, in social service, in journalism, and everywhere. Democracy is not inclusive unless it is supported by economic and social democracy. For a hungry man, political right is not important; for such a man, food is God. Every system should ensure that the last man is reached and he is given is social, political and economic right. That is called inclusiveness.

We in Assam are about 3 crore 25 lakh people. And what is the number of legislature? 126. Too many legislatures do not make democracy vibrant or lively. It should be practical. Each community living together—Janajati, Madhesi, Adivasi or general caste people—should have a feeling that this is my country, this is my society. If Adivasis are suffering, the general caste and Madhesis should share their suffering. If general caste Khas and Brahmins are suffering, the Madhesis and Adivasis must share the feeling and pain of that community. We must be partners in happiness; we must be partners in sorrow. That is what democracy means.

Merely writing a very lengthy constitution doesn't mean it is practicable. Constitution should be implementable; it must be executable. It cannot work in utopia. A utopian constitution cannot work; it cannot ensure any right and privilege and facilities to each community.

Going by the system now, going by the clamors and rumoring attitudes, we hear from Nepal, we are pained. India is not a big brother; India is Nepal's elder brother. Ladies and gentleman. Our behavior is that of the elder brother. We never behave in a bossy manner. There is a difference between being a big brother and being an elder brother.

Many people of Nepalese origin are settled in Guwahati, Assam. They are people of Nepal. They work and bring money here, deposit here or purchase land. They live in India, earn in India, eat in India, educate their children in India. They blame us, we are instigating the Madhesis. No, we never do it. That is not the culture and tradition of India. India has its own ethos, its system, its own feelings and its own thinking process.

This must be clear to the people and government of Nepal, the civil society of Nepal, and the journalists of Nepal. Let us be partners. Let us be partners in power; let us be partners in democracy, in economic development, in tradition and culture, in pain and suffering. That's what we want from India. Truth is truth. Nepal is not that country some 50 years ago, which a political philosopher of Nepal described as "a tuber between two rocks" caught between India and China. I was a schoolchild when I first heard this. No, that's not true. Nepal is the land of prospects, possibilities and opportunities. It is not a land of problems. It is not a land of conflict either. We must accept this. What is not there in Nepal? It is the powerhouse of the world in terms of hydropower. It is the water tower of the world.

Now, a mention of the religious circuit, connecting Kathmandu with Kamakhya! More than a million people visit Kamakhya every year during Amavashya Mela. Parshuram Kunda is another shrine they visit. Every one person in five from India visits Nepal for Pashupatinath, Pokhara, Manakamana and Muktinath. We have taken Nepal as our own brother. We want Nepal to grow. If Singapore, a municipality-like country can grow so fast, why not Nepal? There must be political will. There must be unity. Political will of the government and ruling section is the factor which can make Nepal prosperous in South East Asia. You can sell out your power, you can sell out your water, you can sell out

your tourism. You have the best of land, the most beautiful land. It is God's creation. Lord Shiva dwelt here. Lord Shiva ruled here. The Himalayans, giant and mighty, are your assets. You have India on the other side. There should be railways track from Birgunj to Kathmandu. There should be air connectivity from Kathmandu to Kedarnath, from Kathmandu to Kamakhya, from Lumbini to Tawang along the proposed Buddhist circuit. What is not there in Nepal?

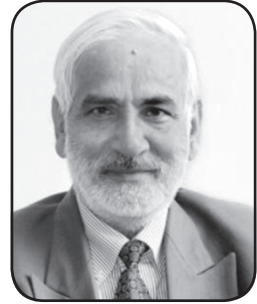
But your ruling elites must have that concept, that mindset, that will power, to do something for the poorest of the poor, the downtrodden. And in doing so, include every single community. Do not exclude them. If exclusion would have been the principle in India, there would be at least one thousand states. But we have only 32 states in India, in a population of 1.25 billion people. If there are many races, there will be some itching somewhere, there will be some conflict, but it is the ruling section or the government that will be taking action to resolve it, to cure it, to balm it and heal the feeling of each community.

We are most inclusive. That's why, India is the vibrant democracy in the world. The world has recognized it; the UN has recognized. Modi is the best Prime Minister of the world. America has recognized India. Dipawali is celebrated in America and in the UN too. Obama walks with a small statue of Hanuman. That is Indianness. Indianness does not only mean India; it means the entire world, connected by Pan-Indian feeling, and the region connected by that feeling includes Nepal, Bhutan, Thailand and all, touched by the cultural segment of the system. *Vedas* governing us, *Ramayana* and *Mahabharata* have been governing us.

Ladies and gentleman! I visited this country in 1975. Those days, I found it to be very disorganized. This is a fact, though it might be bitter for you to digest in Nepal. I was a college student then. Then I never thought of visiting Nepal again; I thought of visiting Pakistan and Afghanistan, but never Nepal. That was the feeling I carried about Nepal as a college student. My child visited it, but I did not. After forty years, India foundation brought me here. Otherwise, I would not have visited Nepal till my death.

Be organized. Be inclusive. Be progressive. Please develop mind, develop mindset, include everybody, walk together, and see the beauty of Nepal tomorrow. Ten years hence from now, you will a rising country in the world with own power. You don't have to depend on China; you don't have to beg from India. You can do on our own. Build that strength; that unity. Show it, and grow fast.

Thank you.



Professor Dr. S.D. Muni

I think, everyone has very rightly underlined that democracy without inclusiveness is not democracy. And I think Mahantaji also rightly underlined that doctrinal democracy is not enough. Doctrinaire inclusiveness is not enough; it has to be brought into practice. The problem of practice arises not in a homogenous society. Some of the European societies are very homogenous. The problem of inclusiveness arises in a diverse society. Most of the democracies all over the world, where there is a diverse society, may adhere to the principles of inclusion but they fall somewhat short even in implementing those principles of inclusion. You can even take the US as example; they made Obama the President, but the problem of the Blacks remain there in one form or the other. In Canada, in England and even in India, we have accepted the principle of inclusiveness. We have even adopted the principle of positive discrimination, which Dr. Bhattarai mentioned in order to compensate for the marginalization or negligence of minority or other social groups. There are problems in the sense that these people continue to insist on the fact that they are not getting their proper rights. One of the instrumentalities of meeting this question of inclusion is federalism, and I think, in Nepal, this has been debated very strongly. Those who are not in favour of federalism started arguing that small countries are not fit for federalism, and that federalism breeds separatism; both these propositions are absolutely fallacious and are politically driven. Because, the question of federation is actually underlined or linked with the question of devolution of power. You should give access to every

section of society equally to the structure of power. And if you are not able to do that, then, that federalism is actually not a perfect federalism, and this is where it suffers.

It is not a question, therefore, of a small country or a big country. Nor is it a question of breeding separatism. In fact, federalism and devolution of power to the smallest section of the society breeds greater integration and homogeneity rather than separatism. But unfortunately, in societies like ours in South Asia, most of us are diverse, and a number of countries are facing this problem of inclusion. Pakistan has accepted federalism but still there are problems in Sind, in Baluchistan and even in frontier provinces. As for India, I have already mentioned to you. Sri Lanka is struggling with a new constitution, and they are trying to see how best to accommodate with a minority community. We have the same problem in Nepal, and I think enough has been said in Nepal.

When it comes to Nepal, I intellectually forget that I am an Indian, and I start talking like a Nepali, which brings me under a lot of criticism from my fellow Nepalese, saying, 'Who the hell are you to say this to us? But I am an academic and I have no power stake anywhere, and I feel, if I were a Nepalese how I would react!

Mahantthaji again said about the democratic process, the way it has gone through. The political parties did not accept the constituencies within each party, when they said you should make a constitution in a particular manner, and somehow this process was steamrolled. I think the problem of inclusion, including the federal idea (one can theoretically distinguish between the two but I am including both) arise from three sources. One is the mind-set of the dominant social group or social section, and this is where, as Shri Sarmah very rightly pointed out, that India is dragged in. India has no formula of either inclusion or federalism for Nepal. It is for Nepal to develop it. And to bash India in terms of nationalism or drag India in your agenda actually deflects the agenda from the main issue. You see Shri Modi's speech; see various other statements which have come. The only contention of India is, bring all you sections on the board, and if they are happy from whatever formula your have evolved, we are happy too. There is no question of specificities which are being talked about India, since we are too close. Therefore, until the dominant social groups make more resilient mind-set in accommodating the marginal communities, the problem will remain where it is.

The second problem also lies with the section that is excluded. In this again, I would include both Madhesis and Janajatis including women. Women are not in that sense a political formation, but as a social component. So far as political formation is concerned, Madhes has not been able to put its act together, either in terms of a specific agenda or program. I know they have struggled hard; they have tried to make a consensus position, but there are problems, and I think some of these youngsters have raised a very significant dimension to this problem. Within Madhes, get *dalits* and other neglected sections on the board. Include even the Tharus for that matter. But again you link up the Tharus with the Janajatis.

And the second aspect is that, the Madhesis and the Janajatis have not been able to put their acts together. You know, in democracy, there is always a struggle for peaceful assertion of power. And the power comes out of numbers, and the numbers come out of the size of the group which is linked. As Dr. Bhattarai said very rightly, one-third of the population is that of the Madhesis, and one-third that of the Janajatis, which together makes two-third. How it is that two-third feels neglected vis-à-vis the one-third? Largely because, the one-third and the one-third, which make two-third, have not been able to put their act together. I think it is time that Janajatis and Madhesis sat down to do a very serious homework in order to assert their legitimate rights so that the mind-set of the dominant group of the society can be mellowed down or redefined. Not that all of them think like that. Dr. Bhattarai is absolutely correct that the Maoists' agenda has always been of inclusion. But unfortunately, they have slipped away when the real critical moment came. There may have been political compulsion, there may have been expediencies, but history does not give them enough excuse. Therefore, I think it is time that those who have deviated from their own agenda came back to it, and those who have not been able to put their act together, put their act together. I think that is the way forward. Otherwise we will go from one crisis point to another crisis point.

Thank you.

Question-Answer and Comments**Hari Bansh Jha**

I have brief questions to two eminent leaders Dr. Baburam Bhattarai and Mahantha Thakur. To Dr. Bhattarai, what I have got to say is that, you accepted that what was promised to the Madhesi in the first Constituent Assembly was forsaken in the second Constituent Assembly. In the first Constituent Assembly, when you were the Prime Minister, you could have done a lot, but you did nothing. You could have made the constitution, but you didn't. Secondly, in the second Constituent Assembly, you had a great responsibility, and you could have made the Constitution more inclusive, but you did not do it. You deviated from the program, but why? To Mahantha Thakur, I have to say that the second amendment of the constitution is in the offing; will it be in favour of the Madhesi and the hill Janajatis? If not, what is that you have been thinking?

Lal Babu Yadav

What is the difference between inclusive democracy and participatory democracy? Do we need to depend on inclusive democracy, or we should demand participatory democracy? Secondly, how can inclusive and participatory democracy be made functional? Nepal is a land-locked country, and this is a link country. How can India be helpful for building up the economy of Nepal?

Madan Pariyar

Many thanks to Dr. Bhattarai for making a mention of State Restructuring Commission. I have the privilege of being the Chairman of the Commission. The Commission had prepared a report based on the mandate given to it as per the Interim Constitution. Was it considered duly when the state restructuring was done when

the new constitution was enforced? What was the reason why it was not done? And the second question is, now, we are hearing that the amendment process is going on; will this issue find a place? If not, what was the rationale for forming the Commission, and why so much of money and resources were put into it?

Sitaram Agrawal

Whenever it comes to democracy, people give certain slogans. It was claimed, they had democracy during the Rana Rule as well. You should accept that the claim of the constitutions being adapted by 90% is bogus. This constitution was made by five to seven people, sitting at home, and it is being claimed that it is Nepal's constitution. How can such a constitution be accepted? Democracy should be for all; it should not be for a few people. Thanks.

Mahantha Thakur

About constitution amendment, it has been agreed that the government will table an amendment bill. The government has been revising its calendar time and again. This time, the government has claimed, it will table the bill before November 15. We don't know about the content of the amendment. We are still adherent to our demands; if the proposal comes in our favour and we are satisfied, we will endorse it, and if not, we won't. About participatory and inclusive democracy, voting right is there for all in both. Vote is its only capital for poor to rich people. But in administration and power, it is not necessary that they are given participation. Participation is just that. Inclusion is different functionally. All citizens are equal. We often say they are equal, but in action that is not reflected. In that case inclusion and exclusion as words come up.

Baburam Bhattarai

Responding to Professor Hari Bansh Jha, it has been often accused that when I was the Prime Minister, I dissolved the CA and I did *nothing*. That is not true. Why the CA came into the picture of Nepalese history was because of revolution. Generally, constitutions are made as mandate of revolution, not as mandate of any election. So, the Maoist Movement, or Madhesi Movement and Janajati Movement decided to go for a Constituent Assembly. And according to the Comprehensive Peace Agreement and in agreement with the Madhesis and Janajatis, it was decided that a new constitution would be made and the constitution would make Nepal a federal, democratic republic. But with the passage of time, the fervour of revolution subsided and the old force prevailed. That is what exactly happened in Nepal. If we had made the constitution in the stipulated time of two years, we would have made a more progressive constitution. However, because of the reasons I explained, we failed. Initially, the Maoists, the Madhesis and Janajatis had the revolutionary fervour but they did not have enough political acumen to make compromise on time and cleanse the issue on time. That was the mistake; it was not my personal mistake. I can say only this much.

In the second Constitution Assembly, the progressive forces were already in a very desperate minority. The NC and the UML had more than two third majority; the Maoist and Madhesis and Janajatis could not do anything. They could make just noise, and they could just go to the street again and protest. That's all. That's why we couldn't do it. It was not because of my personal or anybody's

fault. It was because, we could not make the constitution on time, and it all happened. This is the reality.

On Shri Lal Babu Yadav's question on inclusive and participatory democracy, they are interrelated. But as far as I understand, inclusiveness deals more with group rights. By 'group' we mean Dalit, Janajatis, minorities, linguistic groups etc. It means participation of the groups and also that of the individuals. It's not just formal representation, but actual representation and participation in the state structure. I think that is the difference. We want both inclusiveness and participation in our democracy in Nepal.

And Shri Madan Pariyar is very right; he was the Chairman of the State Restructuring Commission during my premiership. I had the privilege to appoint him. That report was quite progressive, and according to that we could cater to the demand of the Madhesis, Janajatis and others. But as I said earlier, it was not acceptable to the old forces represented by the NC and the UML. So, in the first Constituent Assembly, they deliberately went on pushing it further so that our time was out. In the second Assembly, they had the upper hand and the progressive forces could not push it through. That's why, we could not implement that. It was not by design; because of circumstances, we could not implement the same.

And Shri Sitaram Agrawal is partially quite right; this is not the constitution of the 90%; this is a numerical illusion, because the constitution was a result of a compromise with the Maoist, Madhesis and Janajatis.

This should have been made according to the agreement reached with them. But agreement was discarded and the numerical majority of the NC and UML, which they enjoyed in the second CA, pushed it through. That's why, it really didn't represent the aspirations of the marginalized communities, Madhesis and Janajatis. And formal democracy prevailed over the real democracy. I think this is very unfortunate that it happened, but still, there is time. I still believe the constitution will be implemented until and unless the demands of the Madhesis and Tharus and Jajajatis are met and the constitution is amended. This is my public position.

Suresh Agrawal

Everybody has given their remarks about inclusive democracy, but my question is, why is it not being materialized or implemented by the government, by the society, or by people? Do you think really another Buddha has to be born to run a Dharma-Chakra? Only then, real inclusive democracy will be worked out in any country?

Lok Raj Baral

This is just to clarify the conceptual part of inclusiveness and participatory democracy. According to my view, inclusion means empowerment. Empowerment of whom? Who are the real people who need a kind of empowerment? That is, you can say, it is very selective, but you can also say, it is very broad. What happens in a participatory system? It is broad and related to representative system. Inclusion pays emphasis on participatory system, because the latter only tries to include people who were supposed to be represented. Inclusion is a reaction to representative democracy. That is not sufficient. Even in

the US, this question is being raised. Samuel Huntington has written a book: *Who Are We?* There, he talks about accommodation. And Mahantha Thakurji just truly raised this question well, democracy means inclusion, if we try to implement it in spirit. It is a question of spirit, not a matter of 90% or 85%. Even if 5% is left out, that is not the spirit.

- Baburam Bhattarai** Instead of waiting for Buddha and Rama, I think we should act. In *Kaliyuga*, I don't think Rama and Buddha will come. In *Kaliyuga* we have to do our own job. Thank you.
- Neelakantha Uprety** I have a short question to Dr. Baburam Bhattarai. Dr. Bhattarai mentioned democratizing democracy in this country. How can we really democratize democracy when there are no elections for many years, even for a couple of decades? What would be the right path to go for inclusive democracy?
- Baburam Bhattarai** Election Commission is the one that has been mandated to conduct the election. Election is not taking place. I fully agree with you. I don't have points to explain.
- G. Parthasarathy** I am sorry; this is the first time I am speaking in Nepal. I wasn't here except for a brief period during the time of King Beerendra. I have not dealt with Nepal. Talking of inclusiveness, the Indian Constitution has been amended 101 times. There is nothing final in a constitution. But it has to be acceptable to the people. The Indian Constitution says, "We the people of India." What I am saying is, Nepal will have to move with a pace that the people of Nepal are comfortable with, and Nepal will find a solution itself. India can serve as an example, not only from what we have achieved, but also from the mistakes we have made. That's all.

Surendra Chaudhary My question goes to Dr. Baburam Bhattarai. You said, during the period of constitution making process, the old forced prevailed. Then what kind of framework and measures would you like to suggest to sort out the problem? We cannot make this constitution implementable, unless we correct the fault-lines in the social and cultural sphere of life.

Baburam Bhattarai I fully agree with what Dr. Surendra Chaudhary said. So, I don't think I need to respond to that. I just need to accept your contentions.

Tarun Vijay As far as the issue of the incarnation of Buddha and Rama is concerned, *Lok Shakti* and *Lok Sangathan* are the incarnations, as Prime Minister Modi says. If you catch these two, they will be new incarnations of the Lords for us. So, it is not necessary for an individual to get incarnated; it is already there in us. And the issue of election you raised is pertinent. Without elections, democracy has no meaning. Unless you amend the constitution and guarantee the participations of Madhesis and Dalits, even elections will be meaningless. There should be elections, and inclusion too so that Mahanthaji never finds opportunity to say whatever he said today.



Smt. Mala Rajya Laxmi Devi Shah

Chairperson, co-panellist and dignitaries!

Today we are here, and I am very glad. I have got to tell you that being the daughter of Nepal, and being the daughter-in-law of India is being in a very unusual relationship. I am not the first one, and there are many other girls who have gone to India and a lot of Indian girls that have got married in Nepal. Today, I am very proud to represent myself as a daughter-in-law of India and daughter of Nepal. Well, let me tell you, I could not believe this day would come and I would be standing here. I want to tell you today, that I am extremely delighted, and I think you can see it. Our relation is not merely political; it too is an old friendship. To strengthen this, we must work hard in all possible ways. We must not just think about political relations; there is something deeper than that, which I would like to tell you that I feel this relation, and I hope you all feel it, whether you are from India or Nepal.

There is a relation that comes beyond everything else in the world and I do hope, you understand that. I have a very old friend sitting here, and he is like a brother to me. When my father was still alive, he used to be with him. He is Dr. Bhek Bahadur Thapa, who is very close to me. I never thought, we would be sitting closely together at this position. I never dreamt we would be sitting together today. When I see him, I think of my father. It is so nice to be back in Nepal. I am back

here after 9 years. And I am very proud to be the Member of Parliament (MP) of my state Uttakhanda, Tehri Garhwal. I want to tell you all, that we are accepted. I have been accepted. I have not come as a Rajya Sabha MP; I have come as a Lok Sabha MP, and people voted for me.

I would like to tell you my constituency Tehri Garhwal has a lot of Gorkhalis; they are all there for me; we are all there together working with one another, and this is how I think we will get along very well. There are so many things common to us whether it terms religion, cultural heritage and so many other aspects. We must get together and do it.

Tourism, you know, is very important for Nepal. Dr. Bhek Bahadur Thapa knows, I think my father was there; we worked together for some tourism thing with him. I learnt many things from him. My father was a wonderful person. I miss my parents whenever I come to Nepal. It is a very sentimental thing which I would like to say today, because, being in Nepal and not having your parents is very different. I miss them so much. Because of them I am here today, and because of their blessing and blessings of my elders, and all of you who are here – my relations, my family, my friends, everyone – that I am here. But yes, it was a different question when my parents were there, and when they are not there today, it's different. I feel like a foreigner when I come back, because of the reason where I am now. But the relationship should not end just because a girl gets married and goes. It is very important, as important as the relations we have between the two countries, and we are there to get the countries together. I hope one realizes that we want the best for both the countries, and I am ready to help both the countries with whatever I can do from my side.

In my area in Tehri Garhwal, we have Kedarnathji. I feel proud to be the daughter-in-law of the land of Kedarnath and daughter of the land of Pashupatinath. We share so much. I would like that relationship to be there always.

Our Prime Minister Modiji did a lot during Nepal's Earthquake. And he wants to do much more, and we want to help one another. We should help; it is very important.

With a few things, we should not misunderstand each other. We must understand each other. We must carry on those things that will help Nepal and India. Because, without helping, it does not work. I have full faith, and I am sure of this as a daughter of Nepal, and a daughter-in-law of India. Your help, I believe, will continue. I hope you will understand, and act wisely.

I have not many things to say; there are many intellectual people. I cannot talk like them. I am expressing my mind. I lastly tell you, let's build good relationship and that is more important than anything else. Jay Hind. Jay Nepal.



Professor Dr. Jaya Raj Acharya

I felt a bit emotional today, when I met Mala Rajya Laxmi Shah. I said to her, you are the daughter of Nepal and the daughter-in-law of India. That is our relationship.

This morning, I came across this newspaper, and read the news of Bimal Tamang, who laid his life a couple of days ago, defending India in Kashmir. I think we don't have words to express our feelings at such moments. These things can only be felt, rather than talked about.

And, our Indian friends should be proud of the fact that Nepal has remained an independent Hindu state, a sovereign state for the last two thousand years, under the Licchavis, the Mallas and the Shahs, who trace their origin back in India. The basic characteristics of Hindu civilization are common to both Indian and Nepali societies, whether in food or philosophy, religion or rituals, art and architecture, language and literature, music and dance. But we the Nepalese feel very proud of being independent for the last two thousand years, and we see something in contrast as well.

India particularly, northern India, witnessed the development of several civilizational layers, namely Hindu, Islam and Christian. Deep at the bottom level of the Indian civilization, one can see the Hindu layer in its social structure, art, architecture, literature, music, dance, medicine, food, philosophy, religion and several other aspects of life in

urban and rural India. On top of this Hindu layer is the Muslim layer, as the Mughal rulers ruled India for several centuries. From Qutub Minar to Taj Mahal, in art and architecture, music, poetry, food and dress, one can observe the inseparable amalgamation of the two civilizations. Then, at the top level, there is a layer of Christian civilization. One may call it British or European civilization or whatever, but it is a very pervasive reality in individual or personal and social life in India whether in terms of food, dress, music, literature, art, education, architecture, politics or governance.

Although Nepal's dominant ruling elites trace their roots back in India, they regard themselves a bit different, not just because they have preserved their original Hindu characteristics, but also because they are part of a different social order, that is syncretism between the Hindu culture and civilization traits and those of several indigenous tribes. The Khasa Aryas in the mountains of Nepal worship their tribal deity Masta. I think there may be a slight difference between the Indian Aryas and the Nepali Aryas. According to the *Shrimad Bhagavatam*, which is a very popular Indian Vaishnava Purana of great importance – and we see that being explained and recited in *Aastha* and other Indian TV channels – the Khasas seem to be non-Indian, or alien to the Indians of the Gangetic plains. In the second *Skandha* (canto) of the book (2.4.18), it is said:

**kirata-hunandhra-pulinda-pulkasa
abhira-panka yavanah khasadayah
ye'nye ca papa yad-upashrayashrayah
shudhyanti tasmai prabhavishnave namah**

The *Shrimad Bhagavatam* groups Khasas together with the Kiratas, the Huns, the Andhras, the Pulindas, the Pulkasas, the Abhiras, the Pankas and the Yavanas. Even in the areas of pure Hindu tradition that is common between Nepal and India, which was a declared Hindu Kingdom until recently, Pratapaditya Pal (*Vaisnava Iconology in Nepal*, 1985) writes, "... Nepal not only has a distinctive character but also

preserves traditions and concepts that are no longer familiar in India.” The reason probably is that Nepal was neither ruled, nor subjugated or colonized by any foreign powers. Nepal thus developed a course of unbroken history for last two thousand years when it was ruled by the Licchavi, the Malla and the Shaha kings in Kathmandu valley and by several other rulers in the mountains south of the Himalayas.

Nepal remained deliberately in isolation from the rest of the world as it was also insulated by its natural surroundings: the Himalayas, insurmountable until the recent revolution in air transport, kept it in seclusion from the north. The 8-mile wide dense malarial forest in the Terai region also kept it from easy approach from the south. Thus the roughly elongated rectangular mountainous country was able to keep its unbroken history of independence thanks to its difficult geographic terrain, gallantry of its warriors, its politics and diplomacy that made it impossible for foreign powers to completely subjugate it so the Nepali people, despite being economically poor and socially backward, are proud of their history of independence.

Now, Nepal is also losing its distinct and pure identity as it is coming under western cultural influence owing to modern education and communication technology. Not that education and technology are bad, but they can be used for the welfare of the people without losing their identity. Now what can we do to promote to reinvigorate the civilization links between Nepal and India?

India being the largest member of SAARC, it may have to be pro-active to reinvigorate its civilizational links with all its neighbours that have certain commonalities with it. Nepali people should try to learn from modern India's endeavours to regain its past glory through social and economic development. I think India would do well to honour Nepali people's sense of pride, based on our history. Nepali people feel proud that their country was independent even during the centuries of Mughal and British rule in India. The Nepalese poets have glorified Nepal's independence and sovereignty through their poems as

it is illustrated by a verse of Moti Ram Bhatta who said:

**Achal jhanda pharkos phara phara gari Kantipurama
Ripuko man tharkos thara thara gari chhia gharima
Yavanle raaj garda kati patita hundusthan thiyoy,
Phagat yo nepakko muluka bhara kanchana rahi gayo.**

Bhanubhakta, my four-generation ancestor, who wrote the *Ramayana* in Nepali, is an icon of Nepali nationhood. He is called the Tulasidas of Nepal. It was good that his Excellency Pranab Mukherjee, President of India went to Darjeeling this year to pay his respect to the poet by offering a bouquet of flowers at his statue on Bhanu Jayanti day, or his 203rd birth anniversary. So we have to develop a sense of mutual respect between Nepal and India in all aspects. The people of Nepal resent sometimes if their country is being treated as one of the Indian states. Maybe, owing to the lack of proper study of history or understanding or appreciation sometimes at the bureaucratic level, people feel, here, that they are not treated properly. I think that's bad for both of us. I think respecting each other does no harm to anyone, as King Bhartrihari said

**Manyan manaya vidvishoapyanunaya prakhyapaya swan gunan
Bho sadho vyanair gunesu bahuleswastham vritha ma kritha**

What wrong is there in respecting each other? And, if the greater ones honour the smaller ones, they become even greater. I think this is good. People, even Nehru, who recognized Nepal as an independent state even before India became independent, somehow felt that Nepal was within India as he wrote in his famous book *Discovery of India*, and I quote, "The only truly independent kingdom in India is Nepal on the north-eastern frontiers which occupies a position analogous to that of Afghanistan though it is isolated" (1946:310). He says the only truly independent kingdom in India is Nepal. But the Nepalese people do not feel that Nepal was inside India. No! So please be a little bit sensitive to

the sensitivities of the smaller neighbours and particularly a very loved and favoured neighbour such as Nepal.

You see, despite all the similarities, Austria and Germany are separate independent states; so are Australia and New Zealand, USA and Canada. But they are friends. And I think, we can be much greater friends. So, what can be the useful areas for cooperation to reinvigorate our civilizational links?

There can be many. But I enumerate three. One: education in general and Sanskrit education in particular; two, Yoga; and three, Ayurveda. If we can establish a great Ayurveda institute in Nepal in collaboration with India and utilize the *Jaributis* (Herbs) available in the Himalayas, which is a storehouse of the *Aushadhas* (medicines), I think it will be good for both of us.

If I have spoken anything that may have touched your heart, or hurt your feelings, please excuse me.

Thank you very much.



Professor Dr. Sangeeta Thapliyal

Let me begin with an anecdote, since we all are sharing our personal experiences. Sometime back, a student of mine from Nepal—his name is Birat Thapa and he did his masters with me—called me. He was pretty depressed. And he said, "Mam the relations are at a low ebb and I am depressed. What do I do, and what will happen?" He was engaged to a lady from Punjab. I said, "My child, as long as there are marriages among us, everything is fine. You know. Everything will continue well in the future too."

That is the kind of cultural relationship that two of my previous speakers spoke about. You know, despite different political histories, the two countries have the cultural links and these links do not exist between any other countries in the world. The kind of historical bonds we have make people receptive towards each other; they make roads inside the country at the people's level, which facilitate the relationship.

However, closer relationship also brings tensions especially when the countries involved have different sizes, economies and geopolitical realities. We have examples from history to show that cultural similarities can forge close political ties but they cannot prevent wars. Europe had kings related to each other by familial ties, and the societies had similar socio-cultural associations, but it didn't prevent the countries from warring against each other. My idea is not to talk and emphasize on wars and conflicts but what I am trying to say is how these cultural associations between people turn to political realities, and Nepal and India are no exceptions. Cultural ties, as we have been hearing

since yesterday, predate written history between the two countries, and these bonds have continued to exist. Priests from Karnataka are still head priests in the Pashupatinath Temple in Kathmandu. The tradition was started by Shankaracharya. Religious continuity is a known linkage between the people of the two countries, which flows through cultural commonalities. The former king of Nepal is the only Hindu king of the world, who enjoys certain privileges, which are not accorded to anyone. For example, he has exclusive access to sanctum sanctorum in the temple of Rameshwaram and Puri. And this geographical contiguity has facilitated cultural linkages to forge ahead.

Taking these close socio-cultural linkages into consideration besides the inter-cognitions of political and strategic interests between the two countries, the borders have been kept open. This has encouraged movement of people into each other's country. Now as you know, because of this movement of population, there is a greater cultural overlapping which has led to greater flexibility in the attitude of the people in accepting the movement of the people from each other's country and it continues unabated. Though the administrative boundaries have cut people into two, the cultural boundaries precede the administrative boundaries that we see. The ethnic seminaries do not restrict themselves to people of the border areas, but the larger Hindu populace within Nepal as well. The Hill Brahmins of Nepal, characterized as Purbiya, Kumai and Jaisi—I don't have to tell this to Nepali audience—trace their roots of origin, caste, culture and relation in India. I am Thapliyal from Uttarakhand, and you have Thapaliya in Nepal as well, and that is the kind of linkages you find between people from various social identities in the two countries.

These identities and cultural linkages, of course, go thin as you go slightly further away from the border. But that happens with India's relation and linkages with any other countries? Do these cultural linkages pave way to political security and economic relations? Do they provide a platform on which relations can be built? Or, do these ties diverge and take different forms with the state's own realities and interpretation? Do the signified gap and understanding of the relation and their implementation change? And there are many more question that come to our mind. Shri Jayraj Acharya mentioned something to this effect; he spoke on certain things.

If you look at the all the joint agreements that are signed between the two countries, they always begin with socio-cultural linkages. However, the essentiality of these ties cannot be ignored. It has worked well between the people and leaders of the two countries, but it cannot be synchronized to similar foreign policy interests, and security interest.

Every sovereign country works to the best of its national interest defined by time and context. Time, place and circumstances are important when relations are formed. We have seen that the cultural component has worked best at the people's level, and it did not give much space to the acceptability of criticism in both the countries. Over the years, we have seen a shift of stance in both the countries, from the emphasis on special relation, to friendly ties and cordial relations. There are accounts by some Nepali scholars who say that they do not try to give too much primacy to the religious connections with India, and Shri Acharya actually very lucidly pointed that out. There is an apprehensive of submergence with the dominant Indian culture. Nepal would not want to be a copy of the Indian culture, and there is time again emphasis on how Nepali Hinduism is different from Indian Hinduism etc.

