

B.A. DEFENCE STUDIES

Year	Subject Title	Sem.	Sub Code
2018 -19 Onwards	ALLIED IV: INDIA AND HER NEIGHBOURS	IV	18BDS45A

Objective:

To highlight the Indo-Centric character of South Asia and educate the students its influence on India's relations with them is the objective of this paper.

Credits: 4

UNIT: I GENESIS OF INDIA'S FOREIGN POLICY

1. Nehru's Foreign Policy
2. LalBahadur — Indo- Pak War 1965
3. Indira Gandhi — Bangladesh.

UNIT:II INDIA WITH CHINA, BANGALADESH, NEPAL

1. India's economic relations with China
2. Indo — Bangladesh relations since 1971
3. India and Nepal.

UNIT-II

TOPIC-1

India-China Relations:

India-China relations is an important topic from the GS Paper II, International Relations perspective of the UPSC Exam. The People's Republic of China (PRC) was established on October 1, 1949, and India was the first non-communist country to establish an Embassy in PRC. On April 1, 1950, India and China established diplomatic relations. The two countries also jointly expounded the Panchsheel (Five Principles of Peaceful Coexistence) in 1954.

Background of India-China Relations

Chinese Premier Zhou Enlai visited India in June 1954 and Prime Minister Nehru visited China in October 1954. Premier Zhou Enlai again visited India in January 1957 and in April 1960. The Sino-Indian conflict, which took place from October 20 in 1962 led to a serious setback in bilateral relations. India and China restored ambassadorial relations in August 1976. Higher political level contacts were revived by the visit of the then External Affairs Minister, A.B. Vajpayee in February 1979. The Chinese Foreign Minister Huang Hua paid a return visit to India in June 1981. Prime Minister Rajiv Gandhi visited China in December 1988. During this visit, both sides agreed to develop and expand bilateral relations in all fields. It was also agreed to establish a Joint Working Group (JWG) – to seek a fair, reasonable, and mutually acceptable solution on the boundary question and a Joint Economic Group (JEG). From the Chinese side, Premier Li Peng visited India in December 1991. Prime Minister Narasimha Rao visited China in September 1993. The Agreement on the Maintenance of Peace and Tranquility along the Line of Actual Control (LAC) in the India China Border Area was signed during this visit, providing for both sides to respect the status quo on the border, clarify the LAC where there are doubts and undertake CBMs. President R. Venkataraman paid a state visit to China in May 1992. This was the first Head of State-level visit from India to China. President Jiang Zemin's state visit to India in November 1996 was similarly the first by a PRC Head of State to India. The four agreements signed during his visit included the one on CBMs in the Military Field along the LAC covering the adoption of concrete measures between the two militaries to enhance exchanges and to promote cooperation and trust. India-China political relations are enhanced and strengthened by various mechanisms. There is a close and regular interaction between strategic and foreign policy think-tanks.

Relations After Nuclear Test

After the nuclear tests on 11 May 1998, the relations faced a minor setback. External Affairs Minister Jaswant Singh visited China in June 1999 and both sides reiterated that neither country is a threat to the other. President K.R. Narayanan's visit to China in May – June 2000 marked a return to high-level exchanges. Premier Zhu Rongji visited India in January 2002. Prime Minister A.B. Vajpayee visited China in June 2003 during which a Declaration on Principles for Relations and Comprehensive Cooperation was signed. This was the first comprehensive document on the development of bilateral relations signed at the highest level between India and China. India and China concluded a border trade protocol to add a border crossing between Sikkim and Tibet Autonomous Region. The two Prime Ministers appointed Special Representatives to explore from the political perspective of the overall bilateral relationship the framework of a boundary settlement.