I had recently done a study on elite perception of Nepal-India relations. I had interviewed people from all the political parties in Nepal, and representatives from India as well. There what I saw is that, people from different political parties have their own take on the cultural linkages between the two countries. For some, you know, it would be that ideology talks more about culture. So, you know, we are actually trying to compartmentalize these cultural linkages based on their political interests as well. However, believe me, all the political parties irrespective of their ideology both in Nepal and India agree that these linkages have worked so well at the people's level. That is where I was trying to bring the anecdote of my student, saying, as long as marriages continue, links will remain well.

But they exist at people's level. We have Mrs. Shah among us here, and this shows, such relation exist at level as well. However, there also is an apprehension that airs the sensitivity of Nepal as Shri Acharya said, and that has to be taken into consideration.

Now, you know, of late, what we are seeing is that, the sentiments of the people on socio-cultural linkages are fading. The generation that went to India for religious or educational purpose is passing by. Nepalese now prefer Western Universities for higher studies, and there is not much closeness with India. This will have definite impact on Nepal-India relations. Now the present generation, because it is educated abroad, is more confident than the previous ones, and it is confidently tackling the relation with India differently. However, the undercurrents of that socio-cultural relation do make an impact between the two countries. But the impact of international politics, and the socio-economic condition of the countries also impact the psychic perception of the people towards each other and it would have an impact on the relations.

India also, at times, tries to downplay the cultural similarities between the two countries. There is an emphasis on these ties as a historical reality, which would be misinterpreted in Nepal, and would give more prominence to the already preponderant image of India in the region. So, most of the present leadership in India treats foreign relation from the prism of realism and national interest. They are not now overwhelmed by the religious, cultural similarities. This is what the study had said.

Yet, we saw a shift in the emphasis, a change in the emphasis, when Prime Minister Modi came to Nepal. He paid a visit to Pashupatinath. The magnitude of prayer he did there got a legendary fame. He donated two thousand five hundred kilograms of sandalwood to the temple. No Indian Prime Minister had ever exhibited the religious preference as such. Here, Prime Minister Modi was trying to emphasize the cultural linkages between the two countries, which, some way, were not getting that kind of emphasis. However, keeping such sensitivities of the people into account, what I see is, both the countries are now trying to emphasize religions tourism which the government has laid emphasis on. Many such temples have remained important tourist destination for India. Geographical connectively, cultural ties, no language barrier, acceptance of Indian currency, no requirement of visa and passport are some of the reasons for Nepal to evolve as a preferred foreign destination for the Indians. Even during the peak of Maoist insurgency, religion tourism to Pashupatinath and Janakpur Dham

continued unabated as there was no advice by the Indian government, unlike American or other European governments which had cautioned their citizens traveling to Nepal. So, this is one area where you feel that the connection between the two countries can be worked at.

In tune with developing socio-cultural linkages, Nepal and India have also agreed to sign an agreement to establish sister city relationship between Kathmandu and Banaras, Janakpur and Ayodhya, and Lumbini and Saranath. The number of tourists to Nepal can increase if infrastructural linkages through roads and railways are improved and that is something yesterday Prime Minister Prachanda also emphasized on, referring to the fact that infrastructural linkages between the two countries should be improved further. India tries to emphasize infrastructural development through highway, information technology connectivity. Motor vehicles agreement was signed during PM Modi's visit to Nepal as well. Direct bus services have begun from Kathmandu to Delhi and Varanasi, and Pokhara and Mahendranagar to Delhi. So, you know, the socio cultural relations have created links in each other's country and they do even though political leaders openly do not emphasize on it fearing some kind of adverse reaction. However, they do work during critical times; they have many times worked when policy decision taken at personal level have failed. There are many instances to show that a policy at the political level fails, when some actors are against it and another group preponderates or acts as a pressure group. You have this kind of relationship when one can call personal and decision is taken.

The cultural aspect, however acts in a different way. People from Nepal participated in the Indian national movement. There are various Indians who have participated and helped Nepal in their movement towards democracy. So, what we see is that those leadership I mean, though they are few in number, still exist, and that sentiment still exists at the political level amongst a few political parties, and that is something which forges closer relationship once again.

In summing up, I would say that socio-cultural relations are an important variable in relations; there are benefits which overpower the adverse impacts. And even if the political elite in both the countries are trying to emphasize on that, they use them in their quite diplomacy,

and that has an impact on the relationship. What is important for us is that there are civilizational linkages which are existing well at people's level, and even when relation at times are high or at times at low ebb, the people-to-people relationship continues to exist. The political elites cannot take these relations for granted. They have to nurture them; they have to walk towards them, and that will take our relationship to a height.

Thank you.



Professor Dr. Lok Raj Baral

Actually, it is a wrong topic given to me. I am not a qualified person to talk on a broad subject like civilizational linkages, a philosophical issue that combines a lot of elements. I was thinking how I should address this gathering.

I was a student of BA and I am reminded of an essay "What Civilization is Not?" Civilization, if you try to limit it in a narrower sense—religious sense, in rituals, in other kinds of things, of course—will be limited. If you try to make it a broad subject, I think it becomes a deep, a very complex, a very thorough concept. Those elements are also involved in it.

As a political science student, I cannot be a qualified person to deal with such a big and very complex subject. But still, I shall try to conceptualize the whole thing particularly relating to Nepal-India relations.

I always say that I have been trying to understand Nepal and India relation for the last fifty years, starting from my student days. Today too, I am a student of Nepal-India relation in different fields: open border, political relations, strategic relations, economic relation, social relation, and cultural relations.

I have been very fortunate that I have travelled all over India, except one or two provinces like Kashmir or Arunachal Pradesh etc. and a few more. Moreover, I come from the border areas; I belong to Jhapa District. Right from my childhood, I have travelled all the way

from Siliguri, Naxalbari to Raxaul via Durbhanga or Samastipur, and that's why, lots of connections and interconnection and lots of cultural similarities, and commonalities you in food, culture, language etc. are known to me. Albeit in their *tute-phuteko* Hindi, (broken Hindi), our people in the interiors and hills communicate with the Indians. This means, they can communicate with each other. This is also point of merit for bringing people together.

There are so many commonalities. There are what I call centripetal and centrifugal forces. There are certain civilizational commonalities, and other commonalities, like those of religions of course. Naturally, our people always to visit *char dham*—the four holy shrines in India. I am not much of a religious a person. Though I am unreligious, I have been to all four dhams—Badrinath, Dwaraka, Rameshwaram, Jagannath Puri—knowingly or unknowingly. I have visited all these places and Kamakhya in the eastern part of India—that is in Assam—and to other places, because I have to take my parents for pilgrimage. My parents are very religious, and naturally, by way to doing that, I have visited all these places. That means, you can have that thing as a member of a particular culture.

These are civilizational, religious and cultural links. But, I try to see how I can broaden this area of civilization. I was thinking in terms of economy, through which too, we can civilize people. If you are prosperous, if you are well-developed, if you are on same footing as other people are, naturally, it tries to make you a much better person.

People coming from the villages immediately pick up things. They learn how to clean their houses, how to maintain their homes, how to clean their clothes, how to put garments, and you know, these are all learning processes, learning by doing. I am also a person from the village, I also learned a lot this way. And now, you are educated. Education is a part of civilization; that means awareness.

Civilization has three or four components. It can be created, and preserved. Civilization can also be reinvigorated. But it cannot be destroyed.

At the moment, we are talking about reinvigoration of civilizations. Civilization is already created between Nepal and India.

We have common certain things in common, but how to preserve it ? How to make it further developed? That is our concern today.

The organizers of the seminar have chosen this subject 'reinvigorating'. Look at the word 'reinvigorating': to reinvigorate, rediscover, make it more lively, more laden with longevity.

In my point of view, civilization cannot be destroyed. Look at United States today; most of the Hindu temples have been preserved. Even the President of the United States now performs certain religious things because of the linkages that are popular. People visit there; they carry their cultures and traditions, and their established identities.

Cultural identity is also being used as a political identity these days. Cultural identity enhances the prospects of political identity. That is also the strength of culture.

I am a very non-conventional type of person, but still I have to obey certain cultural rules. I visited my district two days ago just to have the blessings of my sister. She is 88 years old. I don't like these rituals, but you know, the cultural force drew me to Jhapa to take the blessings of my sisters. This is how you try to make society harmonious.

During Durga Puja, our people working in India—lakhs of them in fact—return home. They come back with all their earnings etc. and here, they meet people and naturally, they carry message. Similarly, many Indians are working here. They are also intermixing their feelings, their sentiments, and their feeling of brotherhood. That is also a part of relationship.

However, we are too distinct and separate nations. When we accept the theory of nation-state, and practice of nation-state, naturally, so-called harmonious kind of thinking can be generated. We cannot have all the time everything in common; there will be certain differences and divergences. By virtue of being two separate nation-states certain divergences occur very often. And that's why, you need the skill to manage those divergences.

Sometimes, we have ups and downs in relation; that is quite natural. I am not at all scared or afraid of such pin-pricks, or rise and fall, ups and downs of relation. It happens between two nation-states,

everywhere; it happens between two neighbours, or within the families everywhere. But you have to have the art of the reconciling these differences. This is the art of diplomacy; this should be the art of our rulers, our political elites, or intellectual elite. They should learn that kind of art to manage these differences.

Here, in this context, we are two nation-states. We have separate identities, politically speaking, but culturally, there are so many similarities. Even within India, you can see that there are differences. In Maharashtra, there are certain rituals; in Bengal, there are certain rituals; elsewhere there are certain rituals. When there is diversity, there are certain differences also. Differences not in conflicting senses; differences as I called distinctiveness.

Nepal has its own distinct character. Look particularly at the Kathmandu Valley culture for example. The valley culture has its own civilization; it is very syncretic, very synthetic. It doesn't divide people; it tries to bring people together. Buddhism, Vaishnavism, Hinduism have all mixed together. This is a commingling of cultures and commingling of religions. Here in Nepal, it is very interesting that the Buddhist and the Hindus don't have those differences. Sometimes, politics tries to play a part to divide, to try to polarize religions and community groups, but still we are very synthetic, and syncretic culture. This is the contribution to Kathmandu Valley.

Nepal has its own distinctive civilization. These days, even those people who are fashionably discarding Dashain (Durga Pooja) or Tihar (Deepawali) in the Limbuwan area of eastern hills where I come from, are again visiting their places for the rituals. Very interestingly, the culture has brought them back. They are reinforced to our relationship.

Cultural, civilizational and societal relations breed harmony. This is the strength of a country, and Nepal has that strength. Until now I don't have any kind of evidence about communal riots in Nepal. Once, we had had one in early seventies, the excuse was killing a cow in Rautahat. Except that, I have not heard of any kind of communal conflict in Nepal. This is the beauty of our country, and we have learnt a lot from such harmony.

Now let me go to political civilization. You might be surprised to hear this idea. I think politics should also try to civilize people. And that kind of political culture should be reinvigorated and rediscovered here. Politics tries to divide people but our society and our culture bring them together.

There are divergences. Here in this country, political culture is very important. We have democracy, but democracy by name alone is not democracy. We were discussing yesterday about democratizing democracy, trying to find out how to democratize democracy, how to develop that culture, that civilization.

If we have political civilization—that means political democratic civilizational—naturally we try to respect our opponents. We naturally abide by the rule of the game, and naturally we will try to be more objective in our analysis. We will try to be more achievement-oriented not merely aspiration-oriented, not caste-oriented, not group-oriented, not family-oriented, not self-oriented. That kinds of democratic civilization should be inculcated. I think that part is lacking both in Nepal and India.

We have learnt a lot of things from India. Our leaders actually learnt the lessons of democracy from India, especially from its nationalist movements. But what is lacking today is the political civilization I was talking about. I am very worried sometimes. As a political science student, and as a lover of democracy, sometimes I am worried whether democracy will survive in this country because of the lack of political culture that political civilization. What about economic justice or social justice? What about the poor and downtrodden people? They don't have any access to education. Particularly in the hill and the remote area or in Terai, if we go to the village we will see that children don't go to school. And that creates a kind of disparity. That is not a culture; that is not civilization; that is not democratic civilization. That's why, I am sometimes worried about the future of democracy itself in this country.

In the name of democracy, all we have is election. Election alone is not democracy. It of course is a part of democracy; it is one of the instruments of democracy. But election alone is not democracy; it is electocracy. If you go only for election and say this is democracy without addressing the people's interest, caste interest, interest of the

lower people, dalits in the remote areas, poverty stricken people, then what kind of democracy is this? What kind of civilization is this? Are we civilized? By having seminars in five star hotel, I don't think we can claim ourselves to be democracy. It is electocracy.

And sometimes, such democracy may turn into mobocracy. Only the mob will decide. Not mob alone, even rackets who are outside the democratic practice manipulate power with money and other thing. That is not democracy. We have to reinvigorate democracy to civilize the society; that civilization of the society is a must. And our political leaders, we intellectuals and communicators, should try to develop this thing.

Of course, every day, by virtue of being two separate nation-states, we have distinct things. When we talk of politics, we talk about our political boundary. Naturally there will be differences. We have separate constitutions and separate ways of doing things. India has its own things; that is part of its politics, but there are other factors which bind us. Education for example; good education. I am saying good education, education for all, not only for elites, not only for my kids but also for everyone. I am talking about education of those poor people who have no access to and if they have no excess to education, they have no access to power.

Yesterday I was talking about inclusiveness. My definition of inclusiveness includes empowerment of dalits, empowerment of poor people, downtrodden and poverty-stricken people. That is my definition of inclusiveness; that is my definition of democracy. Otherwise it is merely elitist.

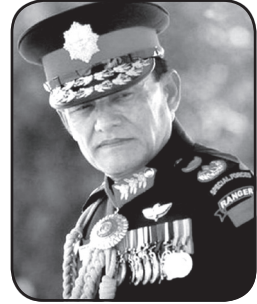
When I talk about economic civilization, what I mean is economic social justice. I was once in a Lainchaur meeting, before Shri Bisheshwor Prasad (BP) Koirala was arrested in 1960. Perhaps he was very much influenced by Gandhi. BP Koirala said, *hawa paani mato tesaiko ho jasle eslai consume garchha*, meaning, air, water and land belong to those who consume these things. Now, I want that kind of things: economic justice and social justice.

Where is the agenda of economic justice today? There is only manipulation of power at the top level. This is not civilization;

we are not becoming more civilized by virtue of having this kind of atmosphere. Let's try to reinvigorate; let's try to be simplified. Let's try to be more people-centric. That is my definition of civilization, and we have to work together. Two countries should work together to have this kind of things.

As for Nepal, we have to begin it all at home. We cannot expect to import everything from India. We are in a learning process, and naturally we will learn many things from each other.

Thank you very much.



General Rookmangud Katawal (Retd.)

Thank you Professor Baral. You tried to bring out the problems that exist in the border, having been born and lived there at the borders for a long time, traveling all around and knowing the social structures and educational problems that exist, and the commonalities that keep Nepal and India together. You also talked about the definitions of civilizations, various aspects, talked about democracies, the empowerment of marginalized people in both the countries, and probably, if I have understood you well, what you mean by democracy is that democracy is a trust that exists or should exist between the government and the governed. If that takes place, then democracy will start functioning and delivering.

Thank you all the panellists for bringing our various aspects of bonds and links that exist between these two countries. Finally, with all your discourse what I can say is, the borders and boundaries, the blockades and barricades cannot separate the links and bonds that exist between these two countries, if we know how to live together harnessing the tremendous amount of resources that is given to both of us by nature and live together as happy people.

Finally, if you would allow me, let me say a few words from my own side as the Chair of this session. Ladies and gentlemen, we all know that we don't have the luxury of choosing our neighbours. Let me tell you right at the outset that I am one of those many Nepalese and Indians, who like to see these two countries—ancient neighbours and friends—living together as equal partners, harnessing the tremendous

resources given to them by nature so that people's two meals are guaranteed forever, their hunger, diseases and such other problems solved. And, minimum essentials are fulfilled and delivered by the system we call democracy.

The similarities that we have in tradition, in culture, in civilization, in language, even in dress and in food are many. When you go to India or someone from India comes to Nepal, you don't look for an interpreter. That is the kind of relation we have.

Now there are certain things dictated by the geographical locations of a country which we cannot change. But along with that, the expectation and desire of the people are matters of concern, which need to be addressed by the leaders of the day. We all know, India is a vast country because of its central location. It's a fast growing economy, a major military power, a vibrating democratic institution, a rapidly growing communication and technology centre, and an aspiring global power. It has all the aspects of becoming a member of the Security Council of the United Nations. But it has its own expectations, its own unique experiences and aspirations which need to be recognised not only its immediate neighbours but also by the international community as a whole.

Now, I feel that India has a long-standing security concern with Nepal. What are these? They need to be articulated. Both the nations should be clear in this. There is a strong perception that exists: India keeps interfering in the internal affairs of its neighbours, and the Nepalese leadership always asks for some political favour or personal favour. These kinds of things should be wiped out from the public perception so that there would be no doubt, no suspicious, and hence, trust and confidence could be established. I can tell you that no Nepalese in his right mind, who is loyal to Nepal, can ever act or work against India, or Indian security interest.

India is a vast country as I told you. The border disputes that exist at places including Kalapani and Susta, the embankment problem, the criminal activities that exist across the open border and the checkpoints can be avoided and improved given that there is trust at

the higher level of politicians. There is no problem that cannot be solve, if there is an understanding and one-to-one talk at the highest level of the political preachers.

Finally, what I can tell you is, exciting and enchanting diplomatic relation needs to be invigorated and the creative diplomacy with a positive force needs to be reinvigorated. Positive force like I would like to tell you, ancient civil ones should be protected. At times politics in Nepal becomes a riddle, wrapped in mystery inside an enigma. And at times, it is a politics of surprise, led through the gates of astonishment into the kingdom of hope. Let's hope, it leads to the gates of hope and then stability and peace so that we can again live together as trusted friends and in posterity, we can live together as good friends.

Thank you.

Question-Answer and Comments

Sundar Mani Dixit In short, may I know why we have to have a meeting like this? If our relations are so very strong, why are we regularly having such meetings? What is it that is at stake in us? We have a very strong foundation with certain aspects, and we are absolutely shaking on the shakeable. On the other aspect, and on the other respect, we are shying away from here. This is pure politics. We are totally dependent upon the politicians who are regularly and constantly disturbing our relationship with India. Somehow, if you are anti-Indian, you are a nationalist. But at the same time, if you want something, or you want to come to power, you must rush to Delhi. This is what the most disgraceful aspect of our relationship is. Unless this is stopped, there is no sense in talking about Vishwanath or Pashupatinath, or any other Nath. That will not make any deference. If you speak the truth, then say, this is what we need from India. India as a very special friend; unshakable is our relation in the sense that it is indefinable. If you say that, you are subjecting to being a lucky of India. That is why our intellectuals are suffering; they do not speak out in public; they are scared. And the politicians speak depending on what their needs are. So, if we are to bell the cat, we have to give warning to the politicians not to disturb our relations. For God's sake, let the people, let the economy, let the security people do their jobs; we just see that they do it properly. At the same time, please don't disturb our eternal relationship that we have with India. We cannot live without each other; nobody can live. Our two countries cannot live without each other. We own India culturally; religion-wise too, we own India. We need things from India. Let's be clear. And we will help India in every possible manner. But, please the shakeable element has got to be

controlled. The intellectuals beware; speak when it's time to speak. And the politicians! be careful; you are disturbing the very good relationship of our two countries. Thank you.

Lal Babu Yadav Chairman Sir! I would like to say, you can change anything, but you cannot change your relative and neighbour. So, there is no doubt that both Nepal and India share unique cultural relations. But for the last couple of years, India has been using hard power while dealing with Nepal. It appears it has forgotten the values of Bharat. This has created many problems. So, the question goes to Sangeeta Thapliyal: how can you work on it? My another confusion goes to my respected Professor Baral. He talked about civilization and culture. So, I am in confusion about civilization and culture. Which one is the root? Culture is the part of the civilization, or civilization is the part of the culture? Or, are they incorporative or contradictory?

Jagadish C. Pokharel To all the speakers, who are very eloquent, who nicely put their views, right from culture to politics, everything is fine! It looks, we are here a generation which is educated in India, or has at least seen several Indian movies in their life. But I don't see here a generation of my sons, your sons, my daughters, my daughters-in-law. Probably, that is the generation which should sit and discuss the things that we are discussing now. Thank you for presentations.

I would go now to Miss Thapaliyal and Professor Baral. The issue is not with the culture or civilization or sharing or many values; the issue is what kind of nation-state are we trying to build? Are we trying to build a modern, open, liberal, global, political, democratic—whatever you term—nation or society, or a state which is based on culture, or on civilization. Of course, the second one is something that we

would like to have unlocked, but can it sustain? When it comes in conflict with so-called national interest, what comes first? What we trade of? Can the cultural and civilizational force overcome that temptation of putting national interest over cultural, civilizational interest? Second point I would like to share here is, probably, when we talk about nation-states, the real actors are the politicians—the political parties. So, what kind of political ideology, basis or value system measure the dominant political forces are actually inculcating in that nation? This too matters a lot. It's not simply a wish list, it is the reality that translates into policy and governing system. The third thing for us is to think about relations. OSHO says, and I quote: "Do not try to change relations into relationships. Relations are beautiful. They can be rejuvenated but relationships are rigid, and that is the end." Let's try to develop a dialogue, a culture, where relations are developed. They rejuvenate; they are dynamic. And they tend to value love. Thank you very much, Sir.

Surya Dhungel

May I say only one thing. We appear to be in a kind of gathering a little bit shy to speak openly since it is chaired by General Katawalji. So, I think I should be a little bit open. My question is to both Professor Thapliyal and to Professor Baral. When we talk about civilizational linkage, now-a-days, we are seeing that on the southern side, we do talk about our close ties in our open border, and to a larger extent about various layers of our relations. Now-a-days, we see that our northern neighbour also talk about Manasarovar. It tries to establish linkages on Hindu culture basis, or even Buddhist culture basis. It talks about Buddhism; it talks about Manasarovar, and it welcomes quite a lot of India tourists and Nepalese tourists across the northern border also. To what extent, these kinds of inner debate or dialogue

we should take into account or consider? I mean the northern aspect. Should we or, should we not? Otherwise, in absence of that, will our dialogue be complete? Please respond to these issues which have been continuously bugging our mind. Thank you very much.

Sangeeta Thapliyal One does understand that Nepal has always been a transit between or a trans-Himalayan link between India and China. People from India went to understand Buddhism in Tibet, and they stayed in Nepal to either acclimatize or learn about Buddhism. People from Tibet came to India, stayed in Nepal, and learnt Sanskrit. Nepal has always had that kind of place in India's emissary till date. However, in the contemporary time when we are talking about civilizational links or cultural links, one keeps that in mind, and at the same time, remembers that there is an easy flow of these cultural linkages. How from a land-linked country Nepal became land-locked? There is politics behind it, and this politics goes back to 200 years, and I don't need to get into that.

Today, we are trying to answer a question as to how from this state-centricity, we can go back to that kind of linkage that existed at the people's level. You know, that is a good question for us. Nepal is a sovereign independent country which would like to develop relations with other countries. When we are trying to emphasise Nepal-India cultural linkages, we are confining ourselves within this particular frameworks. When you talk of relation and relationship, relationship gets more into the political level. Why is it that these cultural linkages are not able to get translated into that kind of political reality that we expected? If you look at any of the joint treaty that is signed between the two countries, it would begin with close social cultural relationship, and also talks about complementarity

in security interest or political interest. Now, that is something unique. Can you equate the two?

When we have dissimilarity, many in India ask why there are differences when such a close relation exists! I think the same kind of voice is heard in Nepal too. Relations are existing at personal level. What is happening at the political level then? Because, we are going back to the elite interest, who is in power. It is not something every political elite thinks alike. People do think and they have to think about their national interest which is definitely important, but national interest you know pushes us away from each other.

If there is tension between two countries, should it disrupt movement of people? Should it disrupt cultural flow that is existing between the two countries? It has not happened in the past, and it will not happen in future, as we all know that. It is not going to disrupt. Those flows will exist. Can you transit, can we take advantage of that? There is a natural advantage that the people of the two countries have. And I do not want even to use the phrases 'hard power' and 'soft power'. Nobody is trying to say, India is trying to use cultural and civilizational linkage as soft war. I don't think so. One is thinking at a strategic level. One is saying, there is a natural flow; there is a linkage between the two countries, and that should continue. One is accepting and acknowledging and telling it should be parallel. In our case people think differently, and political leadership thinks differently. This should not happen. There should be a convergence in that. As for hard power, I don't agree to that. Hard power has a different connotations for academicians like us. Thank you.

Lok Raj Baral

I recently read a book that defines three categories of power: hard power, soft power, medium power. These have different connotations as Sangeeta said. I don't think India has applied that hard power as such. There might be other things around. But still I don't consider hard power.

And another question about roots of civilization is that it is very difficult to trace the root, but it is an evolving process and it goes on, and tries to become more synthesising in course of time. It evolves and it has its own course. I think Surya Dhungel mentioned a very good point about Manasarobar visit, and lots of people are taking interest, and lots of tourists are also there. This also tries to moderate the situation in geopolitical context, particularly in China and India relationship and in people to people relationship in different dimensions of it. I visited China six or seven years ago. Today, they are very much particular about tourism; they want to give much emphasis on tourism, and that is becoming one of the very attractive areas of concentration. And, because of Buddhist influence, many Chinese also visit our pilgrimage centres like Lumbini and other places around, and this Hinduism-Buddhism mixture is going to create a new environment. We must try to put this impact on political relationships as well. Of course, it is not so much binding, but still, it has its own role to play. Yes, if there are flows of tourists we are also benefitted from that because lot of Indian tourists would love to go to Manasarobar via Humla—a very popular route these days particularly for tourists from South India who are using that route—and that means a new kind of interactions and interrelationship between people of India, Nepal and China as such. That is likely to create positive impact even on political relationship.



Ambassador Jayant Prasad

In considering connectivity and freedom of movement, we speak of the borderlands and in speaking of the borderlands, we are guided by what our Prime Minister Shri Modi said in the Constituent Assembly when he visited Nepal on the 3rd August 2014, that we must make borders into bridges, and not have them as barriers. Before we begin, I would like to commend to all of you interested into looking deeper into this issue. In a seminal work that was produced three years ago, Professor Lok Raj Baral and Dr. Uddhabh Pyakurel—both the authors are present among us—wrote a monograph on Nepal-India open border. This is a field-based study on problems and prospects of how the border could be better used to promote ties between Nepal and India, and I am firmly of the view that ours is a relationship of interdependence. We had Dr. Sundar Mani Dixit speak in the previous session on how we are both completely dependent on each other, how Nepal owns India in a certain respect, and so, the underling feature of that relationship has been brought out in the book. The most distinguishing part of India Nepal relationship is the open border regime. It does not exist between any other two other countries in the world, including in the European Union, because this is a regime where there are no common frontiers, there is no emigration policy, there is no treaty that defines the entry or exit of third country nationals either into Nepal or into India and yet we have maintained this open border. So, besides the ties of geography, history, economy or society, this is the hallmark of our relationship, and in whatever we choose to do in the future, this inheritance must be maintained and nurtured.



Professor Nisha Taneja

Good morning everyone! And, thank you Chair!

We heard yesterday morning from the Prime Minister about the focus on development and it was made very clear that economic development is a shared goal for both the countries, and connectivity is an important means for movement of goods, people and resources. So, a connectively-driven strategy will benefit both the countries to build healthier relation between Nepal and India.

There are two pillars for connectivity: the hard infrastructure and soft infrastructure. By hard infrastructure, we mean roads, railway lines etc., but soft infrastructure includes agreement of protocols, which lay down the modalities for moving goods across borders. Here, we are talking about things like documentation, working hours, transshipments, etc.

When we talk about connectivity, we talk about connectivity between Nepal and India, within the South Asian sub-region to include Bhutan and Bangladesh—the BBIN, as it is called now. Also, we talk about transit connectivity for Nepal through India to the rest of the world other than South Asia, and here, I would like to focus a little more because I was entrusted by the Government of Nepal to work as its Transit Adviser, and it was a great honour. At the same time, it provided me an opportunity to examine an economic issue from Nepal's perspective. And I must tell you that various ministries in the government of India were extremely supportive and they encouraged me to conduct the

research objectively. And I am grateful to India Foundation, especially to Ram Madhavji and to Alok Bansalji for providing me with an opportunity and platform to share these experiences.

The key message here is that, it is important to identify impediments to seamless connectivity so that necessary reforms can be undertaken. Both the countries must keep in mind that it is important to adopt global practices and this will automatically ensure that both the countries will meet their goals. Right now, both Nepal and India are members of the WTO, as are other South Asian countries as well. We have all become signatories to the Trade Facilitation Agreement. So, simply by adhering to the provisions of the Agreement, we can address many of these impediments. Similarly, there are many other international conventions, particularly by the UN such as TIR Convention, which is for seamless transportation. Now, please bear with me for going into details, because, unless we have hard evidences and data to show what is wrong, policy makers cannot make informed decisions, and we cannot make a quantum jump. Otherwise, we will keep negotiating with each other, and keep saying this is wrong, that is wrong, but nobody is actually providing the evidence.

At the level of BBIN, Motor Vehicle Agreement was signed last year, and this was to regulate passengers, personnel and cargo vehicles and traffic. And the objective of the agreement is to provide seamless movement of people and goods across borders for deeper integration of the region and its economic development. And in a larger context, what it means is, we will be connecting to ASEAN. India's is also currently the process of signing a motor vehicle agreement with Burma and Thailand. What it means is, BBIN gets connected to ASEAN, and all of them get integrated through these agreements.

There are many benefits of this, because better connectivity will facilitate participation of the countries in regional production networks, and this will allow the countries to substantially benefit from scale network coordination and agglomeration economies. And these value chains can be linked to global value chains, and each of these countries is better linked to the rest of the world, and with each other.

One very interesting thing that the governments have done to implement to BBIN Motor Vehicle Agreement is that they actually have conducted a cargo trial run between Kolkata and Agartala and between Dhaka and Delhi. And these trial runs were based on cutting-edge technology, which was used to facilitate trans-shipment of import cargos. The authorities fitted a GPS tracking device under the truck's dashboard, and the container was sealed electronically. And then, the truck was issued an e-permit for the trial run, through an online web-based system. Now similar trial runs need to be undertaken between Nepal and India and within Nepal and Bangladesh through India. My only complaint is, such reports should actually be made public so that they are available to all member countries, for comment, and appropriate feedback.

But there are challenges in implementing the agreement. Members need take into account the heterogeneity in terms of economic size within the sub groups. Also, there is a strong informal economy and there is a strong resistance from the economic agents, who are rent-seekers and local informal economic actors. In 2000, the informal trade between Nepal and India was estimated to be almost as large as formal trade, and in 2009-10, there was another estimate only for agriculture trade between the two countries, and this showed that informal trade only in agriculture was 2.1 to 3 times larger than the formal trade. So, this tells you how important it is. It is the same trucks and the same drivers who were either going formally through the gate, or through the right of the gate, or through the left of the gate. The fellow who is carrying the goods is really unknown whether he is carrying it informally or formally. And so, this delinking is to take place and all of these informal economies need to shift to formal economy for larger benefits.

Also important is to bridge that gap between protocol—which is the agreement—and practice—which is the implementation. That's why we need to get into the fine print of practice so that we will be able to bridge this gap. This trail run is actually a very good initiative because it will help the protocols to be developed based on what the private sector

is experiencing. So, this is a good way of bridging the gap between protocol and practice.

Now, let me come to Nepal's transit through India. Major transit points until recently were Kolkata and since June this year, Vishakhapatnam port has become an operational port for transit cargo. Transit cargo up to Kolkata goes by boat, road and rail. The current practice is that goods reach Kolkata, and once they reach Kolkata there is a clearance mechanism that takes place even though the transit document has all the information related to cargo. All the original documents have to be brought from Kathmandu and submitted to Kolkata customs. And what is happening is that there are these agents who are located in Kolkata. They go physically to Kathmandu, they pick up the documents, come back to Kolkata customs, while the goods are waiting there. Then they deposit these documents and then the consignment is cleared. Currently, the cargo moves in 19 days by rail which can be reduced to 7 days. Currently there are 39 steps that are needed for clearing transit cargo, which can be reduced to just 9 steps. So, we actually listed out all these steps and the reduction. All this can be made by making the necessary change in the modality, bringing on board shipping line, and by bringing an automated exchange system between different agencies.