Indian Companies in China

With the growth in bilateral trade between India and China in the last few years, many Indian companies have started setting up Chinese operations to service both their Indian and MNC clientele in China. Indian enterprises operating in China either as representative offices, Wholly Owned Foreign Enterprises or Joint Ventures with Chinese companies are into manufacturing (pharmaceuticals, refractories, laminated tubes, auto-components, wind energy, etc.), IT and IT-enabled services (including IT education, software solutions, and specific software products), trading, banking, and allied activities. While the Indian trading community is primarily confined to major port cities such as Guangzhou and Shenzhen, they are also present in large numbers in places where the Chinese have set up warehouses and wholesale markets such as Yiwu. Most of the Indian companies have a presence in Shanghai, which is China's financial center; while a few Indian companies have set up offices in the capital city of Beijing. Some of the prominent Indian companies in China include Dr. Reddy's Laboratories, Aurobindo Pharma, Matrix Pharma, NIIT, Bharat Forge, Infosys, TCS, APTECH, Wipro, Mahindra Satyam, Essel Packaging, Suzlon Energy, Reliance Industries, SUNDARAM Fasteners, Mahindra & Mahindra, TATA Sons, Binani Cements, etc. In the field of banking, ten Indian banks have set up operations in China. State Bank of India (Shanghai), Bank of India (Shenzhen), Canara Bank (Shanghai) and Bank of Baroda (Guangzhou), have branch offices, while others (Punjab National Banks, UCO Bank, Allahabad Bank, Indian Overseas Bank, Union Bank of India, etc.) have representative offices. Apart from PSU banks, private banks such as Axis, ICICI also has representative offices in China.

India-China Relations:-

Chinese Companies in India

According to information available with the Embassy of India, close to 100 Chinese companies have established offices/operations in India. Many large Chinese state-owned companies in the field of machinery and infrastructure construction have won projects in India and have opened project offices in India. These include Sinosteel, Shougang International, Baoshan Iron & Steel Ltd, Sany Heavy Industry Ltd, Chongqing Lifan Industry Ltd, China Dongfang International, Sino Hydro Corporation, etc. Many Chinese electronic, IT, and hardware manufacturing companies also have operations in India. These include Huawei Technologies, ZTE, TCL, Haier, etc. A large number of Chinese companies are involved in EPC projects in the Power Sector.

These include Shanghai Electric, Harbin Electric, Dongfang Electric, Shenyang Electric etc. Chinese automobile major Beijing Automotive Industry Corporation (BAIC) has recently announced plans to invest US\$ 250 million in an auto plant in Pune. TBEA a Xinjiang-based transformer manufacturer has firmed up plans to invest in a manufacturing facility in Gujarat. During the visit of Premier Wen to India, Huawei announced plans to invest in a telecom equipment manufacturing facility in Chennai. India-China economic relations constitute an important element of the strategic and cooperative partnership between the two countries. Several institutional mechanisms have been established for enhancing and strengthening economic cooperation between the two countries. Besides the India-China Joint Economic Group on Economic Relations and Trade, Science and Technology (JEG), and the India-China Strategic and Economic Dialogue (SED), a Financial Dialogue has also been taking place between the two countries since 2006.

India-China Financial Dialogue

In accordance with the MoU on the Launch of the Financial Dialogue between India and China, signed during Chinese Prime Minister Wen Jiabao's visit to India in April 2005, the two sides have since successfully held Financial Dialogues. A Joint Statement was signed and released at the end of the Dialogue. During the Dialogue, both sides exchanged views on the global macroeconomic situation and policy responses, with specific reference to current risks to the global economy and the role of India and China in the post-crisis recovery phase. Discussions also took place on G20 issues including reforms in the International Monetary System and the Framework for Strong, Sustainable, and Balanced Growth.

Banking Links

Many Indian banks have established their presence in mainland China in the last few years. Four Indian banks, namely, State Bank of India (Shanghai), Canara Bank (Shanghai), Bank of Baroda (Guangzhou), and Bank of India (Shenzhen) have to branch offices in China. At present, the State Bank of India is the only Indian bank to have the authorization to conduct local currency (RMB) business at its branch in Shanghai. More Indian banks are planning to upgrade their Representative Offices in China to branch offices and existing branch offices are applying for RMB license. Various Government institutions and agencies from the two countries have also been interacting with each other for furthering cooperation in areas such as taxation, human resource development, and employment, health, urban development, and tourism. There are a close exchange and interaction between the economic think tanks and scholars as well.

Chinese President Xi Jinping's Visit (In September 2014)

China's President Xi Jinping's visit to India will go down history in five major aspects. Annual Visits at the level of heads of State/Govt. A city in each country identified for a smart city demonstration project. Increase speed on the existing line from Chennai to Mysore via Bangalore. Training in a heavy haul for 100 Indian Railways officials

Redevelopment of existing railway stations and establishment of a railway university in India. 2015 as the 'Visit India Year' in China and 2016 as the 'Visit China Year' in India. Promoting tourism products and routes in India based on the historical travels of the Chinese-monk scholar Xuan Zang to India in the 7th century AD. China would be a partner country at the Delhi International Book Fair 2016. China would be a guest country at the Indian International Film Festival 2014. Strengthen exchanges in movies, broadcasting and television shows. The first round of maritime cooperation dialogue to be held this year. Latest Developments in India-China Relations In September 2014 the relationship became strained as troops of the People's Liberation Army (PLA) reportedly entered two kilometers inside the Line of Actual Control (LAC) in the Chumar sector. The next month, V. K. Singh said that China and India had come to an "agreement of views" on the threat of terrorism emanating from Pakistan. On 16 June 2017 Chinese troops with construction vehicles and road-building equipment began extending an existing road southward in Doklam, a territory which is claimed by both China as well as India's ally Bhutan. On 28 August 2017, China and India reached a consensus to put an end to the border stand-off. Both of them agreed to disengage from the standoff in Doklam. On 18 June 2017, around 270 Indian troops, with weapons and two bulldozers, entered Doklam to stop the Chinese troops from constructing the road. Among other charges, China accused India of illegal

intrusion into its territory, across what is called the mutually agreed China-India boundary, and violation of its territorial sovereignty and United Nations Charter. In May 2018, the two countries agreed to coordinate their development programs in Afghanistan in the areas of health, education, and food security. In 2019, India reiterated that it would not join One Belt One Road initiative, stating that it cannot accept a project that ignores concerns about its territorial integrity. On 11 October 2019, Chinese president Xi Jinping met with Indian prime minister Narendra Modi at Mahabalipuram, Tamil Nadu, India for a second informal meeting between India and China. On 10 May 2020, Chinese and Indian troops clashed in Nathu La, Sikkim (India). 11 soldiers were injured. Following the skirmishes in Sikkim, tensions between the two countries grew in Ladakh with a buildup of troops at multiple locations. In the initial weeks of June 2020, there was a substantial buildup of troops on both sides of the LAC, with both the Indian and Chinese army matching strength for strength

Following a high-level visit by commanding officers of both the Indian and Chinese forces, the Chinese army on June 9th, 2020 agreed to withdraw about 2-2.5 km away from the disputed territory, with the Indian army also agreeing to disengage at some locations. Talks for further disengagement are to continue in the coming days. A major incident had occurred in the stand-off between India and China in Ladakh on the night of 15th June 2020. One Commanding Officer and two jawans of the Indian Army lost their lives during a violent face-off with Chinese troops in the Galwan area of Eastern Ladakh. These are the first combat deaths on the disputed boundary since 1975. In total, 20 Indian soldiers were martyred in the clashes. Indian Army had given a befitting reply to the Chinese Army and as per different Indian media reports, the Chinese Army lost a substantial number of soldiers in the ensuing conflict. Army Chief Gen Manoj Naravane had taken a review of the situation and announced that further steps will be taken to de-escalate the situation while calling for restraint from personnel of both the Armies.

UNIT-II

TOPIC-2

India - Bangladesh Relations.

India's links with Bangladesh are civilizational, cultural, social, and economic. There is much that unites the two countries a shared history and common heritage, linguistic and cultural ties, passion for music, literature, and the arts. With Bangladesh, India shares not only a common history of the struggle for freedom and liberation but also enduring feelings of both fraternal as well as familial ties. This commonality is reflected in multi-dimensional relations with Bangladesh at several levels of interaction. High-level exchanges, visits, and meetings take place regularly alongside the wide-ranging people to people interaction. India's Missions in Bangladesh issue about half a million visas every year and thousands of Bangladeshi students study in India on a self-financing basis and are recipients of over one hundred annual GOI scholarships.

Sharing of River Waters

India and Bangladesh share 54 common rivers. The Ganga Water Treaty was signed on December 12, 1996, for water sharing of river Ganga during the lean season (January 1-May 31). The 37th Joint Rivers Commission (JRC) meeting was held in New Delhi from March 17-20, 2010. In the last

technical level meeting held in Kolkata in February 2012, both sides exchanged data at Dalia in Bangladesh and Gazaldoba in India.