Another important issue is related to guarantees. It is an international practice that guarantees have to be paid by the importer to ensure that duties will be paid to Indian customs in case the goods don't reach Nepal. While many improvements can be made in the execution of these guarantees, the main problem is related to sensitive goods. What are these sensitive goods? There is a list of items that the Indian government publishes, and this list is basically items which have a high probability of deflection into the Indian market and for these items, the guarantees are very high. And they are not just limited to custom duties but they are over and above, they are much higher. Now the initial rationale for this policy was there was high tariff differential between India goods and Nepalese good. So, that was the reason for deflection. Now, over the years, the tariff differences have reduced substantially

so the rationale for the sensitive list no longer exists. So, we look at all these 23 items and we saw that in eleven of them, either the Nepal tariff was higher than India, or some of them were same as in India, and some at zero tariff. So, there is absolutely no rationale. There were only six items in which there they could be a probability of deflection.

All these we needed to document. For that informed decisions could be taken on both sides. Another thing I want to mention is whatever the impediments whether it is India or Nepal or transit, or it is BBIN, when it gets implemented, there are solutions to each impediment, in the WTO agreement or in the TIR convention. And we try to map all the impediments with all the provisions of the agreements and there was a perfect matching. So, it would be really good, if we ensure seamless transportation and by adhering to these international conventions and global based practices, a lot of negotiating time can be saved. And mistrust and misunderstanding can be greatly reduces. Both the countries can achieve their common goal of greater connectivity and trade not only with each other but also with the rest of the world.

Thank you.



Dr. Vandana Mishra

Thank you India Foundation for making me a part of this delegation. This is my first time that I am in this country.

Before I begin, I would like to mention a few things I have experienced and once you see these things and experiences, the ideas of connectivity, freedom of movement, looking for traditional linkages and cultural heritages actually fade away. While coming from airport to the hotel we saw certain shops with names like ‘Krishna Bhojanalaya’, ‘Handsome Garment Shop’ etc. These names are similar to the names that we have in India. We heard the national anthem of Nepal, and we could recognize many words. The gist of what Nepal’s national anthem was trying to say is understandable to us.

Shri Neelakantha Upreti was giving vote of thanks in the inaugural session. I don’t know Nepali language, but I could make out what he was saying. It was absolutely clear, and. In India—such a large country—when we travel to many states we can’t understand even a single word, but here we were able to understand the language you people are speaking. What else are we looking for in connectivity?

I was reading the *Himalayan Times* today. A letter to its editor, mentions Nepal as an important destination for religious tourists and pilgrimage but the rich cultural heritage particularly of Janakpur and of Mithila—more generally in terms of literature going back to Ramayana—, the distinctive forms of art currently being produced by the Janakpur Women’s Development Centre among others, and the amazing lakes and ponds are well worth advertising more widely in Nepal and abroad.

More recent heritage in the form of old railway line linking Janakpur to India which is sadly neglected, but could be a major attraction for railway enthusiasts and a boost to the town's economy could also be publicized. But local tour and travel agencies need to improve the transport links, particularly to and from Kathmandu, while the municipal authorities need to clean up the town of Janakpur and improve the road. So, it is not just a concern of the academicians, politicians, policy makers or diplomats to improve the relation between Nepal and India. It is a common concern of the common citizen as well.

I would like to address certain questions as very rightly pointed out by Dr. Sundar Mani Dixit in the last session as a comment on why we are actually sitting here. Is the idea of connectivity a geo-strategic need? Are we talking about connectivity because Nepal is internationally located at a particular place? Are we talking of connectivity only because of this geostrategic need? Is connectivity essential only for economic interest of Nepal or India, and can connectivity be a strategy? Can we plan connectivity? Is it possible for politicians and policy-makers to make a strategic plan for connectivity? And the last thing is, are we using political terminology when we talk of connectivity, or do we really connect?

The answer to most of the things except the last is no; connectivity cannot be a strategy. Connectivity cannot be used as a political terminology.

Yesterday, Mahanta Thakurji said, the pundits have some doctrines. You are also in illusion and so am I. We are all same. I don't know whether he was satirical or was trying to make an academic point, but for a matter of fact, it is true; it is aptly recognized in the Indian literature also. The whole process of life is based on connectivity. The outer form of everything, of every entity, seems to be different: diverse, fragmented and separated. But inwardly, every particle of this universe is connected, in concord, and integrated.

Indian understanding of life always was in a sense of connectedness with every particle of the world. The global sense encapsulated by the idea of *Basudhaiva kutumbakam* (the world is a single family) recognizes interdependence as a virtue of 'live and let live', which is a great torch-bearer to the human world to show the path of unbarred connectivity and communication process that we have. Other than this, I should not be saying anything, but still, other than

this philosophical idea of connectivity, I think there are certain softer issues on which there is an urgent need for Nepal and India to connect. Not only for Nepal and India, there is reason for connecting on the global platform to raise those softer issues and to bring out a common understanding at the global level, and I am sure, your concern and our concern on those issues are similar and we can very well connect on those issues. The issues are terrorism, technology sharing, health and hygiene, communication, culture, spiritual sharing, heritage, art and literature, culture and gender sensitivity. I am sorry to say to say gender sensitivity is a serious issue in both the countries. It is true that the panel here is gender balanced, but look at the audience, and look at the number of women participating! So we are similar. And sorry– this is not to be quoted in media!

Our politicians speak the same language fortunately or unfortunately. They speak the same language. The common man raises similar questions that you raise. So, the idea is to bring out those issues on which we can create a global understanding so that we not only connect with each other, but through the common understanding of this issue, we also connect with the globe also.

And lastly, since this entire process is complex, policy making, technological things and infrastructural things are to be sorted out. I put forward certain suggestions. We have already spoken about religious tourism, but is there a possibly of herbal tourism also? Yesterday, the Prime Minister said, that Nepal is also very rich in biodiversity and herbs; so is there is a policy of having herbal tourism? Heritage Window, which is very rich in Nepal and India? Nature watch circuit? All these are tourism-cantered suggestion. But the idea I would like to put forward is that it is not just politics-cantered, because, strategies fail. And policies are very often half-heartedly implemented. The idea is, when we connect as citizens, where do we connect as individuals?

I would like to conclude by quoting Rousseau: "Man is born free but everywhere he is in chain."

Thank you.



Shri Prashant Jha

Let me begin by confessing that I am a misfit in this panel and I solely blame India Foundation for that. My bread and butter has been political journalism both in Nepal and India, and I am no expert in connectivity. But since Alokji has got me here, I have to pay for my supper, and I will try to chip in with a few thought. What I will try to do, however, is I will focus more on other element of this theme which is ‘freedom of movement’ as we have trade experts like Nishaji to speak about connectivity.

To speak about freedom of movement from the perspective of somebody who has reported extensively from the border and has lived experiences of what this freedom of movement has entailed, let me begin with a personal anecdote. My grandfather was born in a village in Bihar in the twenties. But he studied in the greatest institutions of learning in North India—the Banaras Hindu University—and in Darbhanga, which is where students from Nepal were in a large number even in those decades, much before the 1950 Treaty was signed. And he moved to Nepal and set up career and his life here. My father and his siblings were born in Nepal, studied in India. Some of them stayed on in India, but my father decided to return and devoted his life in setting up a professional enterprise here. I was born here. I studied here, pursued higher education in India, came back, worked here, fell in love with an Indian woman, and moved back to Delhi. I am living and working there. I think this is a story which in some sense encapsulates many things. I did not say this because I wanted to talk about my family, but because this is a representative story I think. It is not an exceptional

story; rather, it is representative of hundreds of thousands of people for whom movement across the Nepal-India border has never required second thought. It is seamless. It does not require passports or visas, it does not require work permit as we know, but what it has also meant is it has generated the kind of dynamism and linkages that people sitting in Kathmandu and Delhi who have not really explored these elements sometimes miss. So, what I would like to begin with, is just by highlighting the fact that for many people the border is irrelevant. The states may not want to hear it, they may want to implement stronger regulatory framework at the border, but the border is irrelevant in the lived experiences of the people, because of the fact that there has been free movement for decades or centuries and no treaty can ever enable or block it.

Let me suggest that, in my class, there might have been class advantages. We have to admit the fact that freedom of movement has benefitted the poorest citizen of Nepal and India, far more than other classes. This is why, whenever we hear demands of regulation, it does not come from that class; it comes from classes which already have the advantage of possessing a passport and flying across. It is the poorest citizens of Nepal who have found in India a safety valve and who have been able to work there, who have been able to send incomes back home. And it is poorest citizens of Bihar and UP also, who work in Nepal in terms of thousands, and have benefitted from opportunities here, though the number of Indians working in Nepal is not the same as that of the Nepalese people working in India. There are Nepalese in millions of number in India. Indians, in at least hundreds of thousands, have worked in Nepal and benefitted. We don't have exact figures. That also speaks of the uniqueness of the relations. Nobody knows how many Nepalese work in India. The government of India estimates there are 6 million people, but it is a wild guess, because these is seasonal migration for which no paper work is required, or there is no documentation at the border, and I don't think it is a bad thing that we don't know. It tells us something about the relationship that the poorest citizens working in different spheres in India and to a lesser extent in Nepal can walk and move across without the impositions of the modern bureaucratic state. So I think that also speaks of the importance of freedom of movement.

And here, I think, I would like to get into an issue beyond the personal and economic to the institutional element of the phenomenon of freedom of movement. We have now an Eminent Persons Group. I see members of it—Ambassador Jayant Prasad, Rajendraji and Bhek Bahadur Thapa—who are now working to relook at the entire framework of the relationship, and I know there has been some discussion on the open border. As a citizen, I think one of our appeals to the EPG and to those who are looking at this framework would be to not mess with frameworks which have worked well. Let people continue to move freely. If there is an attempt to militarise the border, to regulate the border or to impede the free movement of people, I think it is going to spark great dissent not only from people in the Terai who share close cultural, ethnic and civilizational relation across the border with people in Bihar, but also from working class Nepalese who have benefitted from this. So, any move towards curtailing the freedom of movement in the name of regulation of the border which some security hoax in Delhi may want and some ultra nationalist in Kathmandu may want too, will draw fierce backlash. This is why I would like to suggest the members of EPG, that beyond Delhi and Kathmandu, maybe you should have one meeting in Birgunj and Raxaul, if you have not already thought about the venue to discuss the border at least.

I would like now to move to connectivity. Nepal is of course located between China and India and there are now greater linkages with our other neighbours. I think it is a matter of time. I think it is inevitable that connectivity and engagement with the northern neighbour will also increase, and I think the Indian establishment will have to increase its own economic relation with China. All need to recognize that connectivity will grow. I think the onus lies on the Nepali leadership to ensure that even as it grows, it is not portrayed as a zero sum game. If it is portrayed as if any kind of increase in connectivity with China as scoring point over India, we will be falling into a trap. We will not be able to get out of it, and I don't think we will be able to score the benefits that we want out of it. So anything that is done on the northern side must be done in a way that it does not weaken or undermine the relationship that we already have—the deep, the almost irreplaceable relationship. I don't think it can happen. I think the logic of geography, the logic of economy and the logic of culture already give this relation

an enduring depth and resilience and the freedom of movement I spoke about. I don't think China is going to give us the freedom of movement India has given. I don't think one can walk into China anytime soon without the bureaucratic paper the way one is allowed to do in India, and I don't think we are going to get there any way. But at some point, when there is political connectivity, I think it is important that it is done in a manner where the traditional framework of our freedom of movement and our relationship with India is not impeded.

I would just like to wrap up by suggesting to you that there is something beyond the personal: the economic, the bilateral context and the regional geopolitical context. Like everything else in Nepal, I think the core is the political context, and unless we can get our dysfunctional politics in order, the dynamics at the border can go either way. We saw that last year. We can go into an endless debate about whether it was a declared blockade, or an undeclared blockade, a Madhes blockade with Indian support, or just Madhesi blockade. I am not getting into the merits of that debate, but the simple thing is unless there is political stability in Nepal and unless there is accommodation of the people who live right at the border in Nepal's political structure, the border will remain turbulent. And I think those who seek to benefit from the border in Nepal, and those who seek to maintain this kind of open border regime which has been a safety wall for Nepal as I said, must also recognize that this maintaining stability at the border also requires incorporation and accommodation of the people living at the border. You cannot have the open border and the benefits from the border without giving people at the border zero rights or minimal rights. So, if you want the border, accommodate the people living at the border.

Thank you so much.



Dr. Arzu Rana Deuba

I feel a sort of oddness, because I think I was a woman of letters; now I am a woman of words. First, I was trying to be an academician; now I am trying to be a politician. Now it is very difficult for me to decide what I am going to say today. This is a group of most eminent people of Nepal—like the who’s who of Nepal—and I guess of India as well. So, I would like to first of all thank the organizer—India Foundation, Neeti Anusandhan Pratishthan, Nepal and Nepal Centre for Contemporary Studies—for having me as a speaker and I must tell you, this is a very different audience for me now. Until eight years ago this was the kind of audience I was most familiar with but now, I mostly go to the rural areas, so I am really hesitant.

What really is ‘connectivity’? I am a people’s person. From that position I say, the connectivity between Nepal and India is really very home-grown. There is no theory to it; there are no treaties to it; there is no strategy as one speaker said. This has been a very home-grown process and I think it has been there forever.

I remember, when I was a child, my grandmother used to go to Banaras every winter, and that’s what she used to do. Because it is cold in Kathmandu, it was her tradition to go to Banaras, and I never even realized it was another country. All I would do is look forward to getting very big nice Banarasi *laddus*, and the little toys she used to get for me. I don’t know whether you have been to Banaras. We used to get these little wooden toys. They used to be very interesting, very brightly painted. I must have been quite big before realizing that the

places my grandmother used to talk about was another country. She talked Banaras, about Gopalpur, which I still don't know where it is, but I know it is somewhere, where cashew tree used to grow; I think it is in some place in Orissa. I think most experiences in Nepal among Nepalese living in Kathmandu and Nepalese living elsewhere too grew up with India as a very friendly neighbour and almost as a second home.

When I was sixteen, I went to study in India, and came back when I was 27. People used to ask me when my parents went to Nepal. I say "No no, I am thoroughly Nepalese. I have lived there, my ancestors have been there since God knows when."

So, that is the kind of relationship and connectivity that the two peoples have always had. As I became older and more cultural, I started remembering the *pooja* or the *sankalpa*, we do, and in that *sankalpa*, the word 'Aryavarta' is mentioned to denote our part of the world. So, this civilization in Aryavarta (Jambodweep) connects us all. I didn't realize that we are also considered an Island, right from the tip of the Himalayas to Kanyakumari. At one point of time we merged with other continent, and the plates still clash, but still we are a *dweep*—an island. So, it must be one big island and at some point of time we lived together and that is a culture we all have shared. No matter who tries to divide, it is not going to happen. Because, if you look at it, our gods and gurus are the same, and you cannot separate the gods and gurus from anyone's mind. You can have senses, you have built borders, you can build walls, but you cannot separate for thoughts in your mind. I think that is the level of connectivity.

Now then, we have this great Bollywood culture, and I think that's at the level of the people's culture. Religion is something we start to think about when we are older, but pop culture, you know! Who doesn't know all the big stars of India? Who doesn't know all the big songsters, all the cricket guys? This popular culture is shared between the two nations, and I think it's not only here, but other nations also share it in South Asia. But for Nepalese, it is a part of how we grow up.

We don't really feel the division between Nepal and India. When we go to other countries we need visa. There is so much of formality at the border. You feel sort of taken aback. So that is at the level of the soul. I call it the 'soul system'. The gurus and gods are not the same

alone; even your gurus have come to Nepal, like we had a very famous baba here, called Shivapuri Baba. He lived till here was 167 years old, and he was from South India. He lived all his life here in Shivapuri, and he was called Shivapuri Baba. As we all know, Gautam Buddha was born in Nepal but he went to Bodh Gaya, and he was enlightened there. So this kind of relationship is something that we cannot define in text books; we cannot define at all. There is no theory to it like someone else too had said.

But how do we capitalize on this relation as a nation? For both of us I think we need to capitalize on this, because the whole world is moving together. We have global cultures, we have World Wide Web, and we have also realized that if we are connected, if there is coming together, there is power, and there is wealth created. So, how do we take advantage of this? I think the atmospheres between our two countries have been created, and there is still a lot of goodwill. And you know, we might have hiccups. All neighbours fight once in a while and you realize you cannot change your neighbours. So, you might stay in peace. We too have had hiccups over the year, but I think now the leadership in both the nations have realized that there is great value in coming together and we have tried to do it in many ways and we are trying to think of it. There is a skeletal system that—transport highways, the railway system, the bridges, the terminals, the airports etc. Then we have the vascular system—the energies, the gas pipelines, and the hydropower we share. And, there is the nervous system—the communication, the satellite or the data cable we can share. It is really now time for us to take off. The postal highways about which we have heard a lot is now really going to be built this years, and I think Nepalese government has allocated money, the Indian government has allocated money for it. Most of these highways, I think six hundred kilometres, are to be built in the first phase. It is total of 1700 kilometres, and it is north-south connection. I just got this education just yesterday. Just to speak at this place, I asked a government official to tell me what it entails. So, my idea of the postal road was only east-west; but that is not the truth; it is north-south. And that means, a lot of our goods of season-based vegetables, our herbs and lot of our products can reach the Indian market, and we can also bring a lot from the Indian market to the hills with great ease.

We are also working very hard on a railway now. And India now has all broad gauge railways and if you help Nepal build railway between our Mahakali and Mechi border, for India also it is going to be the shortest distance from east to west to carry your own goods. So, there is a great wisdom in making this kind of connectivity, because we also benefit as the railways is going to pass through us, and you also benefit because you know it's going to be the shortest route. So, this kind of connectivity is necessary. A lot of DPR's have been agreed on, and we are well-honoured to build the roads which I am very happy about.

Railway is a big thing. In Nepal we have an ancient line. If some of you are going to go to Janakpur, there is really a line that can belong to a museum. It is almost three feet wide and there is a train, maybe four feet, and it is built some hundred or two hundred years ago. But we are going to really have the broad gauge coming into Nepal.

In this gathering, I would also like to share that since we are now almost going to be seven states, each state would like a connectivity with India. I will belong to Pradesh Number Seven towards the Mahakali River. We share a lot of commonalities with Kumaon and Garhwal regions of India. In fact, all the caste groups which are here in Nepal, you find in Kumaon and Garhwal. I had once reached there during elections. I saw all many surnames are same: Rawal, Joshi, Deuba etc., just like in Pradesh Number Seven in Nepal. There is a lot of bridges being built, which is great. Because, till now, we have just one bridge across the river, and its date expired 60 years ago. That bridge is still running and the crowd of people trying to cross on both the sides is huge. Now we are going to build at least three bridges on the Mahakali River, which I think, a great way to establish relations between the people.

The other thing we are now looking at is power trade. We have already signed an MoU between the two countries and we have already built some transmission lines, but a lot of work is still required. I would like to appeal to the policy makers of India who are sitting around this table here, as the bigger friend or neighbour to expedite the same. I know some more of resources and some more speed is required in all these kind of connectivity we are trying to establish. From Nepal's side, we are trying very hard, but we have lots of challenges. We have

just written the Constitution, and we have to hold three elections in the near future. We have to implement and draft a number of laws, and the development agenda, I am very worried, might get side-tracked. And if that gets side-tracked, we will be in trouble, because we also have a very large mass of young people living in Nepal and how do we create employment, how do we generate more jobs? Jobs generation in Nepal is also beneficial to India, because the insecurity problems of unemployed youths in both our countries are very familiar with that and though we might have been the poorest in South Asian region, we are not that anymore.

This kind of connectivity is something we require, and India's help in that will really be well appreciated. Nepal is now also doing a lot of work on its own, and now lots of data is available, to enable us to make what one of my earlier speakers termed as 'informed choices'. I think that is very important, and we are now working towards it.

There is a lot of openness and a lot of research now. It's not like the olden days when it was so difficult to find research material on anything. Now we have the www, and the Nepalese researchers are doing lot of good research and that would benefit both the nations.

The nervous system of communication, which is the connectivity we need, is not that far ahead. Our telephone connections can be made better; it can be made more economic. I know India has lowered the telephone tariff, but from Nepal's side, the tariff is still quite high. If we call from Nepal to someone in India, it is quite cheap, but if we make a call from India to Nepal, it is very expensive. So, these things still need to be worked out.

So what is the way out in the future? There are two or three things I would like to bring to this august gathering. One is, how do we make all these and consolidate all the systems we have? We have started a lot of very good initiatives. Our intentions are very good. I went to convent school and the nuns used to tell us, "You know, my dear, the road to hell is paved with good intentions." How would we make these good intentions a reality? How do we work very fast in this direction? India Foundation, Neeti Anusandhan Pratishthan, Nepal should push our policy makers towards it.

I am very happy to be in this type of gathering. In olden days when I was trying to be a woman of letters, I used to be called to many tract-II diplomacy event, but that used to be very regional at the SAARC level, but I never really went to anything that was just sort of bilateral tract II. Now, I am very happy to see this initiative being taken, and I hope a lot more initiatives like this will be taken. Of course we have the Eminent Persons Group now, and they have got so much of highlight that anytime they have a meeting it comes in the first page, So they are very hesitant about that they are going to say.

This type of gathering is very important for us. And the next is you know how do we have these exchanges? The exchange at the level of Parliamentarians is very important. Nepalese Parliamentarians are invited all over the world but I hope more exchanges should happen between Nepal and India and we would like to invite Indian Parliamentarians to come here. I think if they come, like Prashant was saying, they only come to Kathmandu and Kathmandu is not the whole of Nepal. So, going to the hills, going to the areas of Madhes, is I think very important, because we learn from each other. We have many things that we understand at once, and so many thing that mystify us. I think that needs to be clarified for us to really come to an understanding about the strengths we have and this things we can share.

Thank all of you for listening.



Ambassador Jayant Prasad

Connectivity means unfettered exchanges for trade, for investments, for services, for knowledge, for ideas, for technology and also for unfettered movement of people. And, when international financial institutions or regional development banks or even the new development banks or the AIIB (Asian Infrastructure and Investment Bank) talk about connectivity, they break it into five distinct clusters: clusters of trade, of transportation, of energy, of ICT, and finally and the most important one, of people to people connectivity, which encompasses much more. It encompasses issues of interest in daily life, and it includes issues like environment, ecology and so on. So, we have a huge canvas.

If there are two countries in South Asia that need to discuss connectivity more than others, it is really Nepal and India. What is happening now is that, India is fully committed to Nepal's access through the 27 transit points and two ports of Kolkata and Vishakhapatnam. I am glad that letters of exchange are now in operation. Government of India has recommitted to building the integrated check-post, the Terai roads and the rail links. Of the rail links, one is very interesting; these are links between Birgunj, Raxaul, Bardibas, Jaynagar, Biratnagar and Jogbani, but there is also a rail link between India and Bangladesh. The broad gauging of Bangladeshi Railways is going to be interesting for Nepal because it could connect Birgunj through Singhbad and Rohanpur, all the way to the port of Mongla, which has been offered by Bangladesh as another transit trading point for Nepal. And then there is of course the Raxaul-Amlekhgunj petroleum pipeline, which would secure energy

supplies in future for Nepal. And, there is a commitment by both governments—you have seen it expressed in the joint commission which has been activated after a huge gap of more than a decade and half—of removing road blocks, of facilitation and cutting rates and having an active monitoring mechanism in place.

Many of you spoke of power trade. In the short term, power trade is going to flow from India to Nepal, and there are bottlenecks. India did help the World Bank in its Dhalkebar-Muzaffarpur connectivity. They were falling short of a small amount of money, ten-fifteen million dollars, which we made up. And, we are thinking of a new connection between Gorakhpur and Butwal. Everything is in place, but if Nepal is committed to building on its own the east-west highway which is internal to Nepal, we can double the existing electricity supply in the lean period from 250 Megawatts to 600 Megawatts so that you have less power cut over here. And, any spare electricity that Nepal produces India will of course be willing to buy it in the future.

But there are other tantalizing possibilities of connectivity which we don't talk about. For example, you know we talked about the drafting of the Indian Constitutions. It started in 1946 but in 1946 we also started first talks even before we became independent, on the Saptakoshi High Dam, and later, very wisely, the Nepali leadership added the Sunkoshi Storage and Diversion Schemes to it. And in 1991, a quarter of a century ago, we set up a joint team of experts to do further investigations, but these investigations have gone nowhere despite a budget for it. Why I am referring to it is that the power productions entailed in this is more or less same as that projected for Pancheshwor: 4000 Megawatts plus in one single schemes. But unlike Pancheshwor, this has the potential of making Nepal free from its landlocked status because, as soon as you have assured the project, you have access to the 24 hour 12 months navigable waters assured by the high dam, and if that happens, you can get into the national highway number 1 of India, which connects to the Bay of Bengal. And India is committed to giving Nepal that access.

As for the railway projects, everything depends now on when Nepal chooses to adopt policies that unfetter its economy. We have chosen to remain poor for a little bit longer than we could afford. Nepal

has still to make that choice and make the turn. There is a feasibility study carried out by a Nepali and an Indian consulting firm Right and Silk Consultants. This was done even before I arrived in Nepal in 2011. It had just been concluded. This is a 1318 kilometre railway running from Mechi to Mahakali, and another within it, a 187 kilometres connection line from Pokhara to Kathmandu entailing an investment at that time projected at 65 thousand crores of rupees. But this investment will only be viable, and the trade potential and the carriage capacity will only be fulfilled when there are different types of economic policies followed here, and the hydro sector really opens up generating for Nepal the surpluses it requires to address its fiscal balance and to redress the adverse balance of trade, that it has with India.

There are other issues of connectivity, which Nepal and India don't even talk about. I mean, for example, the preservation of the Himalayan ecosystem which is in peril. We have no conversations on it, whatsoever. We have not had any dialogue on this issue in a structured way, and this is a matter of concern for both the peoples. So, with this few remarks made to focus on our energy, I am back on to the challenges of connectivity. We have had really great contributions today from the penal on people to people aspect of connectivity.

Question-Answer and Comments

G. Parthasarathy Mr. Chairman! Thank you very much for the excellent opening and excellent panellists for a gathering of this nature taking place especially at the time of the visit of His Excellency the President, and of course for bringing together what you call the 'cream' of the intellectual thinkers of both the sides. Perhaps, I would like to talk and I am getting the view of the panellists on the point that you made. There are so many things we do not even talk about when you talk about connectivity. Now connectivity at the popular level is as a matter of fact; between the people of Nepal and India, they manage it pretty well. Because they have existed for a long time, and of course they continue to do that not only at the border, but at all levels. The real issue of connectivity and of course of many of the things four panellists talked about is that, when it comes to the process of institutionalization, and when our two states and state institutions start to reflect on the different dimensions of connectivity like what Bandanaji talked about on the various modes of facilitating the goods transport. She said, there are many areas which can be done very quickly, but where are the bottlenecks? Why are they not happening? I ask this question primarily because linking it what Prashant was talking about. I absolutely agree with you in the sense that the value of an open border is something that we are messing up. It has been there so long. As far as I am concerned to those of us who are involved in making policy about Nepal and India, the idea of further regulating—let alone not militarizing—is out of question. But is there a real need to securitise, or manage, or regulate it? Our challenge is to maintain and nurture it. How can we nurture it in the context of some of the issues that come up in the course of our daily execution of our policy? That is at the official level.

Another question is about road connectivity, especially the question of Rail transport. But beyond that the kind of connectivity I would like for us to talk about is a much bigger mega model of mutual cooperation between Nepal and India, given the nature of our relationship, both geographically and historically. In terms of that significance, how can we reflect on what we keep talking about *vasudaiba kutumbakam*, how do you present a model of inter-state relationship between two sovereign nation states with very unique features of political, economic, security, cultural, and social connectedness? How do you present that? That I think is what we need to reflect on in a broader, futuristic sense.

Shakti Sinha

A very brief question to my friend Professor Nisha. You have completely not touched upon the tourism aspect of connectivity. If you remember very correctly, we did a very good study on the connectivity between Nepal and India a few years ago. If you see the tourism statistics of Indian tourists to Nepal, it has been declining constantly every year. It is 803000 in 2017, compare to 797000 in 2014, and 719000 in 2015. So, we are talking about 7 lakh plus, but if you see one million plus Indian tourists each to UAE, Thailand, Singapore or Malaysia, Nepal has really lost out with Indian tourists. The total number of Indian tourists to Nepal is exactly same as it is to Mauritius. Despite all these connectivity, and all these links we talked about—no visa required, not even an Indian passport required to come to Nepal, even a voter ID will do—we have really lost our turn in Indian tourists. What could be the reason for that in your experience? Is it because we have not done good promotion, or is it because the air fare is pretty high compared to Singapore and Thailand, or is it because there is a lot of negative publicity in Indian media? I just wanted your thought on this.

And now, very briefly to Prashant—other good friend. The whole issue of connectivity between Nepal and India cannot be divorced without talking about the Chinese train coming to the border of Nepal in 2020. 2020 is drawing very near. The train that comes to the Nepal border at Saphru Bensi is not going to go back empty. It is going to bring Chinese goods and Chinese tourists, but to be profitable, it has to take something from Nepal to be operational 365 days a year. It cannot go without Indian goods. So, I think, Indian policy makers will also start doing homework on what it wants to do with this train line coming from China just four hour away from UP border. Thank you very much.

Surendra Chaudhary I am privilege on my part to share some of my opinion in this issue. In spite of the fact that we are two nations, we constitute a single entity socially and culturally. As far as the question of cross-border movement of people is concerned, there has been no problem with good people for the cross-border activity and movement. But, as a result of the terrorist activity, the SAARC has become a region without regionalism. This is a fact. And, there is its impact on the cross-border activities of the people across the border between Nepali and India. We are talking about the connectivity and cross-border activities of the general people. But there has been non-human cross-border activities because we are connected by rivers and forests and ecosystems. As we are putting light on Hindukush Himalayan ecosystem, we really need to do something if we are to enhance greater regional political union, economic union or trade union in this region. As compared with ASEAN, we are already running behind the time. And we need to constitute and hold a comprehensive framework convention between Nepal and India to put impetus to the growth of unfettered cross-border connectivity in every sphere of life. I would like to ask Honorable chairperson:

would you say anything on the matter of SAARC that has become a region without regionalism?

Shambhu Ram Simkhada Very interesting presentations. My sort of query goes to Nisha and Prashant. It's about the concept of informality. Nisha mentioned very well that the informal economy is a large share of our formal economy, when it comes to open-border situation, or in country in Nepal or India. Prashant mentioned the beauty of this cultural, political open border, informality of economy and informality of politics. How should the state move, looking at it from Kathmandu perspective? How to formalize economy? How to formalize a cross-border politics? That is the question I have. Thank you.

Hari Bansh Jha I have my brief query with Nisha. Nisha, you know that our border is open, but it is open for the movement of people, not for the movement of goods. So, even when we had the 1950 treaty that facilitated that open border system between the two countries, we didn't have any law; even up to now, we don't have any law that defines how much goods a person can carry from one side of the border to the other. That is creating much more problems in day-to-day life of the border inhabitants between the two countries. Those who are criminal elements, they don't have the problems, but those who are good people and good citizens of the two countries especially living in two sides of the border, they have real problems. The second thing that comes to my mind about the border is the question whether it is right time to think if we could define or allow a border inhabitant to carry with him something like ten thousand rupees good as and when he crosses the border. It may be at the level of Indian citizens and Nepali citizens. If not, it can be at the level of the border inhabitants between the two countries. SO, what is the prospect of it in future?