Bilateral Trade

Bangladesh is an important trading partner for India. India's exports to Bangladesh in FY 2018-19 stood at \$9.21 billion and imports from Bangladesh in FY 2018-19 was at \$ 1.04 billion.

Institutional Mechanisms

Some of the important institutional mechanisms that meet periodically to discuss bilateral issues include Joint Rivers Commission (JRC) and Joint Economic Commission (JEC) at Ministerial level, Foreign Office Consultations, Home, Commerce and Water Resources Secretary level talks, BSF-BDR DG-level border coordination conference, Joint Working Group on Security (JWG), Joint Boundary Working Group (JBWG), Joint Working Group on Trade (JWG), Joint Group of Customs Officials (JGC), Protocol Renewal Committee and Standing Committee to review implementation of Protocol on Inland Water Transit and Trade, and Inter- Governmental Railway Meeting.

India's Economic Assistance to Bangladesh.

On the economic assistance side, India has extended a line of credit of US\$1 billion to Bangladesh for a range of projects, including railway infrastructure, the supply of BG locomotives and passenger coaches, procurement of buses, and dredging projects. The Line of Credit Agreement was signed in Dhaka on August 7, 2010, between EXIM Bank of India and the Government of Bangladesh. India has stood by Bangladesh in its hour of need with aid worth over Taka 250 crore (over US \$ 37 million) to help it cope with natural disasters and floods in 2007-08 including the supply of 1,000 MT of skimmed milk powder, and 40,000 MT of rice. India has completed and handed over 2,649 core shelters in the affected villages in the Bagerhat district in southern Bangladesh.

Conflict Zones

The main factors which have contributed to the strained relations between the two countries are –
Insurgency: Insurgency is one of the bone of contention between the two countries. The question of ISI operating from Bangladesh and supporting the insurgents in the North-East was one of the major issues. In 1999, it was reported that the porous border between India and Bangladesh has been used by the insurgent groups for movement to and from their camps. In 2001, media reports highlighted the presence of a number of camps in Bangladesh operated by National Liberation Front of Tripura (NLFT), United Liberation Front of Assam (ULFA) and National Democratic Front of Bodoland (NDFM). There are also reports that ULFA has several lucrative income-generating projects in Bangladesh to sustain its insurgency activities in India. However, recently there have been positive developments and the security establishments of India and Bangladesh have been closely cooperating with each other to resolve the problems. Illegal Migration: The flow of migrants across the Bangladesh boundary due to unstable conditions in Bangladesh has also caused tension between the two countries. The large influx of such migrants across the boundary has posed serious socio-

economic-political problems for the people of Indian states bordering Bangladesh viz, Tripura, Mizoram, Assam, Meghalaya, and West Bengal. India sought to check the problem of refugees by erecting a barbed-wire fence along the border which was greatly resented by Bangladesh. Therefore, India decided to construct a road along the 2,200 km Indo-Bangladesh Border, 150 yards from the demarcation line to check the infiltration of unauthorized persons into India. India facilitated the repatriation of Bangladeshi Chakma refugees from camps in Tripura. All of whom have returned.

Water Dispute: In 1975, India completed the Farakka Barrage across the Ganga. As a lower riparian state Bangladesh was vitally concerned and the assassination of Mujibur Rehman in August that year during a Coup made matters worse. The dispute continued thereafter with no proper settlement. With the formation of the Awami League government in June 1996, the fresh impetus had been given to Indo-Bangladesh relations. In 1996, Indo-Bangladesh water treaty was signed on the Farakka barrage. This accord was an improvement upon the 1975 Farakka Accord. According to this treaty, India is supposed to allow at least 35,000 cusecs of water to flow into Bangladesh. But according to critics, it hardly reaches above 25,000 cusecs. Critics have also questioned the rush and secrecy that featured the settlement. Begum Khaleda, shortly after assuming office told a visiting Indian emissary that the treaty needs to be adjusted and revised, to ensure a fair and equitable share of water to Bangladesh, especially during the dry season.

Border Disputes: Border tensions between India and Bangladesh are not new. India and Bangladesh share a land border of 4,096 km and a maritime border of 180 km. The non-demarcation of a 6.5 km land border along the Comilla — Tripura makes the border question unresolved. India's reluctance to resolve this issue is attributed to the concerns of the people living in the lands likely to go to Bangladesh after demarcation.

Sharing River Water: Water dispute is one of the major problems between the two countries. The sharing of the water on a permanent basis is a major thrust of Bangladesh. India and Bangladesh share 54 common rivers and have an agreement on the sharing of waters of river Ganga during lean season (January 1-May 31). Signed on December 12, 1996, the Ganga Waters Treaty is based on principles of equity, fairness and no harm to either side and continues to work satisfactorily. The two countries have a bilateral Joint Rivers Commission (JRC) that was established in June 1972 to maintain liaison between the two countries to maximize benefits from common river systems, formulation of flood control works, formulation of proposals on advance flood warnings, flood forecasting, and cyclone warning, as also study of flood control and irrigation projects.

Technical Cooperation

On January 29 2012, NTPC and BPDB signed an agreement to set up a Joint Venture for the establishment of a 1320MW coal-based power plant in Bagerhat district, Khulna at an estimated cost of \$1.5 billion and is expected to be commissioned by 2016. Scholarships and training programs under ITEC, TCS of Colombo Plan, ICCR, AYUSH, Commonwealth, SAARC, and IOR-ARC scholarships/fellowship schemes are being offered to Bangladesh nationals. India offers 100 slots under ITEC and 35 slots under the Technical Cooperation Scheme of Colombo Plan every year to Bangladesh.

Cultural Exchanges

Given the shared history and commonality of language, cultural exchanges form an important bond of friendship between the people of two countries. Special emphasis has been laid on promotion of exchanges in the fields of music, theatre, art, painting, books, etc. A bilateral Cultural Exchange Programme (CEP) 2009-2012 provides the framework for such exchanges.

Recent Indo-Bangladesh Maritime Delimitation Award

Recently, UN tribunal has awarded Bangladesh nearly four-fifths of an area sprawling over 25,000 sq km (9,700 sq miles) in the Bay of Bengal, ending a dispute over a sea border with India that has ruffled ties between the neighbors for more than three decades. The verdict, binding on both countries, opens the way for Bangladesh to explore for oil and gas in the Bay of Bengal, the site of important energy reserves.

When It All Started?

The award brings to an end an arbitration process Bangladesh kicked off in 2009 under the U.N. Convention on the Law of the Sea, over disputes with Myanmar and India. The Myanmar dispute was settled in 2012 after arbitration at the International Tribunal on the Law of the Sea in Hamburg. Bangladesh finally won more than 118,813 square km of waters comprising territorial sea and an exclusive economic zone extending out to 200 nautical miles.

Analysis Of Award And Prospects Of Relationships

On July 7, a panel of five jurists of the Permanent Court of Arbitration delivered the long-awaited award concerning the maritime delimitation of Bangladesh and India. Bangladesh/India cements the boundary of the four maritime zones that the U.N. Convention on the Law of Sea (UNCLOS) entitles states to: the territorial sea, the exclusive economic zone (EEZ), the 'inner' continental shelf extending up to 200 nautical miles from the coasts of the states as well as the 'outer' continental shelf extending beyond 200 nautical miles from the coasts of the states. The award is undoubtedly historic but raises more questions than delivers answers. To quickly recapitulate, under the UNCLOS, the territorial sea of adjoining coasts (like those of India and Bangladesh) must be delimited using an equidistance line drawn from each coast. However, no guidelines are provided for the delimitation of the continental shelf or EEZ. The only caveat provided by treaty is that the delimitation conforms to 'equity'. Prior delimitation awards have generated a three-step analysis for dividing the continental shelf and EEZ. The first step is the establishment of a provisional equidistance line between the states, the second, consideration of relevant circumstances for the adjustment of this line and, finally, an ex post facto correction of any disproportionality in the final result. The Bangladesh/India tribunal contributes to greater certainty in EEZ and inner continental shelf delimitation by explicitly stating that the three-step test now constitutes international law. Unfortunately, while reiterating emerging norms, the Tribunal also perpetuates their attendant disadvantages by entangling itself in the redundant rhetoric of 'equity'. The three-step test emerged from equitable considerations in the UNCLOS. Questions have already been raised about the value of the 'disproportionality' stage in the three-step test as it appears to be merely a synonym for equity. It is alleged that discretion to correct for 'disproportionality' adds unnecessary subjectivity to a test already predicated on personal discretion. Bangladesh/India complicates this further by subjecting the 'relevant circumstances' to equity considerations as well. The court is overtly cautious and is enlarging the scope for arbitral discretion in maritime delimitation.