Lok Raj Baral When we talk of connectivity, there are two aspects of it. One is physical part, in which we talk about railway, road and other connectivity. Physical development is essential. But another very important part is mental connectivity. I am a student of political science; I am reminded of what Plato said. Because he was so much involved with the state affairs, he wanted to remove certain maladies and diseases through mental medicine. If you don't have that mental connectivity, that temperamental connectivity and if we do not remove mistrust about security and other things, I think problems persist. To develop that kind of relationship at the higher and lower level, perhaps the movement of goods also, traffic of goods, even at that level, you need a kind of orientation, understanding and at all levels. We must have that understanding, starting from the apex, down to the lower level. If that understanding is not there, and we always talk and go and nothing will happen. It is a good thing to have study on trade, tourists, etc. but the root cause is the absence of temperamental connectivity. It is very difficult to have this connectivity, as we are suffering these days too. Such psychic connectivity is very essential. That kind of understanding at different levels is a must, if we talk of these kinds of connectivity. Thank you.

Vandana Mishra I would take your comments, Sir. And would like to join with what Professor Baral said. What is important in connectivity is the extent to which the components are connected to one another and the ease with which they converse and get connected. Human is a mysterious being; he lives in paradoxes. He first makes nations, then borders, then government, then defines sovereignty, and then again searches for connectivity. How do you create all these unnatural things and then search for natural things? First you drew so many divisive lines. We are today remembering *vasudaiba kutumbak*. It's

not just between Nepal and India; it is a global thing. After drawing so many boundaries, we are talking about connectivity. How long will you do with air, road or Railway connectivity? You have to connect internally. And for this as Arzuji said, we need people-to-people dialogue, government-to-people dialogue, and government-to-government communication. Let your government communicate with your people; let our government talk with our people, and let the people communicate with one another. Communications of the governments, or of the diplomats, or of academicians is not going to do anything. It has to be communication between people and people. People will have to feel that you are one. I worked in an organization which launched Students' Experiences in Inter-state Living, in which Indian students from one state were sent to other states to experience things there. People from central India visit north-east. Then you see how the people of north-east live. It does not suffice to say they are a part of our country. Go and see what has your government done there. So, this connectivity has to be searched out and nurtured. Political connectivity can exist; governments might change after twenty years; you never know which road it will break, and which one it preserve. The point is, we have to work on the heart's link.

Prashant Jha

The first question to me was about China. You know the advantage of being a journalist is that one can just throw one's frank opinion and analysis, and it is for the policy makers to worry about the decision they will take. My own opinion is that at some point they will have to recognize that the greater engagement between Nepal and China is inevitable, in terms of physical connectivity. There are two views in this. One view suggests there will be greater engagement between Nepal and China in economic connectivity, one can be a part of that, enable that, encourage that, and benefit from that.

There is yet another view which is right now the dominant view. It says, India is not going to be a part of this enterprise to enable greater Chinese influence in Nepal. The way politics has evolved over the past few years in Kathmandu shows that we have seen greater Chinese engagement, we have seen sections of Nepali polity engage with China in order to undercut India. It is natural that there will be suspicions in Delhi. So, I think they will be resistant to the kind of thinking you were talking about within policy makers. So, let's see how that debate plays out in the next few years. It will also depend on what happens here and what happens between Nepal and China. This is not the relationship which is settled on stone; we don't know how far it will go; we don't know how committed China is. We don't know how committed Nepal's own political leadership is. I think you are right in pointing to it, but there will be several factors and variables which will probably shape the decision whenever it is taken, and there is one decision which is instrumental in this process.

On the border issue, I completely agree with you. The idea is not to militarize it, nor to securitise it but to nurture it. I hesitate in using the word 'regulate' because I think when we use the word, it is slippery. There is a thin line between regulation and introducing the modern tools of bureaucratic state which impede the movements. My preference is for free movement, which is why I hesitate to use the word 'regulate'. There are real security issues. We are all very fortunate, that none of the 27/11 attackers came through Nepal border. If that had happened there would have been a reaction, which would have jeopardized, the kind of border we have. If there is a terror attack in India, and if there is evidence which points to Nepal—I don't mean active Nepal hand, but Nepali territory being used by the terrorists—I then there will be problems. That's why it is important to keep the security

element in mind to build up checks and balances so that such reactions don't happen and we still are able to maintain this natural flow even if unexpected events occur.

I think there was a question about what states should do about informality. My answer is, let it be; let it remain informal. Why do states need to get involved? This is the vision of a state where states have to be engaged with every sphere of the society. I am not a libertarian, and I think there are certain things a state can do. It can enable cross-border networks for example. But there also are certain things states do not need to get engaged with. There are natural cross-border cultures. Nobody in Janakpur is going to take the permission of the Ministry of Home Affairs before going and getting married with someone in Sitamani. A state should not interfere in that; it should be allowed to flourish on its own. I can see that a centralized state will feel apprehensive about cross-border political networks that emerge. That's why the uniqueness of the relationship comes. If Kathmandu's royal regime can develop cross-border networks with the Indian right-wing, if Kathmandu's Nepali Congress can develop cross-border network with India socialists, why this concern with elements in Terai developing cross-border networks with elements in Bihar? I mean, this is a part of natural evolution of the relationship, and I don't think states—either Delhi or Kathmandu—can or should interfere.

Arzu Rana Deuba I would like to pick up where Prashant stopped. I also think states are going to be eventually irrelevant in this issue. I am in the wrong side of fifty, but I think we know the people who are going to see the states disappear whether we like it or not. We are already seeing it in a very negative way. The emergence of IS, for instance. Does any border matter to them? How do we turn that round on their head and use it for good purposes? The states can't be able to

regulate anything now. You try to close down the world wide web, for example. I don't think one is going to go for that. So, we must think how we are going to use the web for building better positive relations between nations. Certainly we are talking about Nepal and India, and this is where we have a lot of commonality and good grounds to start with, but it can happen anywhere in the world. Birds of a feather will flock together. All the feminists will group together no matter where they are from; we have similar issues. So, connectivity at the level of a person is I think the basic and most important kind of connectivity. And the issue of global common His Excellency Jayant Prasadji raised is very crucial. We are in front of very big challenges; we in South Asia are going to bear the burn of climate change. Thankfully, UNFCCC has passed a new law, and everyone is now racing towards trying to make sure it is not going to be more than 2 degree increase in temperature, but these challenges are going to remain. We have seen climate change happening all over the world. So what kind of conversation are we going to have between Nepal and India? The worst predictions are scary. Too much water may be managed, but what happens when there is too little of water? Have we even thought about it together? All the reservoirs in Nepal are drying, but you know the population in India, and in the plain land are dependent on it. So how we are going to talk about this issue? These are difficult questions, and these are questions we don't have answers to, or even information about. But it is a conversation which has to start and it better starts soon.

Nisha Taneza

We would all love to have a borderless world, but unfortunately, through development of civilization, we have actually landed up in a world which binds the entire world by rules and regulations. This is a reality. So, even if we have free movement of people, it is through a regulation; it is through the treaty of

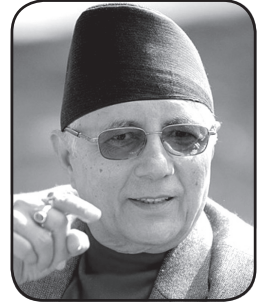
movement which is allowing free movement of people. So, there is no getting away from rules and regulation. Yes they have to be implemented in a manner that it is restrictive for the movement of people and goods. So, this is what I was trying to point out even in my presentation.

Let's think of informality of trade. What was the objective of the measure when border trade was allowed? The objective was that people on both sides of the border should be able to meet their daily requirements, and should not have to go to far-off markets to get their daily provisions. That is why head-loads were allowed. But we know how to get around rules also, and only we know it best. For instance, a woman can wear sixteen saris and cross the border, and a man can wear eight layers of jeans and yet cross the border. That's how the informal trade began. But it has assumed alarming proportions today. The distinction between informal and formal has become very blurred. Today, everybody is talking about consuming goods which are safe for consumption, and which are safe for plant, animal and human life. So, how do you ensure all this? More and more rule are going to be made but they have to be implemented in the least restrictive manner.

My last point is on tourism. As we are all evolving and the countries are evolving what everyone wants to purchase is also changing. So, if an Indian tourist wants to purchase tourism service from Nepal, today he is looking for something different. It has nothing to do with political relation; it is only about what the tourist is seeking. Australia was never popular; it is popular today. Singapore was very popular. So, what is it that Nepal can actually offer as a service which would be attractive to an Indian tourist? What is it that a tourist is looking for? So, it is totally in Nepal's hand to draw the tourist because you are going to market it for the rest of the all. Thank you.

Jayant Prasad

I think we have had a really interesting exchange. I think the responses to the question were very focused and short. To recap where we are, we have to learn the art of managing differences; we have to develop a habit of cooperation, which we sadly lack. We have to insulate people-to-people relations from the vicissitudes of the ups and downs between Raisina Hill and Singh Durbar. Professor Baral ended on a good note, which answers Dr. Simkhada's question. What Arzuji had said also connects to it, that in a human body, you don't have the skeletal and vascular system working well without the nervous system. So, when you have a sub-structure, you have the super structure also to work well, and that's where the human elements comes in. We have to build supportive activities that are mutual to reconnect. We have an old connection between Nepal and Nepalese people and with cities like Darjeeling, Banaras, Lucknow, Patna, Kolkata. We have lost that. It is less today than it was two to three decades ago. And, I think a conference such as the one that we have had serves the very important purpose because we need more active, structured, sustained and mutual cultivation of decision makers and opinion makers. You mentioned Parliamentarians. That's a good suggestion. And members of the informed public not just between the capitals, but also across our borderlands to help us break from the complacencies we have developed in taking each other for granted. Thank you all for your participation.



Dr. Shekhar Koirala

Shri Chairman, distinguished participants from Nepal and India!

I am pleased to be a part of this important conference. Friends, Nepal has been a land of diversity and people of Nepal have maintained unity and high degree of social and communal harmony through ages. We are proud of this unique unity in vast diversity. The resilience displayed by Nepali people in various difficult and most trying circumstances has been the greatest strength of this nation.

The evolution of federalism in Nepal following the popular movement of 2006 has strengthened this very fabric of social, religious and political unity of the Nepali society. We followed federalism to take governance closer to the people and accommodate distinct identities of different ethnic groups, without compromising the unity and integrity of the nation. We consider federalism as an instrument towards the goal of unity in diversity.

It was increasingly realized that Nepal's overreaching problem of poverty, regional imbalance, inequality, unemployment and discrimination cannot be resolved under a unitary system of governance. This was why federalism was considered a good tool to end these problems. The popular movement in 2006 adopted it as a future polity to replace the monarchy and the unitary system of governance.

The second amendment to the interim constitution ensures the nation's wish to make Nepal a federal country in the statute. Nepal was accordingly declared a federal democratic republic by the first

Constitution Assembly from its meeting on May 28, 2008. But, it went to difference over how to carve out federal states, their names, and the numbers. Post the demise of the first CA, Nepal went for fresh elections in 2013 for a second CA. The second CA approved of the new constitution on September 20, 2015 by an overwhelming majority of 85% of the 598 lawmakers. 507 voted for it, 25 against, and the rest boycotted. The preamble, the articles and the name of the constitution were endorsed by the CA members. The country accordingly turned into seven provinces with three tiers of government: central, provincial and local. However, several small parties based in the Terai Madhes formed a Madhesi Front and stayed out of the voting process to vent their displeasure over some provisions concerning the formation of states, citizenship, elections to the upper house of the Parliament and the language. The Front insists that the Terai-Madhes region should not form more than two provinces. The Province number 2 is entirely in Madhes, while the rest of the plain forms parts of the five of the remaining six provinces. The then Prime Minister Sushil Koirala and the Chairman of Unified Marxist Leninist (UML) Shri KP Oli agreed to two provinces in Madhes in a document, which was not included in the charter but remains with the Parliament as its property. The Madhesi Front wants five districts—three in the east and two in the far west—to be a part of the Madhes Province. These districts currently are combined with the hill districts. The Front may agree if these five districts are left out as ‘disputed’ for now, and let a commission decide their future. But, Nepali Congress, UML and the Maoists are not agreeing to it.

Recently, I happened to be on a tour to hill districts of Western Nepal, in Province Number Five. There, people are quite disturbed and want to retain the adjoining plain districts with the hill districts. They are even ready to agitate to press for their demands, if they are separated.

The second issue in inclusiveness which is fairly addressed by the first amendment to the Constitution earlier this year. The third issue is language, which has been referred to a commission now. One thing I want to make clear is that, only Nepali language is the link language and should be applicable to all the provinces. Other mother tongues that have scripts should be considered in the respective provinces. People speak different languages in different regions. Hindi is just one of them. Therefore, Hindi cannot be our link language.

The fourth issue is that of citizenship. Naturalized citizens can avail all the privileges, but they should not get some government positions that are considered sensitive. This can be discussed and negotiated to settle the debate. Children born in Nepal from naturalized parents can go up to any post.

The fifth issue is representation in the Upper House, according to the population, which is a very genuine demand, and should be addressed. Restructuring of the local bodies remains a big issue right now. Without solving the problem, we cannot have local elections, which have been overdue for the last eighteen years. Madhesi Front's demands for redrawing the provincial boundaries must be solved before restructuring the local bodies. Other issues are whether local government is under the province.

The Madhesi front stayed outside while finalizing the constitution; their non-participation in finalizing the constitution remains the main problem that needs to be addressed. We undermined the Front then, and now, Nepali Congress (NC), Maoist and Madhesi Fronts are undermining the UML in amending the constitution, which to me is wrong. The three parties are heading for a confrontation with the second largest party in the Parliament that is the UML. Why I am saying this? While discussing the restricting of the local bodies, NC and the Maoists involved the UML, but undermined the Madhesi front. While discussing about the amendment of the constitution, we are seen to be bypassing the UML, and involving the Madhesi Front. This to me is an irony. It was wrong on the part of the previous government to view Terai-Madhes problem through New Delhi's eyes. I consider the Terai-Madhes as the citadel of democracy and national unity. Democracy in Nepal will not be firmly footed and rooted with the agitating Terai-Madhes.

The playing of populist politics for momentary gains does not do well in the long-term in national interest. It will become a blunder if we continue to view Terai-Madhes through Indian eyes. Terai-Madhes is entirely an internal problem of Nepal, and it is up to us to rise to the challenge and resolve the internal problem through consensus and cooperation for the larger interest of the nation, and the neighbours too. We have set a pressing deadline for the implementation of the

constitution; we have to expedite appropriate amendment that takes all the sections of Nepalese society on board. We must hold local, provincial and federal elections on or before January 21, 2018 to preserve the historic achievements of having a constitution written by people's representative and promulgated through an elected Constituent Assembly with appropriate amendments, as said earlier. If we miss this deadline, I fear, problems will compound and spill over. And situation will be more complicated than the leaders seem to have envisaged so far.

Thank you for your kind attention.



Professor Dr. Krishna Hachhethu

Thank you Chair. Thank you organizers of this seminar for giving me an opportunity to be a panellist on a subject that I am trying or struggling to understand for the past 20 years, if my first article on federal design in Nepal is counted here. I am slightly feeling uncomfortable to handle the title of this session: *Sharing the Federal Experiences: Nepal and India*.

If we count the Indian Independence Act, 1935, India has an experience of eighty years in federalism. So, India has a massive, functional federal evolution. Whereas in Nepal, we are just born. So, it is just a baby. Had we been able to bear a baby with good health, we would not face the loss of sixty people in this country. So, if you believe in astrology, we started with an *apasakun*— a bad omen.

What is common between these two countries? Both are countries of social diversity. Taking into federal design, what is different? India acknowledges ethnicity and language as political constituency while constituting sub-national units or states. But Nepal, while adopting largely a territorial-based seven province federal arrangement by the new constitution, denied ethnicity as political constituency. This is a fundamental difference in the designing part of the Federal India and Federal Nepal.

When I look back to 2006—the time after the jubilant movement—everybody was talking about *ek yugma ek din ek phera aauchha* (such a day comes once in an epoch) and the state restructuring was there in the imagination and mind of everyone. Why does Nepal need to restructure

into a federal republican state? Three key points need to be taken into consideration. Point one: acknowledgement of inequality among the social groups in Nepal. If you use the indicator of human development index, poverty and representation in the state, I would simply make a statement: In all these three indicators, one group which is called dominant groups (Khas-Arya) is in the best place, and the rest Adivasi, Janajati and Madhesi are in the worst positions. So, the group relation in Nepal is unequal. They are living in inequality.

The second point that needs to be considered to understand why Nepal needs to get restructured into a federal states is to acknowledge inequality of the groups, and logic, rationale or mission is to end discrimination based on class, caste, language, gender, culture, religion and region. This particular provision of the Interim Constitution can be interpreted as one dealing with redistribution of political power among the social groups. So, how to end discrimination, disparity and exploitation based on ethnicity is its concern. The Interim Constitution article 130 has a categorical statement: by constituting federal units, with recognition of the desire of the indigenous people, Madhesi, people of backward regions and other groups. This means recognition of ethnicity as political constituency.

But how is it landed? Outcome is just the reverse. Article 450 of the new constitution describes federal design in Nepal in these words: "There shall be provinces consisting of the districts as mentioned in Schedule 4, existing in Nepal, at the time of commencement of this constitution." This means, rejection of ethnicity as political constituency.

Your travel to state restructuring begins with recognition of ethnicity as a political constituency, but when you landed up, you chose the reverse way. That is why, see what some provinces look like vis-à-vis their demography—the first largest group, the second largest group and margin. And what is the margin? Out of the proposed seven provinces, in six, Khas-Arya are in majority in Province Six and Seven, or the largest group in three other provinces: Province Three, Province Four and province Five. And the margin is not small: minimum 14% in Province Five to a maximum of 50% in Province Six. So, what does this demography tell about the political balance of power?

Before that, we need to see the indication of demography into political power equation. It is closely tied up with the political system Nepal has adopted. One is distribution of People's Republic of China (PRC) in proportion to the size of population of ethnic groups. And the gap between Khas-Arya as the first, and the other as second largest group is high, from minimum 15% to maximum 50 %. So, the more you live in a province with highest number that can be directly translated into seat to be distributed, more is the chance of you continuing to be marginalized.

Every province has always been in favour of the dominant group Khas-Arya. For instance, in last 2013 November election, out of a total of 240 seats, 56 percent went in favour of the Khas-Aryas. See the figure: what will be its implication in the provincial political equation? Figure of Khas-Arya represented in the last election from Province One is 53%, Province Two 12%, Province Three 64%, Province Four 78%, Province Five 61%, Province Six 93% and Province Seven 81%. If you want to go beyond the last election, one election does not give you an indicator. When I consider the older elections held in Nepal since 1959 to 2013, I make a mapping average of representation. In every decade, the seat will be distributed this way.

The provincial parliament of the proposed seven provinces is going to be dis-matched in terms of caste provision. Caste represent... Province one 39% Khas Arya, Province 2, 16%, province 3, 53% province 4, 51%, Province 5, 51%, Province 6, 77%, province 7, 78%. In this moment, I as student of political science can easily predict that except Province Two, the political power balance provincial level is very comfortably in the hands of Khas-Arya. So, for me, the caste demography has meaning to the creation of political power or balance of power at provincial level too. I would be happy to explain it in this way: seven provinces federal Nepal adopted by the new constitution is a major attempt in the last 250 years by the state trying to perpetuate inequality among social groups of Nepal that began in 1768. A project of making Nepal an *Asali Hindustan* since unification that propelled with the continuation of Khas-Arya in the power structure of the country for the last 250 years.

The second attempt is the integration of Janajati as inferior and Madhesi as subordinate to Khas-Arya into caste hierarchy by old civil code. Non-dominant groups were kept away from the state apparatus.

The third other major attempt determining the most detrimental step in present Nepal is the decision of 1961 that divided Nepal into 75 district and 14 zones, and later into five development regions dispersing the country into new political administrative states, reducing the prospect of the non-dominant groups from getting integrated to the state power, because, there are a lot of political propositions and comparative imperial studies showing that if you have a mixed population and if you have an electoral constituency with mixed population, usually the result goes for the dominant group. And the prospect of the minority group will be zero, when the electoral constituency will be drawn in a way that the dominant group constitutes majority or the largest group.

The last one till now is the 2015 seven-province federal Nepal provision, carving states that are demographically convenient to the Khas. Given the political equation prevailing in Nepal right now, I cannot expect a sea change and radical change, but there is a way to control or minimize the damage, when the boundary of a province is reviewed in a way that excluded groups could gain due share in newly created political space at province level.

Another point is, upgrade the status of proportional inclusion from the present state of directive provisions to mandatory provisions. And, I would have a long wish list but as a student of political science, I have to see the political equation and the mood of the power structure. Expressively from second CA election, it is heading towards the right direction. That is why, in the present political equation and the present mood and move of the elites, if these two thing could be done, then, we could expect that in the future through evolutionary process. The journey to the inclusive democracy in Nepal will continue. Thank you.



Dr. Shakti Sinha

Thank you Chair. After that very powerful presentation by Professor Krishna Hatchehhu, mine is a little dry, it's a history-based Indian federal experience. I start by taking out a thousand rupee note, which has '*ek hajar rupaya*' written in about eighteen languages that includes Nepali also though Subas Ghising had objected to the word 'Nepali' and wanted the word Gorkhali, not Nepali.

Now one of the recent paradoxes of modern political history of the world has been India's success as a democracy. What makes it unlikely success even more of a mystery is that India started as an extremely poor, ethnically and religiously diverse country. Many including Winston Churchill argued that India was as much as a country as Ecuador was.

India became free in 1947. But let's be clear that though India as a nation-state in the Westphalia sense came on 15th August 1947, India's existence is in the Indic space, a larger space, is much older. Talking not only in the present sense, but also concerning history, it has always been run federally. It always had provinces and independent kingdoms. Kings changed; dynasties changed. But both parameters have always remained the same in the Indian case. Of course, many people argue that India—I cite Jalal Farwan—is an elective democracy but not a participatory democracy. If you see Robert Dahl's two-fold principle of participation and contestation India completely satisfies it. Government changes. Nobody questions the electoral verdict. I will go further a while. A group of scholars look at group of 141 countries, which are

vibrant democracies. I cannot talk about federalism in India without mentioning democracy. 141 countries over a long forty years' period between 1950 to 1990 saw 238 regimes, 105 were democratic, and the rest authoritarians. Transitions took place, between authoritarianism to democracy and vice-versa. Of all the indicators looked at, the per capita income was the best predictor of democracy. 77.5 percent will be right if it is high per capita income for a country to be democracy. The two major countries outlast: low income side India; high-income side Singapore. And of course South Asia and Mexico, etc.

There are both structural and contingent reasons for India's success as a democracy. To begin with, Indian constitution was written "to represent the views of the many than the opinion of a few." Also we have an advantage you know, and this may sound a bit paradoxical. India was fortunate—I am quoting Ashutosh Varshney—where its cleavages were not just class but also languages, religions and castes. It actually worked in favour of democracy and federalism.

Identity structure is dispersed with multiple identities and political realities. If it acknowledges that in a dispersed system of cleavages, ethnic conflict tends to get localized, and the centre can handle one county at a time. When ethnic cleavages are centralized, then the entire threat to the political structure is there. So, we were lucky that we had tremendous cleavages contrary to what people think.

This cross-cutting nature of Indian identities traditionally shaped by the national movement and the constitutional provisions has tended to dampen conflict. Obviously success is not yet seen, but obviously we are on the way to success. I really like the title of Ashutosh Varshney's book *Half-Won Battle: India's Improbable Democracy*. It is a half-won thing.

How then do we go to the constitution? Basically our constitutional arrangement is power-division. Power obviously is there. We also have flexibility in making constitutional changes. We have made 122 amendments.

But our constitution process started even earlier than 1935. It started with the Government of India Act 1906. The year 1919 brought legislation. Simone Commission came in 1927-28. The Indian National

Congress rejected it. The Congress and Muslim League set up Motilal Committee to decide what should be the constitution of free India like. Independence was not even on the horizon, and they were discussing what India should be like.

It said, India should be a federal form of government with a bill of right, a supreme court, and linguistic provinces. Because the British conquered India, the country was separated into different princely states, different provinces etc. In 1924, Belgaum Congress took a decision, though it was again a theoretical one. It was like *jab aayega independence to dekha jayega*, that is, we shall see when we get independence. The decision was: India will have linguistic states.

We took from everywhere. We took from the Canadian constitution a lot. But today you can say, US has federalism, but India is different; we are a Parliamentary democracy; or executive democracy based on the Parliament as yours. These are terms that can be used interchangeably. We recognize, as you say union and the states, like India is a union of states. We recognize three set of contact: people and state; second between the three organ: executive, judiciary, legislature, and the last between the union and the states. We recognize all three.

On one hand our constitution is clear that there can be no discrimination on the grounds of religion, caste, enmity or sex, and yet it allows us to make special arrangement or positive discrimination for persons belonging to socially disadvantaged community. We recognize their right to equality. They can be treated differently if there is a rational justification for it. The categorization should be rational.

What has happened over the years is that two sets of developments have taken place. One is at the states. You have talked about seven states. India started with 7 states. Today we have 29 states and seven union territories. Because, creating regional states offered let me say a success of the popular movement of the linguistic organization. At independence India was weak. We had security problems; we had economic problems. Nehru was in favour of centralization which he did. Nehru went back, refused to accept Belgaum Congress as written on stone. A man called Potti Sreeramulu went on a fast and died, and a state was carved out of Madras, which became the first linguistic state. Maharashtra and Gujarat were separated from Bombay province.

Mysore, now Karnataka, was created from three different provinces.

We accepted that linguistic states have a place to role, because it allowed for a competitive group demand. Later on, demands were not just based on language, but also on ethnicity, thought it was initially linguistic. Up to Punjab and Haryana the states were linguistic.

We also have territorial state like Bihar, Uttar Pradesh, Madhya Pradesh, Chattisgarh and Rajasthan—all Hindi speaking but territorial states.

Then we have the ethnic states of the North East. Meghalaya was carved out of Assam, Mizoram carved out of Assam, Manipur from a princely state to a state, Tripura from princely state to a state. Tripura is not so much of an ethnic state, but others are basically ethnic. Arunachal Pradesh too is another example. For reasons of accession to India—whether you call it annexation or grab—Sikkim became a state. Goa with a colonial history becomes a state. Its population is 1.2 million; Sikkim's is even less of course, while Uttar Pradesh's population will make it the six largest country in the world.

And now on grounds of regional backwardness, Chhattisgarh got separated from Madhya Pradesh and Uttarakhand got separated from UP and now Telangana became the first case of the coming together of the Telegu people in Andhra. It was carved on the rationale of development, not language, out of a linguistic state. So, the system has tried to accommodate at different times different demands of the people. It has been in that sense proved to be fairly responsive to the demands of fairly autonomous statehood.

The second development that has happened is the increased democratization of the Indian State. Initially politics was elite politics. Today, we laugh at Lalu Yadav and Mulayam and Mayawati. They represent an extremely strong movement from the bottom up. They do not come from the elite backgrounds. Democratic ideas have now penetrated the political imagination of India, and begun to corrode the established social order and the paternalistic state. We have achieved it, through obviously it's incomplete. There are massive problems but the idea has established. This was in a society which is hierarchical, stratified and highly exclusionary.

Paradoxically, what has happened is, Indian democracy at the level of conviction of democratic process is inversely related to wealth status and power. Centre for the Study of Developing Societies (CSDS) in Delhi does outstanding surveys. What it shows is unlike anywhere in the world, the poor and the so-called low-caste people have greater faith in democracy in the state than we do. We say politicians are *bekar* (useless); they say no; they want the politicians. As a result, rural areas vote higher than urban areas. Bangalore votes at 35%, my district votes at 80%. In Delhi the slums voted 80%, the middle class—we call us middle, but we are not middle class; look at the income structure—votes at 60%. We still vote at 60% plus. The poor voted 80% plus. This happens nowhere in the world. US is the opposite; the rich vote, the poor do not vote. India is an extreme case. Because democratic relation means reduction of social privilege and reduction of social space.

I will end with one more point on fiscal federalism. If you look at India's economic process, the first 30 or 40 years was an era of centralization, and then it was time of decentralization. From 1950 to 1990, India grew at 3.5 %; in the decade of the 80's, we grew at 5%. Since 91, our growth is close to 6.5%. Over the last 25 years, the population growth rate has also fallen from 2.5 to 1.8. So you have seen better economic performance.

What is your primary identity? Across the country, identity as an Indian is replacing identity as being a Tamil or Assamese, or Bengali or a Maharashtrian. And now people see no contradiction between the two.

We had a very strong Dravidian movement in Tamil Nadu till 1962. They believed in a Dravid Nadu, wanted to break away from India, and form separate country for the Dravids. Today ask those men in the eighties: do you believe in Dravid Nadu? They will be embarrassed to mentioned Dravid Nadu. They are so much a part of the system now. So, there is no contradictions between your local linguistic identity, your local ethnic identity, of being a Garo or Khasi, or being an Orang or being a Dangar from western India with being an Indian. There is absolutely no conflict between the two.

Lastly a note on fiscal federalism. This is a very crucial issue. Most countries do not federalize precisely because of this. We started

with an arrangement in which the centre mops-up 60% revenue, while the states structurally can mop up not more than 40%. 25% of the money the centre receives again goes to the states. Till the last finance commission, it has done up to 25 to about 32%, increasing 1.5%, to 1% each time. Last financial commission hiked it from 32 to 42%. Close to 55% of all money collected by the central government now flow to the states. There is no controversy on that. Absolutely no. It's close to 60% now.

In that sense, it is a journey half done. There's a long way to go. We can trust our politicians. They have been wise people in sense of responding and understanding the mood of the people.

Thank you very much.



Professor Dr. Rajesh Kharat

Thank you Chairperson Sir, thank you India Foundation, Neeti Anusandhan Pratishthan, Nepal and Nepal Centre for contemporary studies

Today, after listening to three presentations, Sinha Sir's presentation made me come here just for a formality, because he has covered all the issues of India's federalism and nothing is left for me. I will try to add something. Maybe, I can add something which he has not touched, particularly the social justice issue, one of the issues of federalism.

I thought I can start with the kind of nature of the Indian federalism which started as quasi-federalism. Why it was quasi-federalism? But everything is discussed by Sir. So, I will come directly to social justice issue. Or, just I will add one more point about the chairman of the drafting committee

Dr. Bhim Rao Ambedkar was always for a strong union, and he was not for federalism. Why strong Indian Union? Because, he always felt that wherever there is a provincial autonomy, the majority community of that province will always dominate the minority communities in that province. I have all the quotation but there is no time. But then you can refer to the year 1939, where Dr. Ambedkar was lecturing at the Gokhale Institute of Political Science, Pune about state and minority, and about federation and freedom. These are the

two important references which we can consider to understand why Dr. Ambedkar and all the political leaders who were involved in the Constitution Assembly were for strong Union and not for going for either Australian or American federalism. With that, one more thing I think I would like to draw your attention to is, even many political leaders in CA were against the formation of linguistic states. Though the first promise was given to Orissa in 1937, Andhra was the first state to be created on linguistic basis in 1956. In 2014 just two years back on 2nd June, Andhra once divided to give rise to a separate state of Telangana not based on linguistic, but on development grounds. Earlier, the conflict was whether it is a popular sentiment or the priority to development. But because of the pressure and the terms of violence and loss of property and people the government of India forced to take a decision for the linguistic states. So, this is one issue

Coming back to social justice, it is one of the most important cardinal principles of the Indian constitution since 1950's. When Dr. Bhim Rao Ambedkar was alive, since then, the concept of social justice was incorporated in the preamble as well as in the Indian Constitution. As per social justice, they had various acts which started with the PCR Act (Provision of Civil Right Act) that was again modified in 1976, and then later on in 1983, and again in 1989. As per these provisions of social justice, the principles of positive discrimination, protective discrimination or affirmative action were implemented by the government of India, though there were a lot of oppositions to it. The Supreme Court of India took the objection, because implementing the protective discrimination would lead to the anti-merit. You can see now all over the India, there is a lot of opposition, a resentment for the implementing either the reservation or quota system which are given to the certain communities, mainly to the underprivileged or marginal communities. It began with schedule caste, schedules tribe, and OBC, and to certain section of the states known as de-notified tribes, and nomadic tribes. Generally in the central government we don't have the nomadic or de-notified tribes; those tribes here you can all Janajatis. They are treated as Other Backward Classes (OBC) by the Central Government. But most of the states in South India have the de-notified tribes and nomadic tribes.