Analysis Of Award And Prospects Of Relationships
Outer Continental Shelf Rights.

UNIT-II

TOPIC-3

India–Nepal Relations

1. As close neighbours, India and Nepal share a unique relationship of friendship and cooperation characterized by open borders and deep-rooted people-to-people contacts of kinship and culture. There has been a long tradition of free movement of people across the borders. Nepal has an area of 147,181 sq. kms. and a population of 29 million. It shares a border of over 1850 kms in the east, south and west with five Indian States – Sikkim, West Bengal, Bihar, Uttar Pradesh and Uttarakhand – and in the north with the Tibet Autonomous Region of the People's Republic of China. The India-Nepal Treaty of Peace and Friendship of 1950 forms the bedrock of the special relations that exist between India and Nepal. Under the provisions of this Treaty, the Nepalese citizens have enjoyed unparalleled advantages in India, availing facilities and opportunities at par with Indian citizens. Nearly 6 million Nepali citizens live and work in India.

2. There are regular exchanges of high level visits and interactions between India and Nepal. Nepalese Prime Minister Shri Sushil Koirala visited India to attend the swearing-in ceremony of Prime Minister Shri Narendra Modi on 26 May 2014. In 2014, Prime Minister Shri Narendra Modi visited Nepal twice – in August for a bilateral visit and in November for the SAARC Summit – during which several bilateral agreements were signed. India and Nepal have several bilateral institutional dialogue mechanisms, including the India-Nepal Joint Commission co-chaired by External Affairs Minister of India and Foreign Minister of Nepal.

3. When a devastating 7.8 magnitude earthquake struck Nepal on 25 April 2015 (followed by a powerful aftershock of 7.4 magnitude on 12 May 2015), the Government of India swiftly dispatched National Disaster Response Force (NDRF) teams and special aircrafts with rescue and relief materials to Nepal. India's assistance, which reached Nepal within six hours of the earthquake, included 16 NDRF teams, 39 IAF aircraft sorties with 571 tons of relief material including rescue equipment, medical supplies, food, water, tents, blankets and tarpaulin. Medical teams from India were deployed in various parts of Nepal. India helped in restoring 3 power sub-stations in Kathmandu valley. The total Indian relief assistance to Nepal amounted to approx. US\$ 67 million. At an International Donors' Conference organized by the Government of Nepal in Kathmandu on 25 June 2015 towards post-earthquake reconstruction, External Affairs Minister Smt. Sushma Swaraj announced Indian assistance of US\$ 1 billion to Nepal, one-fourth of which would be as grant.

Political

4. Beginning with the 12-Point understanding reached between the Seven Party Alliance and the Maoists at Delhi in November 2005, Government of India has welcomed the roadmap laid down by the historic Comprehensive Peace Agreement of November 2006 towards political stabilization in Nepal, through peaceful reconciliation and inclusive democratic processes. India has consistently responded with a sense of urgency to the needs of the people and Government of Nepal in ensuring the success of the peace process and institutionalization of multi-party democracy through the framing of a new Constitution by a duly elected Constituent Assembly. India has always believed that only an inclusive Constitution with the widest possible consensus by taking on board all stakeholders would result in durable peace and stability in Nepal. India's core interest in Nepal is a united Nepal's peace and stability which has a bearing on India as well because of the long and open border shared between India and Nepal.

5. Nepal's second Constituent Assembly promulgated a Constitution on 20 September 2015 amid protests by Madhes-based parties and other groups. The Government of India has expressed grave concern regarding the ongoing protests and has urged the Government of Nepal to make efforts to resolve all issues through a credible political dialogue.