Implementation of these principles in a very positive manner by the government of India, can be one of the experiences of federalism in India in the arena of social justice. Other states of South Asia for example Nepal, Bhutan or Bangladesh can benefit from this experiences, because they wherever these are minorities, wherever you have Janajatis or tribal communities or underprivileged societies or marginal communities, there you need to protect their interest and rights with the help of the protective discrimination. I hope will be one of the contributions towards federalism.

With this, I say thank you.

Question-Answer and Comments

Sundar Mani Dixit My question goes to Dr. Shekhar Koirala. Before that I want to make a simple statement. In 1955, when Bombay Province was being divided, I was on the border of Bombay and what is now Gujarat. I was in the train. And I know how much turmoil there was; people were being carried out of carriages and slaughtered. I was on that border in 1955. My question to Dr. Koirala is, in the Parliament, you are stuck just now with the provinces. You say, the UML is not agreeing to with this, or this person is not agreeing with that. In India, seven provinces were started with as you know; now here, we have said seven. My point is, for seven to go to twenty-five to thirty, so much of violence was created. Why not now agree to what Madhesis and Janajatis are saying. Instead of seven, go to eight, nine or ten, and as per India's experiences, I say, economically, gradually, they will come together maybe in twenty or thirty years, and there will be no violence. The point is, why not go in a friendly manner, rather than say no, we don't agree to eight states, or we don't agree to Madhesis' demand, or we don't agree to Janajatis' demand. Why are we doing this? We could go ahead. Why do we only are right and all others are wrong. Let's agree with them. let's go ahead. Eight, nine or ten doesn't matter. Don't let financial constraint be a problem there. We don't need violence in this country any more. Let's give them a chance; let them come gradually economically, as per India's experience.

Neelakantha Uprety Dr. Shakti! You mentioned that per capita income is directly related to the success of democracy. There are some countries with very high per capita income but they are not democratic. This I felt like asking you. I would like to know what is democracy and how we can decide whether a country is democratic?

And another small question is to Dr. Hachhethu! You have presented a very nice paper. I appreciate the data, though I could not take a photograph. May I ask you for the paper if you can provide us? Do you think that voters will vote on ethnic base? I mean if states are divided based on ethnicity or language, then, do you think the voters will vote to the person of that ethnicity?

Lal Babu Yadav I have also written so many papers about federal system in Nepal. But still, I am confused about that. So, my first query goes to my colleague Shri Professor Krishna Hachhethu, who has mentioned about the experience of Indian federal system. This is very good presentation. But one thing is clear. During the British period, there was a four-provinces demarcation by the British Government. And the Indian Congress mentioned that if India would be independent, federal system would be the basis of ethnicity. But Nehru could not demarcate ethnicity. And so, most of the Indian provinces are carved either on language basis or geographical basis. For instance, Madhya Pradesh, Uttar Pradesh, Punjab, Hariyana and so on and so forth. So, in the context of Nepal, how can you secure if you demarcate the federal states like in India? In the federal system, how can you secure the people in this country where the dominant parties rule over the provincial system? Number two: we have already mentioned more than fifty-five models of federal system, but still we are wrong, because all the politicians have always talked about federal system, without the recommendation of the experts.

G. Parthasarathy When the British handed over India, there were not just four provinces; there were four provinces and 565 princely states which we had to unite.

Shekhar Koirala Thank you Dr. Dixit. The issue Dr. Dixit raised is very pertinent. Why we are not going for seven or eight or nine or ten provinces? But we the politicians don't think that way. We are stubborn. If you recall, Nepali Congress and UML to be very honest, we were not in favour of federalism initially. That was the reason. We have to understand that. Now, we are also for federalism, and the problem is, the Janajatis, and the Madhesis initially wanted to have some sort of ethnic flavour in the federalization of the nation, which we didn't agree not because of anything but because we have 124 ethnic groups in this country. Nepal is a very small country, and we have 124 ethnic groups. To be very honest, I have written an article on federalism; we should have three Madhes, if you recall that article. And I said that Morang, Sunsari, Jhapa, Satpari and Udaypur can have one province and we can have three provinces that way. But that is also out of question now. Now we have to think about the only seven right now as I am talking about. That is in the constitution. But the Madhesis are not accepting it. They want Morang, Sunsari and Jhapa in the eastern Nepal and Kailali and Kanchanpur which are parts of Madhes in Far-West region to be included in Madhes. So, that is the problem. How to solve it? This is what the politicians and the parties are deliberating on. Thank you.

Shakti Sinha I will keep two points. If you look at the balance, possibly democracy delivered better. This was a survey done over forty years in so many countries, when they tried to understand the condition under which democracies survive. And the largest single point which came through was per capital income. That is all. But in the Indian case, as we have evolved as democracy, per growth rate up. But it is a long question whether dictatorship did well. Look at China, yes. But look also at Uganda, and Zimbabwe.

So, let's not put all this together. And very clearly, we have seen no violence in the creation of states. Chhattisgarh-Madhya Pradesh: no violence! Punjab-Haryana: no violence! Jharkhand: no violence! Agitations: yes! Uttarakhand one incident of violence: police firing in Western UP. Mizoram was in insurgency fighting for independence. They were happily settle; they Commander-in-Chief of the armed Mizo National Front became elected Chief Minister. So, it's not that there was violence in the creation of states. It was upsurge; political mobilization. The key was political mobilization.

G. Parthasarathy You raised the issue of democracy versus dictatorship in terms of economic development. Under Mao Tse-tung, China grew at a slower rate than we did. Thirty million people died of starvation. It was Deng's reform which changed it. In India if you ask me, personally speaking, it was the reform was made by a man called Narasimha Rao, who changed it. He is a very much unknown Prime Minister of India.

Krishna Hachhethu The question is very simple! I don't know how long I have to respond. First is, people live in dilemma. How do you put the people in different situations and contexts? Take for example, out of 116 FPTPC seats in 25 districts, Madhes-based parties hardly scored twelve. But look! When Madhes agitation was called for, lakhs of people from the countryside marched to the city to show their solidarity on an agenda. So, that is why this issue should not be simply looked upon. If I have to respond, there are two indicators which are giving us some sign of the future: one is, if you compare the first and second CA election result, parties that contested on the basis of ethnic agenda or regional agenda, got votes approximate to 12%. The popular vote of the parties contesting with that agenda in the second CA

election exceeded 16%. That is not a big problem. I want to link up responding your question to why despite fall in the seats scored in the election, people voted for such parties? I don't know. Most people were earlier voters of Congress, UML, Maoist. The democracies survey are conducted periodically you are one of that person in that survey. In every subsequent survey people's priority to identify themselves with ethnicity and regional identity over the national identity increase from 22% in 2004 to 27% in 2008, and 33% in 2013. So, my worry is in previous survey, many people liked to abide by two identities! I want to introduce myself as Madhesi and then as Nepali, Janajati and then Nepali.

Now, that great response is reducing substantially. All over the world federalism is formed on line of holding together. With regard to to ethnicity, only Nepal is going to be in the case. I never find any other country that disregards ethnicity or social groups. The word you can use.

Lal Babuji, my good friend, you need to go back to the history of India if you can really put a question in a proper way. Ethnicity can be seen in larger domain; the word deliberately used religion-based ethnicity, language-based ethnicity, race-based ethnicity, region-based ethnicity. And in India a lot of tumultuous turns happened. At the end, though Nehru was thinking in a different way from the Indian National Congress resolution adapted in 1922, he was compelled to change his personal priority to national integration. In responding to the Dravidian movement in the South, if language-based ethnicity was not considered as response to the problem of national integration of India, I doubt whether India at its present shape would survive or not.

S.D. Muni

Thank you, Chair. I must compliment all the panellists who very sincerely made very straightforward and good presentations. They were enlightening in many ways. My question is on Nepal obviously. It is really directed to Dr. Shekhar Koirala. You have made a very bold presentation. But I am not impressed by your answer to Shri Dixit's question that the politicians are obstinate. I think, some politicians like you must become statesmen rather than politicians. And I drew a lesson from what Shakti has presented that India started with a certain framework and has gradually evolved and accepted that the change is coming. Now, if some of you become a statesman, it is possible today to sit down together and work out a basic, principled consensus that we will change according to the requirements and needs. You have listed beautifully five six, seven points; you can list the areas where the change would have to come; implement them, and then go ahead and say OK, even if you don't draw the timelines. You don't have to say five years, two years, three years, six months. But in principle, if you have a government that thinks this is our constitutional concern, put it this way, I think a lot of problems which he is raising can be addressed. But somebody will have to somewhere become depoliticised and become a statesman. And I would urge upon you or people like you to get up and say, this is no more acceptable in the interest of the country and we must work out a national consensus.

Jaya Raj Acharya

I too would like to echo the voice of Professor Muni in congratulating all the panellists. When we discuss federalism debate, I am often reminded of the book *The Three Horsemen of the New Apocalypse*. And, there somewhere in introducing the idea, there is a verse that always brings me to life. It's called '*na swora muner yaksha matam nabhinnam*'.

So we intellectuals, or in fact, Honorable Dr. Koirala said, obviously, make arguments, and we have obviously made several counter-arguments. Because intellectuality partly depends on giving a different opinion. The problem with federalism today in Nepal is the need for convergence, as Professor Muni very rightly pointed out. And of course, once the first CA was dissolved, and the second CA election had been taking place, right here in this hotel, in cooperation with a think tank we have in South India, General Ragahvan's think tank, there was a seminar of the same type. on the topic "Federalizing Nepal: Learning from the Indian Experience." And I had a piece called the "Three F's and three N's of Federalism in Nepal." Now, my argument in front of the panel is: If our objective is not to demonstrate the difference of opinion but to bring about a convergence, that is learning from India, one of the biggest issues is, when you started the whole constitutional process, the basic vision of the nature of society and the nature of contract between the state and the people, the leaders of India were fairly clear in the need for convergence, whereas here, the nature of our politics is such that it is so diametrically divided in terms of the nature of society that we want to build in. That in fact has built in our politics, and it has also built in the nature of federalism. In my three N's of federalism in Nepal, one is we must be able to understand the nature of federalism. What is the nature of federalism we want? So, my basic concern and the dilemma about the on-going political exercise in Nepal is, if the complexity of federalizing the country itself becomes the biggest stumbling block, and I can see that is going to come from the presentations today, it is clear from some of the questions the crucial question becomes the evolution of the exercise in which we are involved in. The thing to learn from

India is, a constitution is not a thing written in gold; it in fact, can evolve. So, what is the minimum where we can agree and move forward? On those critical and complex issues where we cannot come to an agreement, what is the transitional arrangement which we can institutionalise so that the whole process itself moves forward and does not backfire?

Surya Dhungel

Shri Sinha! What is your view on the north-eastern states, which are basically small and ethnicity-based? And there, they have continued grievances with the centre. So, when we talk about other parts of India, it is different. When we talk about north eastern states, it's totally different. So, based on the lesson learned from your experiences how would you really share your experiences in regard to similar problems we are going to confront in Nepal. Second question is to our Nepalese panel. We have a three tiers of multi-ordered federalism we have opted for. India recently just went for an amendment. I think, in 1992, the Panchayat Raj was created. So, the third tier of government we have to constitute, and we have five competency list. And a lot of overlapping. So, it's a way different from other parts of the world. So, how do you think our very complex allocation of powers through various competencies with no experience of federalism work? Can Nepal with three tier of government manage this?

Hari Bansh Jha

My question is very brief and directed to Professor Hachhethu. It is said that all the Madhesi political parties and Janajati parties have merged and have formed a federal alliance. If that is taken as the base I think it has two-third of the total population that is against this constitution: one third Madhesis and one third Janajatis. In that case, can we say there is a rule of minority over the majority that is the rule of the Khas over the Madhesis and the Janajatis, who are in the majority?

Shekhar Koirala I am a politician and not a statesman. But one thing is true: we need to depoliticise. This is very important. Second, Dr. Simkhada too suggested the same thing: we must go for convergence in the issue of federalism. Third, Surya Dhungelji gave a contradictory word about power in the local bodies and provincial power; I have also raised these issues in my remarks. I don't know how to solve that. In fact, I wanted answer from you people.

Shakti Sinha In India, the CA sat for one and a half year for drafting, submitted the draft on 4th Nov 1948, which was adopted in 1949, one year later. In that one year, not only was every clause discussed by the CA sitting as a body, but we had provincial council discussing it, we had the premiers and chief Ministers discussing it, we had the chamber of commerce discussing it, and the media discussing it. That is the way consensus has to be sought.

About North East grievances, I think now it was largely in the past, except for Manipur which is not at peace. In Mizoram, there is no grievance. The Nagas' entire opposition became part of the NDA government. In Assam BJP is in power. In Arunachal, BJP is in power. In Meghalaya, there is no tension. But the grievances will always be there. In the last three months alone, the Government of India released 1000 million rupees to Manipur alone for development works. So, grievances will remain, but this will be manageable.

Krishna Hachhethu As Suryaji's question suggests, the overlapping of the list of competencies is really making our federal function very complex and very conflicting. Before going to the functional part, my question is, again in designing part. That relates to Haribanshaji's question too. To Haribanshaji's question my response is both yes and no. Because, in democracy,

the mandate of rule, the mandate to be governed is acquired through electoral system. But, whether the people represented have made justice or not is the question. I will simply show you my observation on the way of promulgation of the constitution. It was the first time I wrote in my Facebook, OK. Again, TV footage, that I constantly watch from seven to eleven in different channels show that in demonstrations, the faces that celebrate the coming of the new constitutions are mostly Khas-Arya faces. I try to find the people of Janajati, but I hardly find one. On the other side, the Madhesis are completely back. So, the root of the problem for me, is lack of social consensus. A constitution could be one, which makes people make compromise, based on social contract. The absence of social contract makes this constitution very difficult in implementing.

G.Parthasarathy One point may I say in conclusion, as an India and as well-wisher. Please sort out your constitution. Nothing is fully settled by the drafting of the constitutions. We have amended it over a hundred times. I am sure you will have similar provision; because societies change, and you change your constitutions accordingly. So, best of luck and please keep external power away from it; please manage it yourself.



Dr. Baburam Bhattarai

Nicholas Spikeman, a celebrated strategist and Yale professor very famously said, "Geography does not argue; it simply is." There are two views: one is of such geographical determinism; you cannot do anything with geography, you have to accept it. The other view is, geography can be changed and geographical nihilism in my opinion, is one-sided. Geography is a very important factor, but it is a dynamic process, a socio-spatial process, and it keeps changing with change in society, change in technology, or change in the level of economic development. Accordingly, we have to devise correct policy on geopolitical matters.

In the case of Nepal, there is a big misunderstanding about where Nepal lies. Is it a part of South Asia or it is a stairway between South Asia and East Asia. So the whole geographical position of Nepal is in contention. Generally it is accepted. As a student of regional planning at JNU, I presented my Ph.D thesis on cross-section of Nepal, where I presented Nepal as a stairway between South Asia, or Ganga Plain and the Tibetan Plateau. So, Nepal is a basically a part of South Asia, but it acts as a staircase to the Tibetan Plateau. And historically, Nepal has been a melting pot of different nationalities and linguistic groups, cultures and civilizations, basically being a part of South Asia and Indian civilization. But this geographical space of Nepal has acted

as a melting pot of different nationalities: the Khas-Arya nationality, which basically came from the West, and the Madhesi-Tharu, who basically came from the South, and the Adivasi-Janajatis who came from the east and north-east. Nepal always acted as a melting pot of these nationalities, this diversity acted this way. So, basically, we are part of South Asia, part of Indian civilization, but not totally. So, not understanding of these factors is creating misunderstandings and problems. I hope, when we talk of geostrategic and geopolitical realities, this issue will be dealt into, and with distinguished panellists, I think it will be a very interesting session.



Ambassador Gopal Parthasarathy

The Rt. Honorable former Prime Minister Dr. Baburam Bhattarai Sir, distinguished guests, ladies and gentlemen!

I am delighted to be here in Nepal, and I am first time speaking here to the public audience. You raised certain very important queries about geographical location. And let me put one suggestion to you that in an era of economic liberalization, there are two strains of Indian foreign policy: one looking eastward towards the Pacific, and one looking across the Indian Ocean, to the shores of Africa. Now the fact is, I should focus here on the eastern part of it, where we stand.

Within South Asia, let me say, we have two regional institutions: SAARC and BIMSTEC. SAARC, I am afraid, has been very disappointing. Decisions taken in the Nepal Summit in 2003 to convert us into a free-trade area has not materialized, and it has become dysfunctional because of the activities of one country, which has halted economic integration and sponsors terrorism. Therefore, three of the members, two before us—Afghanistan and Bangladesh—wanted the next summit cancelled. As I see it, till this situation continues, we can see something of a very slow routine progress in SAARC.

Second, with regard to the east, the engagement has been much more productive. We have two regional institutions: the BBIN (Bangladesh Bhutan Indian and Nepal) and BIMSTEC. BIMSTEC was pointedly called to the Goa Summit. The reason, as we see, is great future in this; these are

fast-growing economies and may I say, Your Excellency, with regard to Nepal, we have nothing but the friendliest feelings.

I come from way down South. And let me assure you that if Nepal is better advertised you will have many visitors from our part. It's a fact that we naturally have issues, but there also are issues which bind us. And I think the important thing is connectivity.

And the second thing is perhaps energy corridors. We are developing energy corridors with Bangladesh. We have developed with Bhutan; we are extending it into Myanmar, and we hope that this BBIM quadrilateral will be a vibrant energy corridor, with an integrated grid like the North American grid, which acts for the prosperity of all. I think there is a longer term within that. It has to be combined with what I have said about the process of connectivity which we are working on.

The other thing I wish to mention, Your Excellency is, that we both have unique histories and this is a project very close to my heart. Personally Ram Madhavji is not here, it is also close to his heart. We Nepal and India are the heart of two religions of the subcontinent: they are not really semitic religions in that sense, and they have their own distinct features, their own histories, their own evolutions. I think, what we are missing out in the absence of this connectivity is an integrated Buddhist and Hindu (Indic) religious tourism circuit, which could start with Lumbini, go down to Bodh Gaya, go to Sanchi for the Buddhist, and cross the entire range of temples in Northern India. Please believe me, studies we have carried out show, there are 2 million Buddhists in this world, and this would be a game changer for everyone, particularly for Nepal and India. This is my view. This is shared in the government of India but I see no much progress in it, but in the long term, this will become a spiritual centre for the Buddhists and others around the world for the people of Indic religion, meeting and working together. This to my mind is very important.

Together with BIN, we are also members to BIMSTEC. BIMSTEC is the gateway to ASEAN. We have full free-trade agreement with BIMSTEC, far beyond what we have with SAARC. The reason

we don't have it with SAARC is our western neighbour. It is not the eastern neighbours. So, let's move in this relation with ASEAN and fast-growing economies which takes you to Myanmar and beyond. Regionally, that is the way. As I said, bilaterally, we are ready to move at a pace Nepal wants; we are not thrusting anything on Nepal. Right now we have surplus energy with us.

But, we should look at this whole subcontinent being integrated in terms of energy. From Sri Lanka, we are talking about getting wind energy across the Palk Strait. The Bay of Bengal on which we and all eastern neighbours are dependent, too is crucial for us for our rapid economic growth. If we seal our lands ahead, the entire coastline, the whole of India is going to be dotted with energy corridor or petrochemicals. So, I think this is the vision we should have.

Please believe me; we will be the happiest people in the world after the people of Nepal, when you get a constitution worked out by yourself without external interference, meeting the aspirations of the people of Nepal. Beyond that it would be presumptuous for me to tell anything. I am saying it as a well-wisher, because, really a vibrant, economically democratic Nepal is in India's interest. In an inclusive society. This basically, Your Excellency, is the vision in dealing with Nepal and beyond.

Yes, we have made a mistake, perhaps. In some or the other hydroelectric projects, there was a feeling in Nepal that India got more benefit than we. You secure the pace and let us know; we are already moving with private sector projects. Pancheshwor is moving. India will respond. But the call is yours; I mean let's be real.

Bhutan has the highest per capita income in the subcontinent; it has a measure of happiness as indicated by its human development indicator. Please believe me; it does so, largely out of electricity sold out to India.

We would like, as I said, this entire eastern grid extending up to Sri Lanka to be integrated. That is my vision for whatever it is worth.

Really I don't see any reason for us to do have an argument; perhaps we can also change a bit of our style of functioning, but that is something we can look at.

I come now to the serious security challenges, and I link with that. China! Our relationship with China is complex, but I don't expect a conflict. China after Deng Xiaoping has now assumed a role of the super power to share power with the US initially and then take it over by itself. It has problems with all its Asia Pacific neighbors, on excessive maritime boundary claims, which has no bearing in international law. And it is with all its neighbors in the Asia Pacific Region. We have a border issue too, but I must say, mercifully both sides have shown enough wisdom to see that. Do not get out of hand. We have excellent mechanism to talk to each other at the military level, but we have to go on China's capability. China perceives Japan and India as the only two powers in Asia which can balance it. Nobody wants to compete with China. We are not in the business of competing with the country which has five times our GDP. We are in a process of sticking to our strategic autonomy in Asia to move ahead in inclusive Asian structure, like we have in the East Asian Summit. China, in its relation with Pakistan causes us concern.

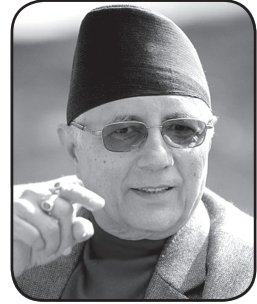
Some speakers spoke recently of Jaish-e-Mohammed Chief Maulana Masood Azhar, who is not being retained. I dealt with the hijacking of the IC 814. I think we made a serious mistake; it came from Nepal's plane. We made a mistake by releasing him; he is a terrorist supported by two countries in the world: China and Pakistan. To us that is unacceptable. And therefore, it is something we look at seriously. And I must say that whatever efforts have been made for counterfeiting Indian currency and smuggling it through Nepali soil, we are deeply grateful to Nepal for the way they have cooperated with us in dealing with this issue.

So, please believe me, I would just say that these are the broad parameters of policies; let us make the Bay of Bengal altogether a hub of trade and commerce. All with equal excess as a part of BIMSTEC

because both Thailand and Myanmar are from ASEAN. Let's work together to see if we can revive SAARC, but I don't see that happening in the immediate future, because I am very clear in my mind that terrorism and dialogue cannot go side by side. I think India has had its field; we have reached the limits of our patience in this issue. We will hope still to raise the concerns of people to address this issue, but I think till then, SAARC will have to wait.

I am concluding even before time, because I wish to give others a fair chance to question me, but Sir, I am privileged to have a distinguished person, an ex-alumni, who was in JNU, where my distant relative and namesake was its Vice Chancellor. While delivering this speech in Nepal, I know, I have been very frank. I am sorry if I have been rude, but I said it so out of friendship, and a desire that Nepal and India should not just combine economic and political policy, but also spiritual heritage which can hold up the world. I repeat, two billion Buddhist are there in the world.

Thank you Sir.



Dr. Shekhar Koirala

Shri Chairperson, distinguished participants from Nepal and India!

As close neighbours, Nepal and India share old relations and open border. Nepal and India relations are not only government-to-government relations. People to people relations, in fact, constitute the backdrop of these relations.

It is no exaggeration to say that no two sovereign and independent countries interact so comprehensively both at the government and the people level on daily basis as Nepal and India do. The centre of global gravity is shifting towards Asia, focused on India and China. They have emerged as the centres of economic activity and global supply chains. Nations' destinies have come to be intertwined in the interconnected and interdependent world. Nepal has a tacit world attention because of its sensitive geostrategic location between the world's two most populous and emerging powers and economies.

While the rise of our neighbours is an opportunity for Nepal, it also brings in new dimensions and dynamics in Nepal's foreign policy and its relation with its neighbours that demand skilful handling. It has been a long standing policy of Nepal not to allow its territory to be used against its neighbours. We fully recognize legitimate concerns and sensitivities of our neighbours and have unequivocally expressed our commitments to be sensitive towards their anxieties, and address them within the framework of sovereign nations. We also feel that Nepal's concerns for independence and integrity in compatible with

India and China, in connected with its concern for national security. All three nations are seats of ancient civilizations and cultures. They have existed since time immemorial and can coexist with each other in peace and security, based on the five principle of peaceful coexistence that have been derived from the teachings of the enlightened son of Nepal, Gautam Buddha. We believe in non-alignment, and judge every issue on its merit. Even if the non-aligned issues lose its relevance at the global level, Nepal's strict adherence to non-aligned positions between the two neighbours remains immensely important for dignity and survival, freely and honourably as a sovereign nation. Eminent Persons Group is at work for a comprehensive review of relations between Nepal and India, including the review to adjust and update the treaty of friendship and peace, 1950, between Nepal and India. This Group is said to be working with its common agenda; let's hope, its final work will help build mutual trust, promote and further strengthen age-old friendship between the two countries in the changing context.

Connectivity is the lifeline of any nation for progress and prosperity. We built a network of excellent infrastructure; we need to work with our neighbours and friends for developing roads, Rails and air connectivity, and improve the existing ones. We should also think of developing water-ways for a cost-effective business. We need to rearrange our approach to win-win co-operations. Nepal's challenge now is to work in the benefit from neighbours' progress and prosperity. We cannot afford to miss the opportunity that has come at our doorsteps.

Friends, the world has changed. Changes have been unprecedented, affecting both internal and external political environment. The world is truly globalized. Interconnected. Interdependent. Nation's destinies are intertwined.

While talking about the relationship, these dynamics need to be seen in a framework of relationship. In this world, we need cooperative solutions to the biggest global challenges of the day, including poverty, terrorism, climate change, trafficking and regional problems. We shall have to take the world as it is and work and cooperate together for peace and prosperity.

Some non-events and non-issues often tend to harm Nepal-India relations. There are groups that promote their own brand of

nationalism—a negative nationalism—and jingoism, mainly directed against India. Wrong perceptions emanating from such activities have impaired the valuable relations. There is a need to look beyond short-term imperatives with due respect to geographical realities. We should honestly work and identify and core of the problem. Examine the depths and details of these problems and work towards advanced prospects. This approach, I believe, helps contextualize relations in the changing context and put our relations on firmer footing.

The central challenge of our time is the menace of poverty and terrorism. Militant extremism and fundamentalism pose increasing threats to peace, stability, democracy and development. We must work collectively and unequivocally to defeat all forms and manifestations of terrorism. Any compromise on terrorism undermines the culture of peace, security and good neighbourliness. We must also work together to eradicate poverty and destroy all form of extremism. Militant extremism and fundamentalism pose increasing threats to civilized humanity and democracy.

Nepal's cordial and friendly relations with China in no way undermine its valued friendship with India. Geographical and cultural reality is that, Nepal's relation with India has no alternative; China cannot be India's alternative. Our relations with India and China are independent of each other. India has been the single most important geopolitical component in shaping events in Nepal. China is Nepal and India's common neighbour. It has emerged as the largest trading nation and the world's second largest economy. China's profile is growing in the region, and beyond. Geopolitical weight of China and its great power diplomacy is a fact we cannot ignore. Both Nepal and India have to live side by side with a rising and assertive China.

Whether we like it or not, the international order of the past seventy years is on the edge; the pre-eminence of the Western powers in the Pacific and Indian Ocean region is weakening. Challenges are emerging to the post-war Britain institutions. We need to understand such other perceptions, priorities, concerns and consents and then frame policies, and respond accordingly to create a win-win scenario.

As we deliberate here, we are pleased and honoured to have the President of India here in Nepal after a long gap of eighteen years.

The rich tradition of exchanges and visits at the highest level should be regularly be maintained to promote trust-based relationship. We need to put behind conditions that produced blockage at the Nepal-India border in the recent past and generated bitterness in the bilateral relations between two democratic countries. Focus should be in building and strengthening democratic institutions to strengthen the foundation of mutual trust and confidence between the two peoples and countries. It is unfortunate that distrust grew between the two democracies of Nepal and India after the promulgation of the democratic constitution, written by people's representatives and announced through an elected Constitution Assembly.

Democracy, if side-lined, erodes the foundations of mutual trust and undermines the centrality of people-to-people contacts in Nepal and India relations. We need to change our outlook and approach in fundamental aspects. India has an enormous leverage over Nepal and has the power to take initiative for introducing a positive tone to Nepal-India relations. Gaps between promise and delivery need to be bridged and we should not let vested elements play and harm precious Nepal-India relations. Economic issues that are related to the daily life of the people must be detached from the strategic perspective. People must not suffer on either side.

I feel that Nepal needs to become clear about its national priorities and needs. While Nepal recognizes in full India's legitimate concerns and interests, it expects India to lend its good will in resolving internal Madhes problem through cooperation and consensus among Nepal's political parties.

Given its strategic location, Nepal's importance stands far beyond its size and level of development. India and China face security dilemma, if there is continued political instability in Nepal and its foreign policy remains weak and tottering.

Kathmandu fully believes that Nepal's unity, integrity, stability and development ultimately depend on good neighbourly relation with India. Nepal expects India to understand that it has to do a delicate and sensitive balancing in its relation with neighbours. It aspires to live in peace and dignity, while seeking to enjoy the shade of neighbour's progress and prosperity.

No power should wait to see Nepal get stuck into perennial political instability. Instable Nepal will not only stagnate Nepal, it will also harm neighbours. South Asia and its neighbourhood has a complicated strategic reality. We know that the stakes involved in Himalayan frontiers are high with far-reaching implications. Given the evolving political scenario, peace and stability in Nepal remains as establishing factors for peace, progress and prosperity of neighbours in particular, and the world at large. We must forge a new way forward together. We wish our neighbours to work and cooperate to make 21st century as Asian century.

Let me conclude with a quote from the first elected Prime Minister of Nepal Shri Bisheshwor Prasad Koirala. He said, "If Nepal has to exist as a nation, and develop as a nation, it must also develop democratic institutions. We feel strongly that unless we develop economically, unless the people are motivated, and unless there are democratic institutions, our state cannot exist as an independent state. Sandwiched between the two great powers of Asia, both developing at a very fast rate, we cannot just remain stagnated, tucked away to the slopes of the Himalayas. We cannot just remain as a seventh century kingdom. We have got to develop; we must think in democratic terms."

Thank you for your kind attention. Thank you.



Captain Alok Bansal

Thank you Chair!

I think, coming after two illustrious speakers, I am at loss of words because whatever had to be spoken have been spoken. I also happen to be one of the organizers of this conference. So, before I say anything, let me make a statutory statement, that whatever I say are my personal views; they do not represent the views of India Foundation, and certainly not the view of the Government of India or any other reorganization associated with it.

The topic that is there for this particular session is *Geopolitical Imperative: Nepal's Relation with its Neighbours*. So, I would give what in my view are the geopolitical imperatives which govern Nepal's relations with its neighbours.

Who are Nepal's neighbours? When you look at it geographically, there are only two neighbours. One is the northern neighbour and one is the southern neighbours; one is China, one is India. Stretch it a little too far, you could possibly include Bhutan and Bangladesh, because with both these countries, there are issues which Nepal has relevance to.

Now, what is Nepal's relation with India? I think one thing that should be understood very categorically is that in Nepal's context, India cannot be replaced by any other country. It is a fact of geography; it's good to make some points transporting Petroleum, Oil and Lubricants

(POL) from China, but the cost of transportation of PoL from China is I think many times the cost of that product itself. And I think that fact needs to be appreciated.

We have a cultural bond. Our relations go so far back into history that they disappear in the mist of history. The fact is, someone has to say when Nepal and India start interacting. I think you can't say so. As long as recorded history exists, Nepal and India have been recorded interacting. And as I said, what greater representation of Nepal-India relation could be there than the news in today's newspapers and as I said right in the beginning of the day, that Saheed Bimal Tamang represents the ultimate as far as Indo-Nepal cooperation is concerned. He sacrificed his life just a few days ago to maintain the territorial integrity of Mother India or Indian nation. And I think every citizen of India is grateful to him. I think, as Prime Minister Modi said earlier, lots of Nepalese blood has been shed to defend India. And I think, the Indians will always be grateful to that.

There is an asymmetry of size; there is an asymmetry of economy. As a result, bilateral relations will always be seen through the prism of suspicion. Because there is an asymmetry, there is a huge economy on one side, and a smaller economy on the other side.

When you have bilateral relation, people will say there should be a balance of trade. In such situation, it is always better to go for a multilateral arrangement. And that's why we were looking at SAARC. Regrettably, SAARC has refused to take off, and it is unlikely to take off. As a result, as Ambassador Parthasarathy said, we are looking at BIMSTEC and BBIN, and I hope, things in days to come will improve.

Again, the relations between Nepal and India are very unique. You don't require a passport; you don't require visa. You have a porous border. That brings certain geopolitical imperatives.

What is the geopolitical environment today? Today the bigger threat to any nation state is not from its neighbours; it is from non-state actors. In the post-9/11 period, the world is scared. I think today, the US

is not scared with Russia; it is more afraid with Al Qaida and Islamic State, and so is every country of the world.

Porous borders also create problems. We are living in a world of terrorism. We have had instances where a large number of terrorists who want to sneak into J & K came from our western neighbours and entered through Nepalese route. I think we need to have some ways of working out.

Radicalization is growing in the society. It's actually a global phenomenon. We have to have a collaborative mechanism for countering it.

We have counterfeit currencies being pedalled. The culprits are being apprehended because we are collaborating; we are doing it. So, these are some of the issues I think we need to be cognizant of in each other's concerns.

Again, as I said, India recognizes Nepal's sovereignty. It has no intention of interfering in Nepal's internal affairs; nobody wants to do anything. But if you are living in a house and there is some quarrel in your neighbourhood, what do you do? You don't want to interfere into the neighbourhood, but you would want that if there is a family quarrel, you would want the family to come to some sort of peace; you could facilitate that. And I think that's what we did. When seven-party alliance had an accord with the Maoist, violence ended in Nepal because of India's facilitation. So, we can only be a facilitator. We have no intention of interfering; we have no aspiration of being anything else. But if in your neighbourhood there is a problem, you have to do that.

That brings me to another neighbour: China. In India, many of us suffer from a complex. The 1962 war with China has actually left certain scars which are yet to be healed. And, my personal view is that Nepal-China relations are not always necessarily anti-Indian or antagonistic to Indian interest. I haven't seen roads or trains that run only in one direction. The natural egress or ingress of Tibetan Plateau

was South Asia. Kolkata was the port of call for Tibet till the Chinese occupation. In fact, Tibet should be supplied from India, if at all it has to be. And through China, why can't we access Mongolia and Russia? We are concerned about China-Pakistan economic corridor, because that causes concern to us. But probably if we have an access through Nepal, that could be an alternative to PC, because, PC is economically non-viable if China has another access to the Arabian Sea. I think we need to look at such alternatives. There is a possibility.

Again, there is also a tendency in Nepal of pitting India against China, or China against India. I think that is unfair.

As I said, for Nepal, China can never ever be a substitute for India. I think we have our relations or geography or our culture or history mandates, that Nepal-India relations can never ever be replicated by any other country. Of course, Nepal has its own compulsion. As far as Nepal's treatment of Tibetans is concerned; I think there is an issue. Dalai Lama, His Holiness cannot visit Nepal despite having a vibrant Tibetan community living here. And, so those are issues on which Nepal has to take its own call. I have nothing to say on it.

As far as Bangladesh is concerned, for long, Bangladesh wanted transit to Nepal. I think the current government has taken a positive step. I think we have provided, and now as was said in the previous session, and Mongla Port could become a port of access. If Kolkata is crowded, Vishakhapatnam has been offered, and if you feel Mongla Port is better, and if Bangladesh, Bhutan, India, Nepal (BBIN) has to function, all countries have to come together.

And I think, that is what we are looking for. But along with Bangladesh, we have seen what happened in Golsan. As I said, radicalization today is a threat which we have to collectively deal with. And I think that we have to deal with it. I think the more porous borders we have, and more people travel across this, we will have issues.

And then finally, a note on Nepal's relation with India! I still remember when I met Prashant for the first time, he had serious grudge

with India that lots of Bhutanese people were allowed to come to Nepal, but when they wanted to go en-masse to Bhutan, India was not allowing entering. He said, this shows India's biased attitude towards Nepal. And of course, I think, I explained to him and I presumed he has now accepted my point of view. The fact is we are always used to criticizing the western world, and in South Asia one of the favourite theories is west is to be blamed for everything. But in Lhotshampa's case, West has contributed extremely well. Thousands of Lhotshampas are settled in the US, Canada, New Zealand, Australia, Sweden. I think bulk of the problem has been resolved. I think if the two countries meet, a permanent solution is feasible, because now, the bulk of the population has been resettled, and now you have only the older population living in those camps, which for emotional reason probably want to go to their country, their homeland. And I think that could be facilitated.

With that I think I will take leave. Once again, I reiterate, these are my personal views, quite radical, quite different from the views of others. So, I am solely responsible for this.

Thank you.



Shri Pashuapati Shamsheer Jang Bahadur Rana

Chairman, fellow panellist, distinguished members of the audience.

There have been totally new and unprecedented developments in geopolitics of Nepal in the last seven to eight months. Without getting into the details of these developments, suffice it to say, they were heralded by the fact that the railway is coming from Sighatse to Rasuwagadi instead of going to be Nathula, which is much nearer to it. It is also important to realize that these changes have not assumed a final and mature shape. This novel and important development needs to be carefully studied; so our foreign policy also needs to be very agile and elastic to adopt itself to the changes that are taking place now.

A changing situation is not only dynamic, it is also complex. It is a challenge of our foreign policy to adapt to these complex dynamics and find a mature balance within.

At any rate, we have to start by realizing that the geopolitical game in Nepal has changed. China's policy in the South Asian region has generally become more active in the last two years. The Kashgar-Islamabad-Sukkur Karach corridor, which is 46 billion dollar worth networks of highways, power projects, Railways lines and industrial zones, indicates how deeply engaged China is in Pakistan. The heavy investments in and around ports in Sri Lanka, the enhanced act to Bangladesh are all patterns of this change. So, it is not surprising that there has been a spill-over of this active policy into Nepal.

India's relationship with Nepal is quite exceptional. An open border, a common civilization, a common culture, three religions common to both countries, wide personal interrelationship, inter-marriages, many common languages in the South of Nepal, very wide trade relationship are all unusual things. In fact, talking of inter-marriage, I see an instance of that right in front of us. My cousin Mala Rajya Laxmi is married to the Maharaja of Tehri Garhwal and is now a Member of Parliament. So, these are typical examples of the kind of relations that exist between Nepal and India which are unique to these countries.

Even in tapping Nepal's rich national sources, most market will inevitably come to India. As a consequence, India's role in Nepal is also exceptional. At the regional level India's role has been institutionalized through SAARC, which my previous speakers, is not working very well and is unlikely to work. How strong India's influence in the SAARC is was demonstrated just recently, after the Yuri incident, when India refused to go to the SAARC meeting in Pakistan, and that response drew a reaction in conjunction with India from virtually every other member of SAARC. These institutional set-ups have been reinforced now by sub-regional and para-regional groupings like BIMSTEC and most recently BBIN.

I agree with previous speakers that these two new sub-regional groupings have far more potential than SAARC. As a result of these institutions and the relationship existing within the SAARC region, except for Pakistan, India's role in this region remains preponderant.

There is also a geo-economic aspect to Nepal's relationship with two giant neighbours. This has become particularly marked in the construct of Railway transport development. The prospect of China building a Railway not only up to Rasuwagadi, but right up to Kathmandu seems very probably. In fact, they are doing a study to extend that Railway right down to Lumbini. I would say that given this development, the probability of India also developing a Railway conjunction up to Kathmandu is most likely.

Many people, including the Chairman talked about the possibility of Nepal becoming a bridge between the two giant economies of China

and India. My own feeling is, the analogy of bridge is too static; I would prefer that Nepal aspires to be a dynamic hinge economy between the door of India and the door of China, and door frame of India. But both the aspirations whether to become a hinge economy or bridge economy are unlikely to be realized as long as Nepal remains a slow stuttering, growing economy. First of all, we have to change the situation in Nepal. We have to grow much more rapidly; we have to grow as rapidly as our giant neighbours. For that, the first requirement is political stability. Our present constitution makes it impossible for any single party to have a majority. Therefore, for stability, the first thing that we have to develop is a successful coalition culture. Only then will Nepal have a stable government, a stable polity and a rapidly developing economy under those circumstances. I would also like to point out that if a Railway conjunction through Nepal takes places, Captain Bansal also mentioned this, the possibility of trade through Nepal between these two giant economies would be enormously enhanced and this fact will be of benefit to all three countries.

With these thoughts, ladies and gentlemen, I end my geopolitical musings at this point.

Thank you for listening.

Question-Answer and Comments

Surendra Chaudhary I am Surendra Prasad Chaudhary, Member of Parliament. As our former Prime Minister Dr. Baburam Bhattarai stated, Nepal is a part of South Asia. But at the same time, I would like to refer to Dr. Robert de Kaplan, who says, with the rise of 21st century, and after the decline of the Atlantic War Order, there is a return of geopolitics. And the return of geopolitics might give birth to regional rivalry. Dr. Kaplan says, the growth of regional rivalry might give birth to second Cold War. Therefore, we have to be careful about geopolitics, whereas, there are some politicians in Nepal, who every time want to abuse and ridicule India. But by abusing India, Nepal-India relation cannot grow, cannot prosper, cannot lead to political stability. We have to learn to walk together; we have to learn to go side by side, and we have to accept the ground reality of our geopolitics, and geopolitical power shift. At the same time, India has a very clear political and economic leverage to play a very significant role to bring about peace and prosperity in this region. India has to accept that role. We can start with the concept of growth quadrangle among Bangladesh, Bhutan, Nepal and India. At least, we can start the concept of growth quadrangle. Thank you very much. I am impressed with the presentation of G. Parthasarathy, Dr. Baburam Bhattarai, Dr. Shekhar Koirala and other Honorable panellists. Thank you very much.

Devesh Jha

My query is to Honorable Sekhar Koiralaji. Do you feel Nepal is still trying to play India card or China card? If yes, isn't it a childish behaviour? And if no, why a hue and cry is created parallelly against one neighbour to another? And, do you agree that Nepal's relation with its neighbours is still guided by the street psychology of Kathmandu?

Govinda Pokharel While talking about geopolitics of Nepal, I think we left out one dimension. Early in the morning, we talked about the dimension of navigation, because we are like a mine of water. Every year, 225 billion cubic meter of water flows into the Ganges, and in fact, Nepal's Himalayas supply almost 50% of the water that flows into the Ganges. What is not mentioned is the fact 80% of that water which is about 180 billion cubic meters flows into the 100 days of monsoon, and that is the area where Nepal and India should positively collaborate for the benefit of the people of both the countries.

Durgesh Man Singh When you talk about India Nepal relation, we have been always bold. Our beginnings have been the subjects of *roti-beti*, and cultural affinity. But they alone do not define the hard rocks of relation between the two countries. In the new set of relations, the curtain has been opened, as Pashupati Shamsherji also said, and it has been watched by other speakers. There are two parameters which are there, and we have been bold enough to say it now. One is, China and India are big economic powers; they want to trade with themselves. And the question is, should Nepal take advantage, or should it not be allowed to take advantage of it? We have already seen that in the next few years, railway is coming to Kathmandu and this is a kind of turning point in Nepal-India relation, and also in China-India relation. India and China have been targeting to double their trade volumes by the next few years. They have crossed 100 million dollars and have been stable for the past ten years. Probably our foreign policy research and avenues ahead should be guided by these realities. I think if this is a parameter which has come up, I think we should face it and we should squarely deal with it. I think the other very important matter raised is, we have been lingering for twenty-five

years over SAARC, dealing with mostly peripheral issues, and time has come for us to really mean business for business. I am glad that if we really want to see development to contributions with foreign actors, foreign policy, and foreign initiative but relations with foreign countries in terms of investment market too are important. As a trained economist, I would like to take in those terms. It could market investment technology effort. For that, maybe, the prospect is really high. The volume of trade is moving to the east, we need to see whether this is the most practical or useful strategy that is relevant for Nepal in particular. I think this is a mind boggling issue. These kinds of issues were never dealt with before. When we come to India and China, I repeatedly say, we have been dealing with pretty small, traditional parameters. I think, a paradigm shift has been taking place. We want to accept it, and think how to go about it. What are the issues? We have to collectively go for it. This is the most important question. Thank you, Sir.

Jaya Raj Acharya

Mr. Chairman, I too would like to congratulate the very distinguished panellist for their excellent presentations. I have not dealt necessarily with India on a bilateral basis inside the government, but I have been involved in relation with India in multilateral layers in a number of years. As a student of International Relations, I have often attempted to understand and characterise Nepal's foreign policy and of course the most important element in relation with India. But very recently, I have argued, that in fact, Nepal-India relation is unique partly because, it is a relationship where if one side gets hurt, the other side also feels the pain. And yet, in spite of this kind of close and important relationship at the people-to-people level, we are seeing attempts not understand the sensitivity of

one-side feeling the pain, when the other gets hurt. And as a result, my question to the panel and of course the whole theme of my discussion during my arguments in this seminar and outside is, if we are to move towards a more transformative mode of our relationship, what could that be, that we could focus so that Nepal and India can present a case of a very unique model of two sovereign independent and yet very close neighbours and the kind of foreign policy and the relationship between the two neighbours. What could that be? That is the general direction in which we have to deal about history. We have dealt about water problems, but is it possible to focus our attention to that direction?

Shekhar Koirala I think, I have a question only from Deveshji. As far as Nepal playing India card, as he mentioned, is concerned, I have said in my very beginning remark, that there are some elements in Nepal which are anti-Indian in talks and are trying to catch hold of nationalism. That pushes us to a phase of difficulty; I don't see a situation to doubt that. It is true. But then, henceforth, Nepal-India, Nepal-China, India-China relations should be seen in the changing context. The world is changing; we too should change. Alokji too said just now, Pakistan-China economic corridor is coming up as an alternative. That is a positive thinking, which would guide us, and that way, we will move ahead. Otherwise, we will always be blaming India or China for everything, which has been our habit. Unless we finish that habit, we will not be able to move ahead. That happens because of small-nation psychology.

G. Parthasarathy Just one thing on India and China. It's not as though don't dialogue on India and China; we dialogue on everything under the sun. In every international economic forum like the G20, ASEAN, East-Asia Summit, Shanghai Cooperation Organisation, we

are on the same page. You see, what has caused concern—it's not just in India, it's across East Asia—is the new assertiveness in China. Just now, we have signed an agreement in Bangladesh; we agreed we will go to a tribunal, the tribunal ruled against Indian islands gone to Bangladesh. That's it. This assertiveness is a source of concern. I think, as I have mentioned earlier, we both know how to deal with it, or have been able to manage on keeping our borders reasonably tension free without the sort of incidents we used to have in the past. But the matter of fact is that it is dependent upon a balance of military power. With China, yes, there are points we work with them where it suits both of us, but the concern really is the change which has emerged in the last three or four years. This extreme sino-centricism, a very strong degree of nationalism, which you talked to the South-East Asians region is a cause of concern.

Really, as far as Nepal and other countries are concerned, it is your sovereign right to have relation with anyone you want. But we have to naturally locate what the positioning of various projects means. I mean, just after the announcement of a Chinese nuclear submarine appears in Karachi, I have to wake up. I can't ignore it. If after some problems arise along our East Coast, suddenly I find a quest for Colombo Harbour. We discuss these things with the Chinese, but what we always ask with our friendly countries is, please bear in mind that we do have some genuine security concerns, as you know. We are not suggesting that we have a veto or a say, but everything is based on mutual understanding, and that's what we know and expect from our neighbours. Our most neighbours have shown sensitivity. But I must say one thing. What is extremely worrying is, China has been

talking a lot about countries not signatory to the non-proliferation treaty and the missile technology control regime. There is no such thing like Pakistan nuclear weapon; they are all designed in China. The latest tactical nuclear weapons with plutonium warheads are based on plutonium plant supplied and installed in the Kushat-FatehJang area, so, there are these serious concerns. I mean, eight submarines appear after you sign a deal in Gwadar. So these are issues about China. Intruding into a sea-lands where our oil supply flow through; I can't ignore that. I think, we wait for our Nepali friends to say yes on normal economic relation. If you benefit and Nepal prospers, we gain. Let's have no illusion about it. These are parameters within which I wish to speak, and it is not that one is suggesting something so that you also have an understanding of what these things are all about.

Sangeeta Thapliyal I have two small questions. One is, since 1996, we have been talking about sub-regional cooperation. In fact, Nepal had presented an approach paper in 1997, and it was adopted in SAARC conference in Male. What happened after that? Why we were talking about energy grid and water resource etc. in the eastern seaboard, but we have not moved on that? In 2014, again why has it been starting? Should we not be looking back in 20 years, learn from history, and then move ahead? That we have to answer certain questions. Secondly, when it comes to Nepal as a transit link between India and China as well as the transportation linkages too as Shri Rana has written in his paper, is it just economics, or is it politics, or is it strategic interest? Accordingly the reaction from the southern neighbour comes. So, one has to be very clear on this.

S.D. Muni

Two short questions, and one observation if you permit. Short questions: one for the Nepali panellist

and one for the Indian panellist. Let me begin with the Indian panellist. Whereas repeatedly it has been said in reference to the Chinese belt and road initiatives, Pakistan link and all that, one thing which is driving the Chinese towards that is, access to sea. Is it possible? I have written somewhere, but I am asking your view. Is it possible for India to offer Chinese access to sea via Bay of Bengal? Alok very rightly mentioned Kolkata being a port for Tibet via Nathula. And, if the Chinese want to see that as a part of their belt and road initiatives, that doesn't matter. But that will bring in an interdependent relationship between China and India by letting them use Kolkata port if they want to.

The question for the Nepali panellist is that the idea of a bridge of an economy or the trilateral equation is absolutely wonderful. It is useful for all the three countries. The problem is that there is a trust-deficit between China and India for one reason or another. What bothers India are two critical issues. One is the border, and the other is use of Pakistan in anti-India activities. Will Nepal be good enough to do some footwork and see if you can soften China on any of these issues?

My observation comes out of G. Parthasarathy's very effective presentation. Mostly I think, these days in India, we emphasize Hinduism and Buddhism, being the hub of South Asia. I am making a point with G. Parthasarathy as he has already heard me, it's for others. Why are we disowning Islam? I think it is high time India owned Islam. Islam in South Asia is not an Arabic Islam. Islam in South Asia has been richly contributed by India and shaped by India. I don't want to go into history. And India has been the birth place of many other religions like Sikhism, Jainism etc. And therefore, Islam has a distinct imprint of Indian culture and civilization. Whenever

we are mentioning it why are we hesitating? We are the largest Muslim population in South Asia. Why is it that Indians, whenever they talk Hinduism and Buddhism are wonderful! But why neglect the third one?

Dwarika Dhungel First of all, I would like to congratulate all the panel members. I have one suggestion to make, and one question to ask, which you all may like to answer. Since this panel is on "Geopolitical Imperatives: Nepal's Relation with its neighbours," I would like to concentrate only to this. Is it possible for Nepal to play India and China in the context of the growing two emerging powers in the world? I think this has become obsolete. We have to see that our national interest is being served. So, in this context, having heard Shri Parthasartathy and others that now India and China are not going to fight each other, you may have the problems though. If you have security concern in Nepal, China also may have security concern here. So, why not come to the term and see that both China and India work for the establishment of a peaceful and stable Nepal so that Nepal could be an inter-port between China and India, as we had in the past. Also Nepali policy makers, I would like to say, should not say that we should not be sensitive to the security concerns of both the countries; we also have to be really serious in terms of security concerns of both India and China. Some maybe just for the sake of media purpose; some maybe real concerns that have to be addressed by our Singha Durbar. I think now time has come for India and China to walk together for peaceful Nepal. Thank you.

Prateek Pradhan I heard about Bhutanese refugee case. More than 80,000 refugees have been settled in the West or New Zealand, because of Nepal's good relation with the West. What is the Indian response about that?

Poshraj Koirala As a student of International Relation, every time I hear Indian journalists and Indian policy-makers, they speak the Nepal is playing China card. What does it mean? For example, China has never said Nepal played India card. As a country situated between two giant neighbours, what is the problem with India when we want to develop relation with northern neighbour? For example, now, train service is coming and there is a big hue and cry in India. As a younger generation youth in Nepal, I always feel like why there is so much hue and cry about China card and India card. It's not a foreign card; it's a Nepal card, and we are playing Nepal card to serve our own interest. Unfortunately, in the context this constitutional dispute, an agreement that former Prime Minister actually reached was in the making for many years. In fact, our former Prime Ministers had already started laying grounds for this, and eventually that happened, and that blockade actually acted as a trigger. I always feel very dismayed to see this type of thing like Nepal playing China card every time we try to improve our relations with northern neighbour. I think the Indians need to change their approach. I think we cannot move head if we always think about a realist approach that is obsolete.

RP Sarmah China is building roads and bridges and railways up to Nepal. That is good. But God forbid, from here, fifty years or hundred years hence, would China not be playing the Tibet card here in Nepal? Cultural invasion and economic invasions will follow. Then gradually, Nepali politicians are inclined towards China. This will invite political invasion. What would be the outcome then? So, this is my question to all the panellists. Look at the way China is hegemonic! See the South China Sea affairs. See what happened in Tibet in 1958-59. Why did Dalai

Lama have to flee from Tibet? It is total cultural invasion going on right now. That is my point.

Bijan Pant

My just quick query is with Captain Bansal. As you shared that you had a chance to converse with or had a logic with Prasant Jha about the Bhutanese refugees going back to Bhutan issues. I am sorry if you mind it. I would love to know what that logic to share with Shri Jha was. Because we have so many Nepalese having this issue in mind. Since long back it's hanging in Nepalese mind. Why the Bhutanese are not able to go back where they came from?

Surya Dhungel

Thank you for excellent presentation. The only one thing I want to just ask with the panel is, China has already taken initiatives to create forums in order to have South Asian and other legal communities to get together. For example, the Chinese Law Society has been organizing South Asian Legal Forum in Kunmin, almost every year. This year also, in December, they are organizing. And they have South-East Asian Legal Forum also. So, they have gone global. When we talked about China Law Society, there is a linkage between all societies of China with the government or all the political party. Have you been taking these developments that China has initiated already, taking into consideration while we are talking about geopolitical imperatives? China also is being considered from all development perspectives with the change of time. Thank you very much.

G. Parthasarathy

Why so late in energy corridor? Nepal has not yet entered it. Bhutan, Bangladesh and India have joined, and we are extending into Myanmar. If you see the amount of power flowing from grids in India to Bangladesh, this is being integrated and it has already started. But we are waiting for the new bride Nepal to join that group. The other one is one belt

one road issue. We have objected to that because of two reasons. One is Pakistan, for the simple reason it goes with Shaksgam Valley which was illegally under Pak occupation. It is Indian territory; we cannot allow China building that in Indian territory. It ends in Godar, which Musharraf had himself said ten years back, would be a military base for China in the case of hostility with India. We are working with Chain on the belt from Yunnan, Myanmar, Bangladesh and India. There is a project-report under consideration. We have problems because, they will move to a port which we are building up in Myanmar. They can look at us; we can look at them.

The other thing is on Islam. Let me say this. If the country to our east wants Sufi music from India we will send to them, but we do have wide range of contacts between Sufi and Islam, starting with Iran and the amount of Kawal group from Pakistan playing Sufi music which have been welcomed. The number of visits from Pakistan to shrine in Ajmer and elsewhere is high. So, yes, that form is welcome. But, if our eastern neighbours want it, they don't want it. If you go to Myanmar and say we will sent a Muslim group, they will chop your heads off. So, I think China joining this regional organization seeking partnership is fine. We welcome China as a partner of SAARC, or as a part of BRICKS. But China is not going to allow us in the Mekong River Delta. Thank you.

Pashupati Shamsher I don't think there are many questions raised on my presentation. There is one issue I would like to answer. Professor Muni made the point that maybe the Chinese should be allowed access from Nathula to Kolkata. I think they made a choice, to go through Rasuwagadi, and not through Nathula.

Alok Bansal

As far as Professor Muni's point of access to sea is concerned, I have personally been a strong proponent of access through Karakorum Pass, but the Chinese would not want it because they consider it their territory. As far as Kolkata port is concerned, it is not a natural port today, and history cannot be replicated. Kolkata is overcrowded. In fact, Nepal faces that, and that's why we are looking for Vishakhapatnam and Mongla etc. So, the idea is good, China is not decided to come there; that's a different issue.

Why not Islam? The point is, Hinduism and Buddhism originated here, and their places of worship are there. Whoever is an adherent of Islam would go to Mecca, Madina, or Karbala. The second point is, even if India and South Asia contributed to Islam, today Islam is everyday getting Arabized. In India itself, from Khuda Hafiz to Allah Hafiz, the transformation is too clear. I think Hakim, who has been the great Islamic scholar in the recent past has been preaching an Arabized version of Islam, not an Indian version of Islam. From a tourism perspective, I don't think Islam makes a point.

Coming to the point of the China card someone said, I think it cannot be played. It doesn't work anymore. It has got no meaning.

As far as the Bhutanese refugees are concerned, someone asked the question as to what I had asked Prashant. I just wanted to clarify what Prashant's point was. He said that at that point of time when the Lhotshampas came, they came from Bhutan to Nepal, and they came via Indian territory. And so, when they wanted to go back why doesn't India allow them? I said, when they came, they did not

come announced. They came on their own. But when they declared that they would pass through Indian territory, no country can allow a country to go to a third country through its territory. That is not feasible, that is not practical. As a result, I think, that is a very clear cut objective. Somebody said, he didn't like so many Nepalese go to India, you can go to any country; there is no bar to say that. But when you say you will go in mass, no country will allow you to transit through your own country, and that was a factual statements. As far as Western countries are concerned, we have not objected to the Lhotsomphas being absorbed in the US, Canada, New Zealand, Australia or wherever they want to go.

Thank you.



Dr. Baburam Bhattarai

When you talk of geopolitical imperatives of Nepal, basically its relation with India and China, we must accept that these are two neighbours we are connected with and we have to deal with them. Practically, we are part of South Asia, and we have to deal with India. China cannot be a substitution to Nepal in practical matters economically, socially, culturally whatever it maybe. But Nepal being a sovereign country, has its right to have its independent foreign policy and deal with its neighbourhood. Here is the problem. I think all that the Nepalese want is to get Nepal's political sovereignty well recognized, and nothing more.

More than two-third of our trade is with India, and all cultural and historical linkages are with India, and very minuscule with China. So, I think both of us have to make some introspection. From the Nepalese side we should not have small-nation insecurity syndrome. We should also be more confident, because we have been a sovereign country; since history, it had never been colonized. Even when the entire South Asia was colonized, Nepal was a single independent country. So we should have that confidence, and with that confidence, we should deal with our neighbours. I say very confidently, we are with India; we cannot go against Indian interest, security or otherwise. We should tell frankly whatever you want from Nepal you will get it, but our political sovereignty should be respected and honoured. That is the only thing we want.

I think this should be spoken very boldly and openly from Nepalese side. We should not hastate in that. That doesn't mean we should antagonize China. We don't have to antagonize; we deal very less with China; we have very less relation. I think the only concern of China is the security of Tibet, which we have already guaranteed. We have already stood for security guarantee of Tibet; we have not allowed any anti-Chinese activity from Nepal. I think, Chinese friends should not expect more from us, and I think they do not expect.

From Indian friends' side, since you have been very important and influential policy makers are here, what I would like to say is, India is a rising power. 21st century is going to be the century of Asia, and China and India will be the biggest powers. China is much ahead of India as of now, but India has to pick up. So what would be the best policy for India to become a World Power and go ahead of China!

I don't know how you have worked out. You must have worked it out. In my opinion, it is a friend's advice. It is personal. Do not take it as a former Prime Minister's advice. You could say, it is an advice from an alumnus of Jawaharlal Nehru University (JNU). What I would say is if I was in India, I would keep silent for a few years, at least a decade or so, have good relation with China, and have good trade and good economic relations. I would develop myself. I would be in par with China, and then compete. So, first I would cooperate with China, build myself strong, and then, with an economic logic, competition will arise. To all the market factors you will have excess; capacity of capital or other purchasing capacity, then you will try to expand. This is just the logic of capital expansion. So, at a certain stage, you will compete with each other. But this is not the right time to compete with China; do not compete with China right now; have good relation with China, build yourself, make yourself strong, basically economically and then militarily and otherwise, and when you reach that stage, then you compete. That is my advice.

For Nepal's sake, if you have good relations, if you have relation of cooperation rather than competition between India and China, it will be beneficial for Nepal. But, but in case, you compete right now, it will

be not very favourable to any of us in South Asia. Nepal could become an area of contention, which we would like to avoid, because we are far left behind in economic development, and at least for a few decades, we want to focus on economic development so that we can do away with poverty and employment. So our only concern is, we want economic development, have good relation with both our neighbours, especially with India.



Professor Dr. Lok Raj Baral

Excellency Pranab Mukherjee, Honorable President of the Republic of India, Dr. Prakash Sharan Mahat, Honorable Foreign Minister of Nepal, former Prime Ministers, Ministers, Members of Parliaments and Members of the audience!

It is a great privilege for me to welcome His Excellency Shri Pranab Mukherjee, President of the Republic of India on behalf of India Foundation, Neeti Anushandhan Pratisthan, Nepal and Nepal Centre for Contemporary Studies!

This visit is significant in many respects. First, it is taking place after 18 years of the visit of the then President KR Narayanan, though the Nepalese President visited India formally and informally from time to time. Exchange of visits, in fact, help reinforce bilateral relations despite various other measures adopted for improving such relations. President Mukherjee is well aware of development of Nepal because of this keen interest in the South Asian Region, as he combined various traits: university teacher, accomplished scholars, experienced administrator, seasoned politician, perfect diplomat, and now the dignified head of state. The Nepalese are benefitted by his vast array of roles that he has played in different capacities; his unflinching faith in democracy has added both beauty and functionality in the state affairs of his country.

Shri Mukherjee started his political career in 1969 after he became the member of Rajya Sabha from Indian National Congress (INC). Mrs. Gandhi discovered a young talent in Pranab Mukherjee,

who subsequently played key roles as troubleshooter, Planner, Finance Minister and then Minister of External Affairs. As a parliamentarian, Shri Mukherjee has helped Congress Party develop its image. After assuming office of the President, he has not only enhanced the dignity of the institution, but also has developed the cordial functional relation between presidency and the government. His long political career in the Congress Party has not given an iota of doubt about his new incarnation as a dignified head of state.

Thus President Mukherjee has earned respect from both government and opposition in India, respected as Pranab Da by the party leaders and members of the opposition. When he was in active politics, President Mukherjee was an quintessence of the modern Indian democratic state. For Nepal, his great contributions to the peace process cannot be forgotten.

I hope Nepal-India relation would gain new height during his term as President of India. Let me once again welcome such illustrious statesman from India.

Thank you.



Shri Neelakantha Uprety

His Excellency the President of India Shri Pranab Mukherjee, Honorable Foreign Minister Dr. Prakash Sharan Mahat, dignitaries on the dais. Rt. Honorable Former Prime Ministers, Honorable Ministers, Honorable Members of Parliament from Nepal and India, respected dignitaries, respected Secretary of Foreign Affairs of India, His Excellency the Ambassador of India to Nepal Shri Rae, and other dignitaries who have participated in the two-day seminar we have had in this hotel from yesterday evening until today, professors, doctors, philosophers, experts, politicians and all media personalities from Nepal and India!

It will not be possible for me to cover all those major topics that we dealt with during these two-day discussion and deliberations. I really gained a lot of knowledge if I can say that from the speeches and deliberations from different personalities during these five sessions. There were so many topics and some of the topics I can think can be discussed whole day may be in a week's time. So, have will not be doing justice to deliberate everything and present in front of us.

I must say that the important thing we discuss include inclusive democracy, the experience of federalism and geopolitical situation of Nepal and our relation with our neighbours and the of course the connectivity between the people of these two countries. Yesterday, while expressing my vote of thanks in the opening session of our program, I had mentioned that the layers of relationship that we have had for centuries between Nepal and India cannot be discussed and deliberated in a day or two. So, there are layers. During the discussions so many types of connectivity like person-to-person connectivity, people-to-

people connectivity, family-to-family connectivity and geopolitical realities. Of course, these connectivities are natural and permanent.