Economic

6. Since 1996, Nepal's exports to India have grown more than eleven times and bilateral trade more than seven times; the bilateral trade that was 29.8% of Nepal's total external trade in 1995-96 reached 66% in 2013-14. Exports from Nepal to India increased from INR 230 crore in 1995-96 to INR 3713.5 crore (US\$ 605 million) in 2013-14 and India's exports to Nepal increased from INR 1525 crore in 1995-96 to INR 29545.6 crore (US\$ 4.81 billion) in 2013-14. The main items of exports from India to Nepal are petroleum products, motor vehicles and spare parts, m.s. billets, machinery and spares, medicines, hot rolled sheets, wires, coal, cement, threads and chemicals. The main items of exports from Nepal to India are polyester yarn, textiles, jute goods, threads, zinc sheet, packaged juice, cardamom, G.I. pipe, copper wire, shoes and sandals, stones and sand.

7. Indian firms are the biggest investors in Nepal, accounting for about 38.3% of Nepal's total approved foreign direct investments. Till 15 July 2013, the Government of Nepal had approved a total of 3004 foreign investment projects with proposed FDI of Rs. 7269.4 crore. There are about 150 operating Indian ventures in Nepal engaged in manufacturing, services (banking, insurance, dry port, education and telecom), power sector and tourism industries. Some large Indian investors include ITC, Dabur India, Hindustan Unilever, VSNL, TCIL, MTNL, State Bank of India, Punjab National Bank, Life Insurance Corporation of India, Asian Paints, CONCOR, GMR India, IL&FS, Manipal Group, MIT Group Holdings, Nupur International, Transworld Group, Patel Engineering, Bhilwara Energy, Bhushan Group, Feedback Ventures, RJ Corp, KSK Energy, Berger Paints, Essel Infra Project Ltd. and Tata Power etc.

Water Resources

8. A three-tier mechanism established in 2008 to discuss all bilateral issues relating to cooperation in water resources and hydropower has been working well. Regular meetings are being held on and off site. In the area of river training and embankment construction, Government of India has been providing assistance to Nepal for strengthening and extension of embankments along Lalbakeya, Bagmati and Kamla rivers. It is proposed to extend this assistance for construction of embankments on other rivers as well. Started in 2008, with the present assistance, the total grant assistance already disbursed for embankments construction along these rivers stands at NRs. 3,670.66 million.

9. A Development Authority was set up in September 2014 to carry out the Pancheshwar Multipurpose project. India and Nepal signed an agreement on "Electric Power Trade, Cross- Border Transmission Interconnection and Grid Connectivity" popularly known as the Power Trade Agreement (PTA) in October 2014. A Power Development Agreement (PDA) for the 900 MW Arun-III hydroelectric project between India's Satluj Jal Vidyut Nigam Limited and the Investment Board of Nepal (IBN) was concluded in November 2014. Also, a PDA for the 900 MW Upper Karnali hydroelectric project was concluded between IBN and M/s GMR in September 2014. There are more than twenty 132 KV, 33 KV and 11KV transmission interconnections which are used both for power exchange in the bordering areas and power trade. A 400 KVA cross-border transmission line

between Muzaffarpur-Dhalkebar and two 132 KVA lines between Kataiya-Kushaha and Raxaul-Parwanipur are under construction.

India's Development Assistance to Nepal

10. Government of India provides substantial financial and technical development assistance to Nepal, which is a broad-based programme focusing on creation of infrastructure at the grass-root level, under which various projects have been implemented in the areas of infrastructure, health, water resources, education and rural & community development. In recent years, India has been assisting Nepal in development of border infrastructure through upgradation of roads in the Terai areas; development of cross-border rail links at Jogbani– Biratnagar, Jaynagar-Bardibas, Nepalgunj Road-Nepalgunj, Nautanwa-Bhairhawa, and New Jalpaigudi-Kakarbhitta; and establishment of Integrated Check Posts at Raxaul-Birgunj, Sunauli-Bhairhawa, Jogbani-Biratnagar, and Nepalgunj Road-Nepalgunj. The total economic assistance extended under 'Aid to Nepal' budget in FY 2014-15 was Rs. 300 crore.