Nepal is a state between two big nations. How can we move head resolving or maintaining and enhancing the relationship between two giant economy and countries? We have been hearing lots about it, particularity about what our own role should be in between two developing or developed economies, the powerful nations. I was very much influence with the statements made by one of the Prime Ministers, Dr. Baburam Bhattarai, who said Nepal can be a staircase between India and China in the economic development, but then, I would like to add one more; it is not only staircase, I think we can be an escalator, faster communicating between two countries and taking benefit on account of being in between two large economies and two nations.

And there were lot of discussion among the participants and delegates today about connectivity, particularly the bonds beyond borders. The bond beyond borders have been there for long and many years and centuries; so, it cannot be separated. There was a question as to how we can really maintain all these layers of relationship between our two countries Nepal and India.

I will not be able to mention everything that took place in the seminar. The three institutions India Foundation, Neeti Anusandhan Pratishthan, Nepal and Nepal Centre for Contemporary Study will bring out justifiable reports of all these sessions in due course of time and we will be able to read and understand. I would like to definitely mention and emphasise that all these topics we deliberated on with eminent speakers have given us plenty of food for thoughts for tomorrow. So maybe each of these topics will make special seminar topics for discussion and for bringing out the proper resolution for furthering our relationship and ties between two countries and making Nepalese politics and Nepali democracy strengthen and sustainable.

With these few words, I would like to wind up, thanking you for listening to me.

Thank you very much.



Dr. Prakash Sharan Mahat
Honorable Foreign Minister, Government of Nepal

Shri Chairman, Your Excellency Shri Pranab Mukherjee, President of India, distinguished guests, excellencies, ladies and gentlemen!

I would like to thank, at the outset, Neeti Anusandhan Pratishthan, Nepal (NeNAP), Nepal Centre for Contemporary Studies (NCCS) and India Foundation, New Delhi for inviting me at this important seminar organized on the occasion of the State Visit of His Excellency Shri Pranab Mukherjee, President of India. While the seminar is highly significant for its most relevant theme, its value is further enhanced by the kind presence of His Excellency President of India. It is indeed a great honour for me to speak on Nepal-India relations in front of this august gathering.

Excellency, you are a statesman and a scholar of high stature with decades of experience in politics. A very close friend of Nepal and Nepali people, the contributions you have made to further strengthening Nepal-India relations in various capacities have been well recognized. I look forward to listening to the insights and ideas that you will share with us at this seminar and I am confident those insights will help elevate Nepal-India relations to new heights.

Excellencies,

Ladies and gentlemen,

As is well-known and long-established, Nepal and India share a unique relationship. Our relations are not only age-old, they are also

time tested, comprehensive, deep and multi-dimensional. Geography, culture, religion, history and fraternal bonds intimately bind our peoples together. The open border between our countries facilitates movement of people, goods and services, and it has contributed to maintain the warmth of relations and cultural connections at peoples' level. While the two governments have their own formal treaties and mechanisms to define our formal relations, the relations between the two countries are also defined by the multi-faceted relations that our peoples have shared from the times before modern political boundaries were drawn.

Oftentimes, people ask me to compare Nepal-India relations. Given the nature, scope and merit of our relations, there is no need to compare our relations with any other relationship.

What more can we say about Nepal-India relations as many Nepali political leaders and activists had participated in India's freedom struggle, and at the same time Indian leaders supported our quest for democracy in Nepal. Hundreds of thousands of Nepali are working in India in different capacities. Large number of Indians are also working in Nepal in the business and other occupations. Two countries have open border and people of both countries can enter one another's' territory without passport or visa requirements.

India was the first country to send relief and rescue teams within hours of the devastating earthquake that hit Nepal eighteen months ago. The promptness and generosity with which India responded to our difficulties was extraordinary, truly reflecting the closeness of our relationship. India has also provided substantial funding for reconstruction. We sincerely thank for this help.

With the uniqueness of our relations there come expectations from both sides. As we have complex web of multi-faceted relationships occasional differences bound to occur. Such differences however, cannot and should not undermine the solid foundation of our relationship. And, our relation is resilient enough to overcome those challenges. In the recent past too, we experienced problems, but we were quick enough to realize that there was no alternative to look for solution, sort the problem out and move forward. We believe that with open heart and mind, any differences can be resolved through dialogue.

This is what the present government is doing. We are following a policy where Nepal is straight forward and frankly stating what needs

to be done at diplomatic table. We have also seen very positive gestures during our several high-level interactions with Indian leaderships. We firmly believe that we should refrain from mixing issues of foreign relations with internal partisan politics. This government in general and my Party Nepali Congress in particular is very clear about it. I believe it is harmful for our own national interest.

Stable political relationship founded on enhanced level of trust and confidence, mutually beneficial and cooperative economic engagement, and common approach to address common challenges should be the basic tenets of Nepal-India partnership for coming years. We should not hesitate to share one another's concerns as friends do and also appreciate one another's sensitivities and seek ways to work in concert.

Let me elaborate on some of the important areas of Nepal-India relations.

Firstly, a strong foundation of Nepal-India relationships should rest on the mutual belief that both countries should work through diplomatic channels at different levels in order to ensure progress in all agreed areas and resolve when differences arise. We should make all bilateral mechanisms functional to deal with issues important to both countries. In this regard, we are committed and have already started to streamline and operationalize modalities to deal with such issues. At the same time, we have agreed to implement bilateral cooperation projects in a time bound fashion. Both countries have agreed to constitute bilateral mechanisms to monitor implementation status of the agreements and the progress of Indian-supported projects in Nepal.

Secondly, we need to revisit our past treaties, their provisions and relevance in the changing context. We have already agreed to do so and come up with proposals which are agreeable to both countries. The Eminent Persons Group (EPG) is working to look into different aspects our relations and provide concrete suggestions on measures to be taken in future for the betterment of our relations.

Thirdly, there are some issues unique to Nepal basically arising from Nepal's land-locked condition and asymmetric economic capacity. We have a very low industrial base, limited productive capacity, under-developed physical infrastructures, and under-tapped natural resources.

Excellencies,**Ladies and gentlemen,**

Trade and transits are vital component of Nepal-India bilateral relations. India is our top trading partner in terms of both export and import while Nepal is among India's top twenty export destination. Nepal's growing trade deficit is a matter of concern for us. Our import volume from India is thirteen times higher than our exports, if you see the figure of the first quarter of this year. To address this imbalance, there is a need for greater investment in productive sectors in Nepal, greater trade facilitation measures, including abolition of non-tariff and Para tariff barriers and robust connectivity between two countries in terms of roads, Railways, waterways, transmission ways and information highways.

'Make in India' is one of the flagship initiatives of Prime Minister Modi in driving Indian economy forward. Given our close economic interconnection, why do we not think of extending the idea of 'Make in India' to 'Make in Nepal and India' initiative through joint collaboration and enabling Nepal to participate in value chain.

It is encouraging that two countries are working towards developing greater cross-border connectivity to promote trade, tourism and investment. We have agreed to speed up cross border Railway projects, integrated check posts at major border points as well as additional transmission connectivity. Much remains to be done, however, to fully realize our development potential and partnership.

Hydropower development is the area that promises great opportunities for collaboration. We have not been able to fully exploit our large hydro power potential despite the pressing need of clean renewable energy in both countries. We cannot afford this resource go unutilized any more. Effective implementation of the Power Trade Agreement, early realization of Pancheshwor Multipurpose Project and timely development of two large hydro power projects namely Upper Karnali and Arun III projects will be instrumental in ensuring mutually beneficial partnership between our two countries.

Large hydro-power development in Nepal requires markets of India and Bangladesh to realize its full potential. The free market access is a prerequisite for this. We have requested government of India to remove some of the regulatory hurdles to enhance market access

and India has assured that required new regulation and guidelines to liberalize cross border trade of electricity will be operationalized soon. It will provide big boost to larger hydropower investment in Nepal. Tangible realization of BBIN cooperation including open access to transmission infrastructure and market within the sub-region will create a further enabling environment.

We should also seriously work together to come up with an umbrella framework for cost and benefit-sharing in joint undertaking of mega multipurpose water resource projects like Pancheshwor. Such framework would help ensure a more smooth and speedy proceeding in future joint multipurpose projects.

Nepal and India also need to work closely in managing and reducing problem of inundation. Recent meeting of Nepal-India Joint Commission has agreed to identify specific locations of inundation and undertake joint inspection and resolve the problem of inundation.

The Joint Commission also agreed to implement Pancheswor project, expediting the finalization of its Detail Project Report (DPR). The mechanism also agreed to implement irrigation facilities to Nepal that were provided in Mahakali and Gandak treaties.

The early undertaking of remaining boundary mapping will remove some of the recurring misunderstandings between two countries. I am pleased to note that in the sectors of the Nepal-India international boundary where scientific mapping has been accomplished, all technical works like pillar construction and GPS referencing are moving in satisfactory manner. It is, therefore, imperative that both governments should take initiative to resolve the mapping issue in the remaining stretches of Nepal-India boundary.

Excellencies,

Ladies and gentlemen,

Technology is the key for innovation and transformation. India, equipped with the modern technology, has established itself as a leading force in driving development. Nepal aspires to benefit from India's technological expertise and innovation. Transfer of knowledge and technology along with capital investment will enable us to accelerate the pace of economic development with increased employment opportunities that is essential to eradicate poverty.

Despite its zero contribution to carbon emissions, Nepal is at risk of major climatic change that is contributing to melting of glaciers and ices. The climate change impact on Himalayas is going to affect both Nepal and India. As signatory to reduce growth of global warming, both countries can work together to mitigate and adapt to the impact of climate change.

The common civilization and strong cultural bonds also offer us a good prospect for the development of tourism. Nepal is renowned for its great natural beauty and its treasures of cultural heritage. There are a number of cultural and religious sites common to our people in both countries. Nepal being the birth-place of Lord Buddha and Mata Sita as well as the existence of ancient religious-cultural heritages and shrines like nath, Ram Janaki temple, Lumbini and Muktinath, it provides a great potential for cultural-religious tourism. Cultural tourism can be promoted by developing Hindu and Buddhist Circuits.

Our open border has facilitated movement of people and goods and services. However, both countries are cognizant that our security concerns and interests are interlinked. We are, therefore, working together and in close coordination to overcome our common security challenges like cross border crimes and human and drug trafficking and illegal activities of different natures. In the meantime, we have remained watchful not to allow the open border to be misused by elements posing security threats. The work is progressing in the construction of integrated check posts.

Nepal has its principled position against terrorism in any form and manifestation. We expressed our solidarity with the Government and people of India in the wake of repeated terrorist attacks in India and condemned such attacks in strongest possible terms. We believe that in the shadow of insecurity and terror our region cannot prosper in a sustainable manner. We should work together against the growing menace of terrorism through global and regional forums.

Nepal and India still lag behind many countries in development dividends. We should work together in international and regional forums to advance the cause of developing countries in areas such as trade, investment, poverty reduction, climate change and sustainable development.

As source countries for large number of migrant workers mainly in Gulf Regions both countries should work together for their security and safety. We should also enhance our cooperation to check human trafficking and illegal activities of different natures.

There is rapid advance in information and other technological advances. In the changing context, our collaboration requires dynamism that can move with changing needs.

Excellencies,

Ladies and gentlemen,

Nepal has been able to bring out an inclusive and democratic constitution which has many unique features appreciated at the international level, and that sets good examples for others to draw on from it. However, as any democratic constitution, there are still scopes for improvement, and we are working to address some of the remaining grievances through constitutional amendment. We have already made an amendment once. At the same time, we can learn from India's successful institutionalization of democratic constitutional practices.

In many difficult and challenging times in the past, India supported the Nepali people with utmost goodwill. Now, at a time when Nepali people are engaged in noble mission of achieving a fully democratic, just, inclusive and prosperous society through the effective implementation of the democratic Constitution, it is natural that Nepal expects goodwill, support and cooperation from the people and Government of India.

Nepal and India are members of sub-regional grouping BBIN and regional groupings SAARC and BIMSTEC. This offers opportunities for both countries to meaningfully cooperate in areas of mutual interest that could compliment bilateral cooperations. Likewise, our both countries could intensify cooperation together with other developing countries in addressing some of the pressing global challenges and in advancing the common interest of the developing world.

Shri Chairman,

Our two countries face such common challenges as terrorism, climate change, and challenges related to uplifting large masses of people out of poverty. Common challenges require coordinated response. Our two countries strongly call for reform in the United Nations and other

international institutions to reflect the current realities. As the largest democracy in the world, India has an important role to play in global affairs. Nepal supports India's legitimate aspirations and therefore we supported India's aspiration to become permanent member of UN Security Council.

In conclusion, Shri Chairman, I would like to underline the following:

1. As close neighbours, our destiny is intertwined. Common prosperity becomes an overriding goal. Poverty stands as a stumbling block in our road to prosperity. To eradicate it, there is no alternative to cooperation and collaboration.
2. We must be innovative and creative in exploring new vistas and opportunities consistent with the trends of our time, as business as usual model will not suffice. We should be able to take advantage of innovation and advancement in science and technology to accelerate our development process.
3. Our multidimensional relations demand greater collaboration and partnership between and among the private sectors, media, intellectuals, professionals, Parliamentarians and non-governmental organizations. They all have important roles to play in cementing ties.
4. Infrastructures and connectivity should remain at the core of our collaborative partnership without which development cannot advance.
5. Equality, mutual benefit, respect for each others' sensitivities and concerns should in no way be undermined as foundation of our friendly relations. We have common responsibility to preserve our relationship handed down through ages.

Thank you once again for the opportunity provided to speak a few words at this seminar.



His Excellency Shri Pranab Mukherjee
The Rt. Honorable President of Republic India

Thank you for your warm words. I am very happy to be here in Nepal again.

Over the years, serving in Government in various capacities, I have visited Nepal on several occasions; I have directly participated in the discussions, decisions, planning and implementation of the joint development work that our Governments have taken up across the length and breadth of this close neighbor of India. I share your satisfaction at what has been achieved, progress has been made in the right direction, but much more has to be done to realize the true potential of Nepal.

Therefore I appreciate this opportunity to share my thoughts on Nepal-India relations with this eminent audience.

Ladies and gentlemen,

The unique bonds of civilization linkages between Nepal and India, our time tested fraternal ties; our open borders and our according national treatment to each other's citizens underline our shared belief that we have a common destiny. Protected by the mighty Himalayas, nurtured by its river systems, we have vital stakes in the collective progress and well being of our two peoples and peace in our region.

India, therefore, accords high value to its bilateral relationship with Nepal—in the framework of its 'neighborhood first' foreign policy. A key principle of our consistent policy has been peaceful co-existence and shared prosperity. In an increasingly globalizing, inter-connected

and inter-dependent world, India believes that for our region to reach its full potential in socio-economic development, our nations must proceed with a shared vision for peace, stability and growth.

Today, Nepal is on the threshold of a new era. It is striving to consolidate the gains of multi-party democracy and is presently engaged in charting the course for socio-economic development in all its regions. India applauds the enterprise and achievements of the people of Nepal. We stand ready to share with Nepal our experience of building strong democratic institutions. India welcomes the ongoing efforts of the Government of Nepal to take on board all sections of its society for effective implementation of its Constitution. We wish the people of Nepal very success in this endeavour.

Coming to the current state of Nepal-India ties, it is seen that this enduring partnership continues to be driven and characterized by the socio economic and developmental imperatives of our two peoples. Trade and economic co-operation are foundational pillars of Nepal-India partnership. We have maintained a steady growth in bilateral trade and mutual investments. But we can do much more to facilitate trade and promote investments. It is important that we encourage our respective private sectors to enhance their engagement. There are today, tremendous opportunities in our manufacturing and services sectors. Nepalese firms can join in developing regional supply chains and benefit from India's growth story. With our long history of co-operation in this sector, we should be in a position to work together to overcome impediments and streamline systems. We should, in a collaborative spirit, be able to effectively resolve issues related to market access and take steps to strengthen our trade infrastructure. We must continuously work together to make trade and transit arrangements simpler for our business communities.

Ladies and gentlemen,

India is, today, on a very positive trajectory of vibrant economic transformation-at an unprecedented pace. As one of the world's fastest growing economies, we face the challenge of maintaining the growth momentum, continuing to create jobs and opportunities and ensuring that expansion and growth takes place in an inclusive manner. My government has, to this end, launched several new initiatives

for infrastructure development, agriculture and rural development, expanding efficient manufacturing capacities, harnessing new technologies, and developing a vibrant services sector. This presents an opportunity for Nepal as well. Increasing job opportunities in India enhance job prospects for Nepalese citizens owing to our open borders and national treatment provided to each other's citizens. Indeed, several million Nepali citizens are working in public and private sectors all across India.

Our region is blessed with the young populations known for their strong spirit of enterprise, dynamism and entrepreneurship. To channelize this energy in the right direction, we must invest in health, education, and technology and employment generation. We cannot remain hostage to the political baggage of history and prejudice, nor can we continue to follow policies that have failed to lift our people out of poverty. As sovereign nations, we need to move together to achieve our peoples' aspirations for a better life. We welcome Nepal to be part of India's growth story.

Our long-standing development partnership with Nepal is another important pillar of our collaborative ties. It is matter of satisfaction that the small development projects - that we have jointly taken up - are benefiting local communities in Nepal. Roads, bridges, irrigation, and energy are the areas of focus. I am pleased to learn that a number of projects are in different phases of implementation under the Lines of Credit amounting to over US \$ 900 million extended by Government of India.

Ladies and gentlemen, India remains committed to assisting Nepal, as per its priorities, in the post-earthquake reconstruction efforts. We have jointly identified housing, infrastructure, health, education and culture and heritage as the sectors that we will prioritize for reconstruction - utilizing the US \$ 1 billion post-earthquake reconstruction assistance announced by my Government.

Enhancing connectivity is yet another shared goal of our two countries and the region as a whole. Development of border infrastructure and connectivity projects with Nepal such as Hulaki roads, cross-border Rail links, Integrated Check Posts, cross-border transmission lines is intended to broaden the reach of economic prosperity in the region. It

is a matter of satisfaction that the first ever international oil pipeline in South Asia is under construction between Nepal and India. Of course, we need to ensure, through effective monitoring, that implementation of these projects is efficient—so that the fruits of these initiatives can be enjoyed by our peoples as soon as possible.

Looking forward, I see tremendous potential for expanding our cooperation in the energy and hydropower sectors in the framework of our Power Trade Agreement. We are augmenting the transmission infrastructure for enhanced supply of power: which would allow Nepal to import power from India. The same infrastructure could then be used for exporting surplus power from Nepal to India once generation projects such as Arun-III and Upper Karnali are completed.

Similarly, our cooperation in water resources holds tremendous promise. It is in the collective interest of populations on both sides of the border that our two Governments should work together expeditiously in the area of flood management and irrigation and proceed faster with regard to large multi-purpose projects like Pancheshwor and Saptakosi & Sunkosi.

An area where our co-operation is exemplary is defence and security. We are proud of the legendary valour and sacrifice of the Gurkhas in the defence of India. As our security interests are interlinked, we must continue to consult and coordinate closely to safeguard our shared security interests.

Ladies and gentlemen,

Nepal and India have enjoyed a long tradition of academic and student exchanges. India is happy to help Nepal with its human resource development. Our commitment is reflected in the grant of around 3000 scholarships to Nepalese students every year, providing opportunities to study in Nepal and in India. We offer more than 250 scholarships annually for Government and non-Government employees of Nepal for training in technical institutes in India.

India recognizes that optimal utilization of water resources is essential for accelerated economic development in Nepal. Accordingly, post-graduate scholarships for courses in hydel power

and water resources management at IIT, Roorkee have been offered to Nepali engineers and experts this year.

I am also very happy to announce that from 2017 onwards, Nepali students will have the opportunity to pursue graduate and post-graduate courses in Indian Institutes of Technology on a regular basis. For this, our Institutes of Technology will open their entrance examinations to Nepali students. Aspirants would have the option to write these examinations in Kathmandu.

Our common cultural heritage is yet another important dimension of our bilateral ties. Nepal has been a crucible of social and cultural traditions of both the Hinduism and Buddhism. We can do much more to promote tourist flows in both directions and develop the 'Ramayana' and 'Buddhism' tourism circuits. Enhancing air, Rail and road connectivity will facilitate tourism and normal movement of people.

Our ecological landscape like much else is common and needs to be conserved and preserved. Both Nepal and India have ratified the Paris Agreement on climate change. We must work together with commitment and drive to mitigate the impact of climate change and to promote sustainable development.

At a sub-regional level, we have worked out mutually beneficial arrangements for smooth movement of goods from Bangladesh through India to Nepal and Bhutan. The Motor Vehicles Agreement between Bangladesh, Bhutan, Nepal and India will, no doubt, contribute significantly to the common goal of economic development of the region. The success of this sub-regional co-operation mechanism could make it a model for further initiatives.

In the same context, India remains committed to promoting regional cooperation in the frame work of the BIMSTEC and SAARC. But mutually beneficial cooperation cannot be promoted under the shadow of cross-border terrorism. We need to act decisively against this scourge on humanity. The international community must work unitedly to thwart and isolate those who use cross border terrorism as an instrument of state policy. No state should be allowed to sponsor or harbour perpetrators of cowardly acts of terror.

The open-border brings enormous benefits to our two peoples and facilitates the daily interaction between them—which is a life line of many communities on both sides. We must, therefore, be very vigilant and prevent the misuse of our open border by those who do not have the best interests of Nepal and India at heart.

In a partnership so rich and diverse in its scope and content, there are bound to be, occasionally, some differences in perceptions. This is absolutely normal. With enlightened leadership in both countries, regular consultations, open dialogue, mutual trust and goodwill, we have managed to overcome such eventualities. I would underscore that it would be crucial, in our common interest, to stay focused on our shared objective of peace, stability and development for our peoples and our region. I would stress that India's interest is in seeing a united, stable and peaceful Nepal, a Nepal whose people enjoy the fruits of development and peace. India would like to see a prosperous Nepal, optimally harnessing its abundant natural resources. India is committed to assist Nepal in achieving these cherished aspirations of her people.

In conclusion, I would like to suggest that Nepal-India co-operation be made a Private-Public Partnership. Government as well as non-governmental institutions, think tanks and individuals across the board would have a contribution to make. They would be equal stakeholders in shaping public opinion, analyzing prevailing conditions and recommending effective strategies for success. I would reiterate that we must not lose sight of our common goals. While we progress with each individual initiative, programme and project-big or small—we must take care to see that our sights remain fixed on the larger picture and long-term goals.

With these words, I thank the Neeti Anusandhan Pratishthan, Nepal, Nepal Centre for Contemporary Studies and the India Foundation, for inviting me here today. I thank you all for your contribution to the strengthening of Nepal-India co-operation and wish you great success in your further endeavors.

Thank you once again.



Captain Alok Bansal

His Excellency Shri Pranab Mukherjee, Honorable President of India, Dr. Prakash Sharan Mahat, Honorable Foreign Minister of Nepal, dignitaries on the dais, audience, ladies and gentlemen.

Relations between Nepal and India go so far back that they disappear into the mist of history. The aim of this conference was to explore new vistas to further strengthen a robust relationship. And considering the participation in the conference, it would not be an exaggeration to say that this conference has been an unqualified success. Let me assure you that this is a one of event, but the first in a serious of such events. Such a momentous conference would not have been feasible without the unstinted support of several individuals and organizations. For paucity of time, it would not be feasible for me to name all of them. However, I will be failing in my duty without thanking some of them, without whose unstinted support, this conference would not have materialized. First of all I thank His Excellency Shri Pranab Mukherjee, Honorable President of India, whose presence at this conference today has added gravitas and transformed it to a different level. Your Excellency, it is your visit that triggered the idea of this conference. So, we all owe this conference to you Sir. We are also grateful to His Excellency Shri Pushpa Kamal Dahal 'Prachanda', Honorable Prime Minister of Nepal for taking time out from his busy schedule to inaugurate this conference and for addressing us.

I would also like to thank Dr. Prakash Sharan Mahat, Honorable Foreign Minister of Nepal for being here and enlightening us at such a

short notice. I would also like to thank S. Jay Shankar, Foreign Secretary of India, for his personal encouragement and unstinted support of the Ministry of External Affairs. This conference would not have been feasible without the whole-hearted support of the Indian Embassy in Kathmandu and personal involvement of His Excellency, Shri Ranjit Rae the Indian Ambassador to Nepal, whose valuable advice was just a phone call away. Thank you very much, Sir.

I am extremely grateful to all my distinguished panelists, both from Nepal and India for taking out time from their busy schedule and agreeing to speak at this conference at a very short notice and often, as brought out by Prashant on subjects that were not their strengths. I would specifically like to thank Prashant Jha and Dr. Haribansh Jha, resident Nepali experts in Delhi for their valuable intellectual inputs, and for contacting resource persons on our behalf. We would also like to express our gratitude to our local collaborators namely Neeti Anusandhan Pratishthan, Nepal and Nepal Centre for Contemporary Studies for tying up things at Kathmandu. I would specifically like to thank Shree Neelakantha Upreti, Shri Rebit Kumar and Shri Deepak Kumari Adhikari from Neeti Anusandhan Pratishthan, Nepal and Professor Lok Raj Bara for Nepal Centre for Contemporary Studies for their unstinted support.

I would be failing in my duty if I do not thank my fellow directors at India Foundation especially Shri Ram Madav, who conceptualized this conference and ensured its successful culmination. I would also like to thank my colleague Shri Guru Prakash for putting along us and trying to contact all the panelists and for coordinating this event. I would also like to thank our event manager Shri Prashant and Hotel Radisson for the excellent arrangements, and finally, ladies and gentlemen, I would like to express my deepest appreciation to you all for taking time out to be here with us on both these days.

Thank you very much.



Shri Madhav Kumar Nepal

Namaskar, and good afternoon. I feel honoured to be here among the gathering of intellectuals. I extend sincere thanks to India Foundation, New Delhi, Neeti Anusandhan Pratishthan, Nepal and Nepal Centre for Contemporary Studies for organizing first round of Nepal-India bilateral dialogue in collaboration with these two institutions of Nepal with a view to exploring and recommending new vistas of cooperation between Nepal and India. As the dialogue is being initiated coinciding the state visit of his Excellency the President of India, who has worked with distinction as a Central Minister of the Government of India, handling major portfolios for decades, I am quite optimistic that such an initiative would go a long way in further promoting our close and intimate relations. So, welcome panellists from Nepal and India who are here, and who have already taken part in many of the sessions. I think up to now, six sessions have been complete, and now it is the seventh sessions, that are post-vaedictory session on core areas of economic growth, interest and imperatives.

Relations between Nepal and India have been wide ranging, warm and cordial since time immemorial. These ties of friendship and cooperation are nurtured by close social and cultural relations. Civilizational links and extensive people-to-people interactions. While the two sovereign countries have pursued their own course of political and social development, we have witnessed closer cooperation on bilateral and multilateral levels. Since the two countries and people are so close and intimate, and share so many commonalities, it is not unusual to have certain ups and downs in our ties. The leaders of our

two countries have used their statesmanship and sagacity to resolve any problem that may arise between us.

One matter of satisfaction is that, after a gap of almost two decades, Nepal and India have now resumed a process of regular exchange of high-level visits in keeping with the close and extremely important relations. It is in this context that we wish to extend warm welcome. We already welcomed the President of India as he has remained one of our intimate and closest friends.

India has made its steady progress and assumed remarkable turnabouts in various fields of national development during the seven decades of its formal independence. The future prospective of our bilateral relation is promising. In view of the fact that both the countries are now full-fledged democracies, committed to rule of law, fundamental liberties and universally accepted human rights.

Independent India choose Parliamentary model of democracy; Nepal has not been that fortunate, as the country has to pass through multiple transition from Rana family autocracy to democracy, from partyless panchayat to multi-party system, from unitary to federal set-up, and from monarchy to republican order. The movements for these systemic changes have seriously cost the country, political stability and affected rapid development.

Though the painfully long political transition has made the country fragile on social and economic terms, we are happy that now we are moving towards political stability, thanks to the promulgation of the constitution last year. Besides safeguarding and consolidating democratic gains by the people during the last one decade, the new inclusive and federal democratic constitution has directed us to move towards a spirit of compromise, consensus and national unity.

The Constitution of Nepal can be seen as a lively document to protect and promote human rights and end all forms of discrimination, ensuring rights and liberty of every section of society including Women, Madhesi, Dalit, Tharu, Mulsim, Indigenous and other Monitories, ending marginalization and alienation of the past.

The mega earthquake that hit Nepal on 25 April 2015 and subsequent obstruction in supply of essential commodities from India

after promulgation of constitution have further exposed the level of fragility and hardship that Nepal has been forced to face with serious impacts on the livelihood without any fault of the common people. Security, open border, management of natural resources, trade and transit, cross-border crime, human and goods trafficking, and economic cooperation are some of the focal areas of both the governments and peoples. These pertinent issues need to be comprehensively discussed and analysed with open mind for addressing the changing dynamics of Nepal-India relations. While the central gravity of international politics and economic rejuvenation is shifting to Asia, India's resurgence as a potential economic power with higher economic growth trajectory, established bureaucracy and largest democracy with political stability is sure to have major repercussions in Asia. Its cultural civilization, preponderance of young population and its edge in information technology gives it a benefit of soft power.

Given so much closeness, and commonality, there is no doubt that Nepal and India are natural partners. Planned and judicious use of Nepal's water resources can bring win-win situation as India's hunger for power will be effectively met and Nepal can become self-reliant and developed economy, with consummate impact on standard of living. A developed Nepal can not only act as a citadel for peace and stability in the region, it can to a great extent absorb Indian expertise, and make a big jump in mutual economic transactions.

Personally, I have been emphasizing a profound relation based on the recognition of each other's national interest and sensitivities. Nepal and India, given the extensive interaction that takes place at social, cultural and people-to-people level, state-to-state level, and at the level of the political parties. A sustained dialogue to promote closer ties on the basis of trust and confidence between two democratic countries can have a win-win impact on future course of mutually beneficial ties of friendship and cooperation. India is a giant economy, with bigger responsibilities in the region, as it has tried to take initiative to foster cooperation with other countries. In terms of treaties as I have mentioned with Nepal, India has shown gesture to extend facilities to a poor and underdeveloped country on the basis of non-reciprocity.

On the global and regional level, Nepal is an active, committed and founder member of NAAM, SAARC, BIMSTEC and BBIN initiatives for fostering sub-regional cooperation. Its geostrategic location makes it very important to the region and contribute to regional peace, stability and cooperation.

As I have already stated, Nepal is rich in water resources. We need energy to boost and fuel our economy, and India is a huge market to absorb whatever we can produce in terms of clean and eco-friendly power, facilitate major irrigation schemes, provide portable water and promote river navigation. While these initiatives could be undertaken, major river projects for power generation should be the goal. We have lost precious times and opportunity on account of what one veteran Indian diplomat called, "Shadow of Koshi and Gandak Projects." It is sad that we made many projects with promising outcomes of greatly improving the quality of life in both the countries, including the multi-purpose Pancheshwor Project signed two decades ago are still in paper with no concrete actions taken so far. It is a high time that the decision makers of the two countries came out of this stagnation and commit to push ahead all bilateral schemes that have the potential to radically change the roadmap of our bilateral cooperation.

There are many potential areas of bilateral cooperation including agriculture, herb processing and industrial development using Nepal's mineral resource including limestone deposits, tourism, religious tourism, civil aviation, software development etc. Using Indian capital, know-how and expertise can create new jobs in Nepal, and both will have export potentials.

We welcome private Indian investment in Nepal for mutual benefits. With these words, I wish the first round of bilateral dialogue all success and hope, that it will come out with far-reaching sessions to keeepsake our mutually beneficial ties of cooperation to new heights. As Nepal and India draw substance from the same ecological systems and ethos, there is no ground that the two countries cannot enter a tangible cooperation to bring qualitative improvements in lives of people in Nepal and India.



Shri Shekhar Golchha

Chairperson of today's session former Prime Minister of Nepal Shri Madhav Kumar Nepal fellow panellists and distinguished guests!

First of all, I would like to congratulate India Foundation for organizing this event in collaboration with Neeti Anusandhan Pratishthan, Nepal and Nepal Centre for Contemporary Studies. On behalf of FNCCI, the apex body of business organizations and the private sector in Nepal, I would like to extend our gratitude for providing this opportunity to share our views on exploring new vistas in Nepal-India economic relations.

As we all know—and this is being discussed since the morning—Nepal and India have a very unique and special relation. We share many common cultures and historical traits, values and concerns. Our relationship is based on inter-linkages, *roti-beti*. This word is sometimes used or abused, but we like to use it as *roti-betika sambandha* between our people dating back to pre-historical days.

We, as private sector, always value the economic ties with India. India is the largest trading partner of Nepal and the largest source of foreign investment in Nepal. Likewise, it is also the largest source of tourists in Nepal. In this sense the relation with India has great importance to the economic development of our country.

Before I go any further, I would like to share some data with the distinguished guests. Nepal's export to India is Nepalese rupees 38.8 billion, as per our last financial year records. Out of total exports of

68.58 billion, roughly 65% of it is to India. Our total import from India is 480 billion rupees, out of our total import of 781 billion, so that it is roughly 60% again of our total imports. But what is very important to note is that our trade balance with India is 1:10 ratio, and if you look at this financially, it has worsened further. It's now 1:13 ratio, which is extremely worrying for us.

Another very interesting data is, as per the department of commerce of the Indian government, the percentage share of import of India in Nepal's total import is only 0.14%. So, this is what we export to India, while the import is 1.5%. So, despite our relations, as far as India is concerned, we are a small percentage; just 1.5% of their total export comes to Nepal.

What is also very important is we depend 80% of our food requirement with India. And there was a time when we were food sufficient. But unfortunately, our dependency on food is growing more and more every year, and out 80% of food, which is almost worth 120 billion rupees in a year comes from India. Our total fuel supply is dependent on India; we even import more than 250 megawatt of electricity from India every year. We grew up saying that we are the second energy source hydropower potential in the world, but unfortunately, last year we actually imported almost 2.3 billion worth of power from India. This I wanted to share before I wanted to go any further.

In FNCCI, we have set up a Joint Economic Council, which we call JEC with our counterparts in India, which is CII. The JEC has played an instrumental role in signing of 1996 India–Nepal Trade Treaty, which has helped in increasing Nepal's export to India as well as the investment in Nepal. There is a very long report of what we have worked together, and this is the suggestion of the JEC which we have, but I would like to summarize a few points which are very important.

Regarding the trade balance, of course, the only way to close that trade balance is developing hydropower in Nepal. Just to give you an example, one project Pancheshwor has the potential of reversing completely the trade balance with India, and in fact, we will be in positive balance with India, if we sell power to India. So, there is a great hope, but at the same time, that is a little long term. In short, the suggestions that we have given is as follows:

The first is, we need to reduce the cost of doing business in Nepal. The service taxes and sales tax for all Nepal-bound exports currently service tax and sales tax which is basically levied to internal consumption, has been applied to export bound goods and services by the Indian government. We feel that, they should be withdrawn, but at the same time, in India, the GST is going to be applicable, and with Goods and Service tax (GST) coming, these things and problems I think will be automatically solved. But at the same time, all the exports from India to Nepal did not attract any excise but it is still not clear that after GST has been applied in India, we hope—we have given this suggestion—that excise and other GST should not be applicable for Nepal-bound exports. So, we in other words we request Indian government to treat export to Nepal as par their global market irrespective of the payments modality, even if we are paying in Nepalese rupees or Indian rupees, because GST is not applicable to export to other countries. So it should not be applicable to Nepal as well.

Another important suggestion which we have made is value-addition of Nepalese manufacture product. The cost and expenses made in counter payment made for the services in India like transportation charges are the expense we do in India when we export. Insurance charges and payments made to Customs House Agent (CHA) and Shipping agent should be incorporated in 13% value addition, because this is a cost Nepalese exporters are incurring, as these charges are levied in India. Similarly, the WTO has also decided for 20% value addition. So, we think we also need to rethink the value addition provision in Nepal-India treaty, and this is a suggestion which we have made, and this will help balance our trade a bit. Because, 20% lot of the products can qualify to go to export to India.

The third thing and which is very important for us is the import of third country goods from India. Nepal should be allowed to import third country original goods from India. Now a lot of multinational companies are setting up their warehouses in India; so we feel we should be allowed to import from them, even though they are not of Indian origin. Whether the payment is made in convertible currency or Indian currency, we should be allowed to import, especially industrial input. It seems more restriction from our side, but since this is a joint forum and we are raising this point. The industrial inputs, lifesaving

products, and spare parts should be included in this. It should help in lessening the production cost of Nepalese products and thus enhance competitiveness.

Another suggestion is probably very vital. And that is, we need to reduce the cost of doing business in Nepal. This includes movement of Nepal-bound cargo by rail to various custom points of Nepal. We have been requesting the government of India that Nepal-bound cargos should be allowed to ferry to any custom point in Nepal-India border via train. Right now, Visag Port is open but the viability is still under question.

Likewise, other private sector rail operators should also be allowed to move Nepal-bound cargo, which is still restricted right now to other entry and exit point listed in the treaty. I was hearing various deliberations today and a point I would like to make is, the intention is there, interest of anyone is there, that we should close the gap of trade, and you know, the close relationship both the countries enjoy. But to give you an example, Nepal exports jute products to India. Now, India is seriously considering putting anti-dumping duty on jute products of Nepal. Jute is one industry which is directly employing more than 25000 people, and indirectly, if you look at the farmers, it is employing thousands and thousands more. But unfortunately, despite all the goodness and despite all the promises of help, there is a question that you know anti-dumping duty is going to be levied on jute.

These are some of the issues which I wanted to highlight. Obviously there are lot more issues between Nepal and India, and so we believe that these are addressed affectivity and efficiently, it will really help to address the trade deficit as well as promoting industrial development in Nepal.

Thank you.



Dr. Shakti Sinha

Thank you, Chairman!

I think it is a sign of how great an importance we give to Nepal-India relations that Madhav Kumar Nepal is sitting here with us, and you are sitting with us at 8 o'clock in the evening—a fact that really shows our commitment.

You mentioned the 1996 agreement. I negotiated the agreement on behalf of India. Our present President was then the Finance Minister. We came in Joint Economic Council Meeting. I remember, one Shri Pant used to be the Commerce Secretary. We went to Dhulikhel, a very beautiful place I must say. The agreement was finalized at Dhulikhel over nice chill.

I also want to mention that my family is basically from Kalimpong, but I grew up elsewhere. I can follow Nepali, though I cannot speak it any more. I have not spoken it for the past 55 years, but I can still follow the language.

My former boss Shri Atal Behari Vajpayee always emphasized that you can choose your friends, but you cannot choose your neighbours. I am putting it in the positive manner, not in the negative manner of course. You know, our present government is very much committed to the concept of neighbourhood first. Prime Minister Modi's first foreign visit was to Bhutan. He came to Nepal twice, once for a summit and one for a bilateral visit. He has been to the neighbours again and again. We really feel that we have to grow together at the end of the day. Bundle of sticks tied together is really strong. So, we will be strong. We believe in that.

I have three parts to my talk. I won't take too long. One is about trade, since trade has been mentioned again and again by everybody. Second, I will talk a bit about investment, and third a bit about power.

One thing of course is that India has moved from trade pessimism to a different world altogether. The contribution of trade to our GDP is 65% plus—really high! Now, Indo-Nepal trade—Nisha Taneja has worked on it—has a very large component of informality in it. The trade figure is all wrong. Completely wrong.

Policy makers on both the sides must look at why the informal trade is so high. What is its composition? That will help us bring the appropriate trade facilitation measures.

You mentioned buying third country products from India. It will really help if we work it out, so that at the end of the day, trade is done by the private sector, by two individuals or two companies. Governments do not do trade. I hope not. But the governments set the framework within which trade works which is why it is so important to look at it.

As for bilateral trade deficit, we compare with China. It is 52 billion dollars against China. Our export to China is very small. Our import from China is a little under 68 billion dollars. As a nationalist I feel very bad about it. But if I did not get cheap Chinese electricity good and electricity equipment and boilers, I would suffer. Not China.

Bangladesh again complains with India that it has a huge trade deficit of 5 billion dollars with India, which is true, based on that 5 billion worth of yarns they buy from India. However, they have become a much larger exporter of garments than India.

While in India fear about import deficit with China is high, we don't complain that. We are 6 billion surplus with USA, and have a fifty billion trade with UAE. Do you know what India's largest import from UAE is? Or Iran? Petroleum, right? What is India's export to UAE and Iran? High Speed Diesel (HSD)? Bureau of Alcohol, Tobacco, Firearms, and Explosives Governmental (ATF)?

We must understand how trade works. Thank God the government doesn't do trade. Thank God, Shri Golchha does it. He will do it better than any government can ever do.

Bilateral trade deficit can be an issue. I was looking at the Nepal figures. I am an empiricist. Yes, obviously, your imports are 4.9 billion dollars as of last year's figures, and your exports are 584 million. Obviously it is a huge deficit, but please also remembers that 584 is 65 percent of Nepal's export. Look at it as size of Nepal's export and export pessimism. The fact, as you rightly mentioned, is of doing business by creating investment climate. This is possibly the best way to generate benefit for everybody.

If you focus on one country, you suffer. If I focus on China, India suffers. But your focus is on improving India, and in that case, you know what happens. It is easy to say this as an economist, but as a politicians obviously the stands have to be different because economics does not function in vacuum. It functions in the larger political economy.

But we must address the issues. We must admit that the globe has become very different now. Global values have changed. I am not carrying a book; if you buy a book in England, the author is in one country, the typesetting is done in another country, the jacket is made in a third country, the binding is done in a fourth country, and the marketing is done from a fifth country. Which country owns it? We have to understand how the world economics has changed considerably.

The largest single amount of trade is done as intra-company trade. In other words, in case of a larger company one subsidiary makes one product in one country, another in another. They all converge in a third country to make something and move to a fourth country. I am not carrying my I-phone also. We say an I-phone is made in China. If the price of an I-phone is one dollar, China gets 8 cents or 12 cents out of it. That's it. The largest single component 70 cents plus goes to the United States. Some goes to Taiwan obviously. Economic imperative is a lovely word, but the imperatives of global economics you must understand. Moving into that and building on that, is the right opportunity.

When I mention geography, there is a neighbour. You obviously invest where you are with; you understand that the culture is very important; you understand how the system works. You know people. You know *roti-beti ka sambandha!* You normally look for familiar

surroundings to trade and invest in. In that sense, see this large country of 1.2 billion. If it behaves badly; it will try to improve. It will improve somewhat if it does not improve completely.

But in the larger schemes of things and transmission down to the custom picked at Raxaul, it is a big chain. Problems will occur. Let's accept that fact. We should try to minimize it; we should rightly raise it up and sort it out. But businessmen are businessmen; they also know how to adjust. Let's try to move and build on that.

We were recently in Bangladesh. Bangladesh said why do you send your goods to North East via this long corridor? Why don't you send it through Bangladesh? When we asked for transit through Bangladesh, it was seen as stamping on the sovereignty of Bangladesh. Today, it's the other way round. Bangladesh says, can we not buy oranges from Meghalaya, and pineapple from Tripura, and process them in Bangladesh and sell it back to the North East? The North East is a huge market for Bangladesh. That's how they are pressing us to open more trading points, to improve the roads. You know, the opportunity is there.

A tragedy with India (and this is a tragedy I think for all poor countries) is that, we have become exporters of capital. In certain years India's outward Foreign Direct Investments (FDI) has been 1820 billion dollars. It has now come down through some 7 billion dollars. Most of it goes to developed countries, goes to the UK, goes to Europe, goes to USA, goes to Singapore, and goes to Dubai. Businessmen go with return base. We have to admit that money recognizes no religion, no nationality. It's like water. We have to build on that.

Power is a thing a lot of people talked about. If we treat power in terms of sovereignty and not in asset, then we are in difficulty. Oil can be kept underground for years and not tapped. Gas can be kept underground. Coal can be kept and not mined. But with waters in the rivers? If we do not use, it goes away. It's permanently gone. So, develop! Use that as an opportunity. Whether the investors come from China, Germany or India, it doesn't matter. Where does he /she sell is your sovereign decision. Nobody will tell you what to do. Nepal has to decide how to handle it. Full stop. If you tell the investors to supply 80% to Nepal and 20% to sell to global market—India, Bangladesh,

Myanmar or anywhere else—we are fine with that. But ultimately it is a sovereign decision Nepal has to talk.

How do you attract investment? Look at India. Today the Government of India does not decide investment. Maharashtra does its own investor conference and contract. Madhya Pradesh does its own, Gujarat does its own. Chandrababu Naidu goes to Singapore every six months to draw investment into Andhra Pradesh. In India, the central government allows the state governments to invite investments. You are now going for such decentralization. This example may be of help.

So, I think that is the way we really should base on. Do develop as I said by ensuring strong inter-messing of economies, not just recognizing sovereign lines because sovereignty is political, economics is about quality of life.

I can go on and on, but I should stop. I shall stop with one point, which is about opportunity. I just pick up this paper at the airport in India. Last year India had added 77 thousand megawatts of power. India is heavily surplus in power generation. Fortunately, we have signed Paris Deal; so will have to shut down many of our old plants. Therefore, that does give an opportunity to move towards renewables in a big deal. We are trying to do that ourselves, but others also want to take part in the larger pipe. And as Ambassador Parthasarathy rightly said, Bhutan's per capita income if you take out the power sales to India will go down by 13500 rupees a year. That is the per capita equation to Bhutan's GDP from power sales to India.

I will end with that. Thank you very much.



Ambassador Virendra Gupta

Honorable Shri Madhav Nepal, fellow panellists, distinguished guests, ladies and gentlemen!

We have been talking since morning. A lot of issues have been discussed. I was very much struck by the remark from the floor at one of the sessions. A valid question was asked as to why we are having this dialogue. And I think the short answer is that, as the name of the conference itself suggests: exploring new vistas. New vistas would include exploring new ideas, sensitizing both people in Nepal and India on new and positive thinking, because very often what can go wrong amongst friends is just a matter of perception and not a reality based on facts, but it's a matter of perception. But perceptions are very important, and we need to address those matters of perception.

I was also struck by some very candid remarks by various presenters in drawing attention to what a new thinking has to come on the Nepalese side. That's a very positive approach and to that I would like to add, that on the Indian side as well, we need to have a serious introspection. In fact, I would emphasize that point by saying that India being the bigger neighbours, there is a greater sense of responsibility in India. And India has to show greater maturity and I will come back to it, elaborating the point.

Politically and economically, economic stability in a neighbour is in our long term interest. That could be generally said. Of course, it cannot be applied to a neighbour which has an adversarial disposition like Pakistan. There has been many years it has been said in India that

a strong and stable and economically doing well Pakistan is in our favour, but I don't think that is the case. But certainly Nepal! The kind of friendship and goodwill that is existent between our countries for thousands of years, and given our civilizational links, I think that maxim holds very true with regard to Nepal and India. There are substantially existing links, a very sizable trade of 6 billion dollars, almost an equal amount of informal trade which Shakti talked about, lot of people from Nepal and lot of people from India work in each other's country, free movement of people takes place, there are lot of things happening, and these are not insignificant, but clearly as our President in fact, in his address this afternoon said, the potential is much higher. And a lot more needs to be done.

Now, expressive suggestions have been made by Shri Golchha, and I am sure, if they were submitted to our government, they would look at it. There is need for tourism and transport links to ensure connectivity not just for movement of people but also for the movement of goods. And not just for movement of Indians and Nepalese, but there is also a sizable amount of business that should be done with third country nationals. We can create connectivity and in that respect, of course, the Buddhist Circuit and all the other tourist networks that were mentioned are important, and I am sure, work could be undertaken on that.

In electric power as Shri Sinha in fact talked about, India is at the moment surplus, but I think that situation will not continue for a very long time. India needs power to sustain the level of growth of 7.5 percent which is so critical for eradication of poverty. So I think there is no second opinion that we need power. And we need clean power. Nepal can supply this clean power. And Nepal has huge potential for hydroelectric production. I have seen figures of 90 thousand megawatt mentioned; even if you regard that as slightly exaggerated, 700 megawatt production only has been undertaken so far.

I am very encouraged to see great acceptability in Nepal, and at the political level in fact, I have heard the Prime Minister himself mention it at the inaugural session here. And also at the address he gave at the India Foundation in Delhi almost a month ago. Mega projects, PTA and PDA have been signed. I hope there would be some progress on some of these told projects.

But apart from the mega projects, I think there is need to do something. We have remained stuck in the mega projects. There are run-of-the-river projects and a sizable amount of electricity can be produced from such projects; I think they should be recorded with priority and can be undertaken by private sectors. Now this would make better availability of power in Nepal which is I think is extremely important for industrial growth, because you need power. And you cannot really design the kind of growth that is designed on borrowed power from India. Particularly it's ironical that Nepal has to borrow power from India. Nepal as such has such large potential of meeting not only its power requirement but also contributing a great deal to its economic activities. And as Shakti said, it can make a sizable contribution to the GDP; it can address the trade deficit with India.

Now, it seems to me there have been sensitive issues about what Nepal would do with the power produced here. And some suggestions have been made that whatever is the surplus power should be exported to India. In this respect, I am reminded of an incident in fact which I encountered in 1998 when I went to Tanzania as Ambassador. One of the Indian companies was undertaking a project to set up a gas-based fertilizer plant, and the idea was that whatever they would make would be sold to India. Now that created a kind of very negative perception in Tanzanian people's mind. And we needed a lot to do in terms of correcting that impression by emphasizing that whatever fertilizer was produced, the first right on that production was that of the Tanzania itself. So whatever Tanzania would not be able to consume domestically, we were ready to undertake or enter into a buy-back arrangements. I think that needs to be emphasized, and as Shakti rightly said, whatever electric power is produced in Nepal, Nepal has the sovereign right to decide on what should be done with that power. If you want to sell power to China, by all means, do that. If you want to sell that power to Bangladesh, by all means, do that. Selling to either Bangladesh or China would require it to be built, and there are technical and economic feasibility issues. But let it be very clear that on Indian side there would be no political issue about Nepal supplying the power produced as a matter of sovereign decision to whoever it considers right. That's Nepalese decision. And I think we would do a lot in terms of creating a better perception by creating an assurance of that kind.

As it has been said, we are very nice people and we would cooperate and we will deal with each other in a friendly manner, but it's politics which destroys everything. I don't want to comment on it, particularly since a former Prime Minister is sitting next to me, but I think politics is receding into background. It is largely increasingly on economic consideration that transaction is made, business is done, investment is invited

It's a misconception that governments undertake investments. Governments don't do anything at all; governments only create favourable political climate, favourable business climate; but the decisions have to be made by business people. And I think the foremost consideration is that of economic and technical feasibility.

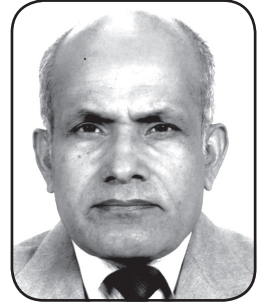
Now, that brings me to the somewhat sensitive questions about China. What should we do with China? Why should China in Nepal remain such a boggy with us? The question is that you know the whole global scenario has changed. We no longer living in the nineteenth and twentieth century. We no longer live in a situation where the world is divided into power blocks or is characterized by cold war situation that a country would require to choose between one of the two, or the other power block. If the characterization was that and if you are not for me, you are against me. I think that scenario of such polarization has change. I think it is very unfair that Nepal should be faced with a dilemma to choose between India and China. In my opinion, Nepal should be able to choose both India and China. Why do I say that? Because, in India, we seem to have optimum benefit and optimum relationship with China, with USA, with Japan and Russia. Now, all these four power centres including some other power centres, are oftentimes competing with each other and yet, we have not only maintained in rhetorical terms, but in practical terms too. If you look at the facts and figures, the amount of bilateral trade we have with China, the amount of relationship that we have with America, you will see, we have moved in a strategic orbit with America, and we have sought to optimize our relations with competing global powers. Now every work we do for ourselves, how fair is it for us to deny that to Nepal? Even in terms of perception, why should it be a dread for us?

Likewise, let's look at the Western countries' involvement in Nepal. I remember in 2006 after almost a decade of civil war in Nepal,

there was a massive need for reconstruction, and there that massive need for reconstruction continues to remain in Nepal. Large amounts of funds would be required. I don't know; maybe 20 thousand crore, maybe 50 thousand crore would be required. India alone cannot provide those kinds of funds. Having said this, my first premise is that a politically and economically stable and strong Nepal is in our interest. Now if that premise I believe in, and if 50 thousand crore is required from Nepal's reconstruction and development, which India cannot provide, then how fair is it for me to block or try to block that money coming into Nepal? Whether that money comes from China, or whether that money comes from some western country, I think we need to get rid of ourselves and of insecurities. We need to rid ourselves of the mind-set and I think this is a candid reflection on our part that we cannot regard Nepal any longer—particularly in this new world of more mature and pragmatic thinking—as our exclusive area of influence, or that exclusive domain. That narrow approach has to go. We have to be broad-minded, get rid of our insecurities.

Now how do we do that? I think, it seems to me that with a confident Prime Minister, a government which has considerable majority in the Parliament, we can do it. It is probably for the first time that our government has the requisite maturity and confidence to be able to deal with the situation, to be able to deal with this kind of insecurity. It requires a lot of confidence and maturity on our part to be able to deal that Nepal can have equitable relationship with neighbours and try and seek external investments into the country. So, I think in short, we need to change our perception towards our friends, so that Nepal will have progress. Only then, Nepal and India will grow deeper.

Thank you very much.



Professor Hari Bansh Jha

Chairman Shri Madhav Kumar Nepalji, sisters and brothers!

I am the last speaker of the last session of the two-day conference and I think there is perhaps nothing left for me to touch upon. However, this is such an important topic that is "Economic Growth: Interests and Imperatives" and that is one of the my areas of interest. I need to share some of my thoughts in this aspect with all of you. I will be very brief.

Now, as I continue, I just want to take you a little back in the era of early 1950's. Because, in 1951, we were freed from autocratic Rana regime and that was the time—actually a little before in 1947—that India achieved independence, and just two years after that, China achieved its independence. So, it was more or less the same time from when the journey of growth and the journey of freedom started in all these three important countries.

Now up to the coming to 1950's or 1960's or even safe to say in the mid of the 1970's, Nepal was not behind either India or China. So, in terms of economic growth we are not bad actually. If I am to tell, Nepal was one of the leading rice exporting countries of the world until the middle of 1970's. To be very specific, we were the fifth largest rice exporting county in the world. In terms of jute, we had monopoly. And, we were far better in terms of per capita income and in all that, we were second to none in comparison with China or India.

But where do we stand now? We are at the bottom in per capita income at the global level. Even if we come to South Asia, we are at the bottom I think. The per capital income of a country like Afghanistan is higher than that of ours.

If we talk of political instability and all that, we are not far behind Pakistan. We are very much vulnerable to unstable situation in this region. If the existing political crisis is not amicably addressed, I think we are in such a situation that we may go to further conflict.

Now what is that we need to do in the existing situation? I think the greatest hurdles for us are the so-called nationalists of the country. I will just give you one example. In 1963, we gave a call for trade diversification, which clearly meant to do trade with any country of the world except India. So, there was no point of comparative advantage actually. It could get better deal from India. What was the harm of doing trade with India, exporting to India, or importing from India. I don't see it. But then, because of this policy, we gave substantial incentives on the export of goods to any countries other than India. And similarly, we gave substantial incentives for the import of goods from other countries of the world. So, that was the crux of the problem that started from there.

Now, coming up with the recent time in which we signed certain agreements with China, I have my doubt. For whose benefits have some of the recent agreements with China signed? Does it serve our Nepal's interest, or does it serve China's interest? If it serves our interest, it is fine. But then, we have to take it or understand it very clearly.

Whatever has happened has happened. Now the only thing that I think would save Nepal is to give a great thrust to catching-up approach. Fortunately, we have two neighbors. China on the one hand has emerged as the leader, at least economically at the global level. It is likely to overtake even the United States of America. On the other hand, we are seeing another vibrant economy emerging and that is India, which has even surpassed China in terms of the rate of economic growth. So, China is a leader, but then India is coming up very fast just to catch up with China or many other countries. Now in such a scenario I think, we have a great opportunity to benefit from both India as well as China. We need to know about the areas in which we could work upon.

Madhav Kumar Nepalji has very clearly said that we have advantages over both India and China in terms of agriculture, in terms of climatic advantage over both these two countries, in terms of herbal production also. The total breadth of our country is between 120 kilometres to 150 kilometres and we have all the landscape right from the sea level up to Mount Everest. So anything that could be produced in any climatic situation in the world can be produced here in Nepal. So, we have climatic advantage here.

We have a lot of tourism potential. If we could develop corridor between Ayodhya and Janakpur and if we are able to link the two, I think that there would be massive flood of tourists from India itself. Because, India is the country that has over one billion Hindu population, and even if we could tap a fraction of that to Janakpur, the whole of the Terai region will benefit from it. Similarly, in terms of hydropower, we have so much potentiality.

Now I tell many of my friends from Madhes that there was a time when there was massive migration of population from the hills to the Terai and that was a substantial exchange which was able to change the demographic composition of the Terai. Now there has been another change now as I see in terms of economic growth. I see a beginning has been made and rather much work has been done for the construction of 1700 kilometres of mid-hill highway in the hilly region of Nepal. And, this is the road that passes through one of the most beautiful and most advantageous climatic conditions in Nepal. So, there are different opportunities. Ten bigger townships are being created in all these stretched. Beautiful health institutions can be grown there, good educational institutions can be grown there, lots of tourism opportunities are there. This is also the time when maybe the Madhes of the Terai could get an opportunity to come and settle in the hills. So, there is going to be another migratory change if we are able to develop the hills. Development of the hills is not antagonistic to the development of the Terai or Madhes, and so, the development of Madhes or Terai is not antagonistic to development of the hilly region.

In fact, the potentiality of Madhes has not been understood. Over 50% of the total population of our country is residing in Madhes, which just occupies 23% of the total land area of the country. So, there

is great potential. The whole population is there. And today, if we have to do politics in Nepal, one cannot ignore Madhes. If you have to do business, you cannot ignore Madhes, because that is the gravity centre. So, we have one gravity centre in Madhes and another of such centres coming up in the hills. These are some of the great opportunities.

I will just conclude with one point. In 1996, we signed Mahakali Treaty. Shri Deuba was the Prime Minister. The CPN-UML that is Madhavji's party split over the issue, but did not give up. The party was allowed to fracture, all because a section of his party didn't support this spirit. But then, there was a spirit that we have to move further and this Mahakali Treaty was signed. However, no much work has been done in that direction.

Many of our panellists in earlier sessions said that there was a potentiality to harness six thousand megawatt of hydropower from that project. If that single project could have made materialize, Nepal would not have been the Nepal that we see today. It would not been a poor Nepal; it would have been the most prosperous Nepal.

With some of these words, I think time has come to show the same spirit again.

Thank you.



Shri Madhav Kumar Nepal

Thank you Shri Hari Bansh Jhaji. Now, we are going to conclude. I think that the initiative taken by India Foundation, Neeti Anushandhan Pratisthan, Nepal and Nepal Centre for Contemporary Studies has proven very good to bring intellectuals from both the countries together to discuss about Nepal-India relation. We all are worried that the status of our nation is not so as we have been aspiring for or as time is demanding for. That's why this initiative is very good.

From my part also, I was thinking about starting a new track, because track one is government-to-government, and track two is at people's level. So, I was thinking that we should have one and half; it means from the part of the former Prime Ministers to that level, I should take the initiative and bring all the leaders of South Asia together. And so, in one of the international conferences, we decided to form a Former Prime Ministers' Group at the SAARC level. So, I was given the responsibility to be a convener. Then I wrote letters to all the former Prime Ministers of the SAARC region, and then the problem came. We were unsure what will the response of the governments in power be. If the establishments were not positive, how could it move forward?

Then, I talked with Man Mohan Singhji and other people over the telephone. They had the same queries in their minds, and if it would be taken mistakenly or they would have any other sort of thinking that it was a new platform against the government in power, then it would be a big problem for us. So that was the problem. Even then, some time back, we took the initiative from the Parliament and organized a seminar at the SAARC level on the issue of effectiveness of the

SAARC. There we thought why not this forum take the initiative to bring all the parliamentarians of South Asia! There are things which cannot be settled on the government to government level. In that case, we the parliamentarians, and we the leaders, we the former Prime Ministers, former Heads of States could sit together, discuss about the things, which cannot be discussed in the formal forums.

I think this forum is also good one. There are many such things which need to be discussed in an open atmospheres. Introspection is needed in my opinion. The problem is not on one side; problems are there on both the sides.

I have my long experiences of dealing with India. I think it was twenty-five years before that I first went to India, sent by my party, to talk about the Tanakpur Agreement, because our party was deadly against that Agreement. We were telling that this was a treaty not an understanding. So attention of the Parliament was there; so it must be put as an agenda of the Parliament, and to be adopted by two-third majority there. But the Prime Minister of the time Shri Girija Prasad Koirala was deadly against that. So, we had long differences over that one.

To resolve this problem, we went to Delhi. I talked with Surjit Singh, Communist Party of India(M) leader, and Shiv Shankar Menon, Joint Secretary in the Foreign Ministry. Shri Menon came to the residence of Surjitji. We discussed there for hours, where I put one proposal: please hold it, the issue of Tanakpur cannot move forward. So, why not to move for a Mahakali Treaty, because Mahakali is a river which is on the border, and there, both the countries have equal right! We should think about developing Mahakali Treaty and think about developing Pancheshwor Project.

Actually it was in 1991, when in Delhi, I myself was there, CP Mainali was there, an another fellow from the far west was there. We three talked with them. We took the initiative. On one hand, we criticized what we did not like; we objected. On the other, we gave a way out. That is my experience about many of the issues that are there between us.

You know Koshi-Kamala Diversion Project. India was all the time against that project; it was objecting on the international seminars.

So, when I was the Foreign Minister and Deputy Prime Minister, I raised the issue with Shri Vidya Charan Shukla. At that time, one of the energy secretaries was Shri Reddy. When he came to Nepal he told me that this diversion project could not be accepted by India. I asked why. He said, it was not going to benefit India; so we have serious objection on that project.

I raised the issue with Vidya Charan Sukla. He finally said, even if India was not getting any benefit, we don't have any problem if Nepal was getting benefit, because the river is in Nepal, and land is in Nepal.

There are people who have segregating mind-set. There also are people who have wide opinion and magnanimity. So, I think we need to have more and more discussions. We have spent and wasted more time. As for example, in this Pancheswor Project, we have spent years discussing where to have the headquarters: in India's land or Nepal's land, and who will lead, India or Nepal and who will be second.

I think this forum which you have initiated is a very good one; we can sit together discuss all the things. We have many experiences. We have to go together, we have to work together, we have to benefit together.

In business, if Nepal gets benefit from China, it will do business with China. If it gets benefit from India, it will do with India. Or with Bangladesh for that matter. So, there should be no objection there.

Nepal is not a country against India. No government in Nepal is against India's security interest. We know that we have to live together. We want peace, stability and economic development. All the senior leaders, the President of India, our Prime Minister, the Foreign Minister and all the speakers have the same opinion as I heard them. Thanks to all those people who have expressed their views, and who are thinking to use the opportunity for economic development for both the countries.

Thank you very much.

Nepal and India

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Kathmandu, Nepal



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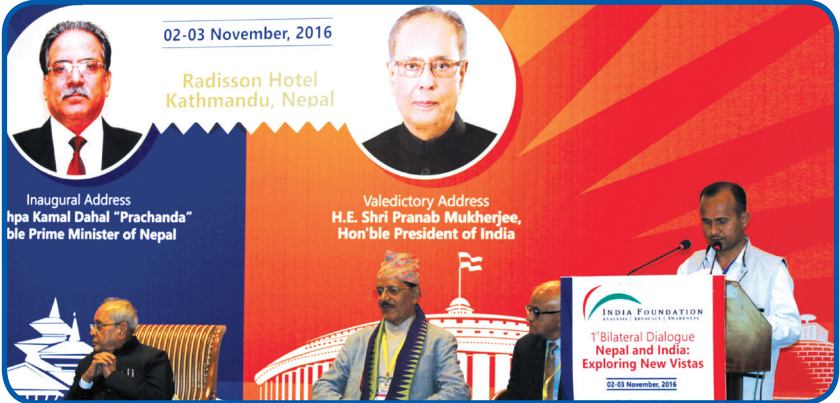
















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