11. Currently, 36 intermediate and large projects such as construction of a National Police Academy at Panauti, Nepal Bharat Maitri Pashupati Dharmashala at Tilganga, a Polytechnic at Hetauda, and the National Trauma Centre at Kathmandu are at various stages of implementation. In addition, Government of India's Small Development Projects (SDPs) programme in Nepal extends assistance for the implementation of projects costing less than NRs 5 crore (approx.. INR 3.125 crore) in critical sectors such as health, education & community infrastructure development. So far, 243 SDPs have been completed and 233 are under various stages of implementation in 75 districts of Nepal, with a total outlay of over Rs 550 crore. Till date, India has gifted 502 ambulances and 98 school buses to various institutions and health posts across Nepal's 75 districts.

12. Apart from our grant assistance, Government of India has also extended three Lines of Credit of USD 100 million, USD 250 million and USD 1 billion to Government of Nepal in 2006- 2007, 2011-12 and 2013-14, respectively, for undertaking infrastructure development projects.

Education

13. Over the years, India's contribution to the development of human resources in Nepal has been one of the major aspects of bilateral cooperation. GOI provides around 3000 scholarships/seats annually to Nepali nationals for various courses at the Ph.D/Masters, Bachelors and plus-two levels in India and in Nepal. These scholarships cover a wide spectrum of subjects including engineering, medicine, agriculture, pharmacology, veterinary sciences, computer application, business administration, music, fine arts etc.

Culture

14. Government of India initiatives to promote people-to-people contacts in the area of art & culture, academics and media include cultural programmes, symposia and events organized in partnership with different local bodies of Nepal, as well as conferences and seminars in Hindi. Familiarization visits to India by Nepalese journalists/editors and short term training in India for Nepalese editors/journalists/experts/officials in the field of print & electronic media and archaeology are also arranged. Assistance is also provided to several India-Nepal Friendship Organizations working to promote Indian culture and India-Nepal bilateral relations. An MoU

between the Sahitya Kala Akademi (India) and the Nepal Academy is already in operation. Four more MoUs have been signed between Doordarshan and Nepal TV, Press Council of India and Press Council of Nepal, Lalit Kala Akademi, India and Nepal Academy of Fine Arts, and an MoU on Youth Exchange between the Governments of India and Nepal. MoUs

between the Sangeet Natak Akademi, India and the Nepal Academy of Music & Drama, and between Akashwani (AIR) India and Radio Nepal are under consideration to promote cultural and information exchanges between the two countries. The Governments of India and Nepal have signed three sister-city agreements for twinning of Kathmandu-Varanasi, Lumbini- Bodhgaya and Janakpur-Ayodhya. India is establishing an E-library system across Nepal. The setting up of a Light & Sound show at Lumbini with Indian assistance is under process. The Archaeological Survey of India (ASI) is involved in the renovation of the Pashupatinath Temple Complex in Kathmandu. Two ASI teams have already visited Kathmandu to assess the work to be done for conservation/restoration of the Pashupatinath shrine, for which an MoU is under consideration.

15. An Indian Cultural Centre was set up in Nepal in August 2007 to showcase the best of Indian culture not only in the capital city but in the areas outside Kathmandu. The Indian Cultural Centre in Kathmandu has generated considerable goodwill through the various cultural events it has undertaken in the past. The Nepal–Bharat Library was founded in 1951 in Kathmandu. It is regarded as the first foreign library in Nepal. Its objective is to enhance and strengthen cultural relations and information exchange between India and Nepal.

16. The B.P.Koirala India-Nepal Foundation was set up in 1991 through a MoU signed between the Governments of India and Nepal. The Foundation's objective is to foster educational, cultural, scientific and technical cooperation between India and Nepal and to promote mutual understanding and cooperation through sharing of knowledge and professional talents in academic pursuits and technical specialization.

Indian Community

17. Around 6,00,000 Indians are living/domiciled in Nepal. These include businessmen and traders who have been living in Nepal for a long time, professionals (doctors, engineers, IT personnel) and labourers (including seasonal/migratory in the construction sector). An Indian Citizens' Association (ICA) of Nepal was formed on 14 September 1990. ICA is the only association of resident Indian citizens in Nepal with branches at Pokhara, Damak and Bhairahawa, and provides a platform for discussion on matters pertaining to the legitimate interest of resident Indians in Nepal and works for the protection of such interests.