

India-Nepal Economic Cooperation: A Partnership for Development



*Manjeev Singh Puri**

India remains steadfast in its commitment to support the people and the Government of Nepal in their quest for development and prosperity.

India's development cooperation with Nepal is based on the solid foundation of Indo-Nepal friendship that draws its strength from shared history, common cultural ethos, open-border, trade linkages and intense people-to-people engagements. Seventy years of India-Nepal economic cooperation provides glimpses of 'Sabka Saath, Sabka Vikas' – the motto of the Government of India in Nepal. After India's Independence, the Government of India took major steps for bringing socio-economic transformations in India, which contributed towards the setting up of the Indian Cooperation Mission. This Mission was instrumental in establishing physical and social infrastructure in Nepal from 1950 to 1980.

Physical and Social Infrastructure Development

The projects constructed with Indian assistance such as Tribhuvan International Airport and other domestic airports at Simra, Janakpur, Pokhara, Biratnagar, etc. and Highways such as Tribhuvan Rajmarg, Sidharth Rajmarg and East-West Highway laid the foundation of Nepal's connectivity, domestically as well as internationally. Similarly, construction of 22 bridges and their approaches on Kohalpur-Mahakali sector on East-West highway enhanced mobility of people and freight between Far-Western region of Nepal with other parts of Nepal, India and outside world. Likewise, 858km East-West Optical Fiber Cable (OFC) laid along East-Highway highway along with setting up of 80 stations with Synchronous Digital Hierarchy (SDH) equipment have brought transformational changes in Nepal's telecommunication sector, and in the lifestyle of its people, especially those living in remote areas.

* Ambassador of India to Nepal

Apart from the physical infrastructure, the social infrastructure in the form of education and healthcare facilities are the key to growth and development of people. The Government of India has lent support to establish various hospitals, colleges and vocational training institutes, etc. in different parts of Nepal. The BP Koirala Institute of Health & Sciences at Dharan, National Trauma Centre at Kathmandu, Manmohan Memorial Polytechnic at Biratnagar, etc. are among the state-of-art institutions of Nepal constructed with the Indian technical financial support, that provided much needed services and also contributed towards creation of skilled human resources for Nepal.

Small Development Projects

The India-Nepal development cooperation deepened further with the focus on grassroots projects in 1990s. Since 2003, the Government of India has been supporting Small Development Projects (SDP) in education, health, rural infrastructure, drinking water, irrigation, river embankment work, etc. in different districts and municipalities. The Government of India provides about INR 500 million annually towards implementation of these SDPs. The projects are implemented through district authorities, municipalities and other regional departments and agencies responding to local needs for inclusive socio-economic developments in close collaboration and partnership with the Government of Nepal.

Economic Cooperation

The multi-faceted India-Nepal Economic Cooperation Programme has been supporting essential development

activities, and providing benefits to the people in all 75 districts of Nepal. These include programmes like Goiter Control Programme, that ensured eradication of goiter in Nepal; and the installation of Deep and Shallow Tube Wells that helped farmers in almost all Terai districts augmenting production of wheat, rice and seasonal fruits and vegetables thus increasing their income and improving standard of living and contributing to Nepal's food security. Similarly, various health camps for screening diabetes, eye and ear diseases etc. were organised, which contributed in improving the standard of living. India also gifted 662 ambulances and 130 school buses to various hospitals and other health facilities, schools and socio-cultural organisations in Nepal. The Government of India offers around 3000 scholarships to Nepali students every year to support their studies in Nepal as well as in India. In addition, 250 scholarships are offered annually for Government and non-Government employees of Nepal for training and skill enhancement in premier technical institutes in India under the Indian Technical and Economic Cooperation (ITEC) programme.

Cultural Cooperation & Cross-Border Connectivity

To further strengthen existing historical and religious-cultural ties between India and Nepal, the Government of India has been supporting restoration and renovation of important cultural heritage sites in Nepal apart from supporting construction of essential community infrastructures such as Dharmshalas, drinking water and sanitation, etc. to meet

needs of large number of pilgrims visiting places of religious significance such as, Pashupatinath, Muktinath and Janaki Temple, etc.

In 21st Century, smooth cross-border flow of trade and goods and stronger people-to-people linkages would be the key driver for socio-economic transformation in people's lives. To achieve this, India is closely working with the Government of Nepal to create an extensive network of infrastructure projects. Many large projects such as construction of Integrated Check Posts, development of Rail links along India-Nepal border, Postal Highway Project, etc. have been taken up for construction with the support of the Government of India in the recent times. The Integrated Check Posts at four border check points, viz. Raxaul (India) – Birgunj (Nepal); Sunauli (India)–Bhairhawa (Nepal); Jogbani (India)–Biratnagar (Nepal); and Nepalgunj Road (India)–Nepalgunj (Nepal) envisages world-class state-of-the-art infrastructure for smooth flow of passengers and goods between two countries.

Similarly, five cross border rail links being constructed at different sections viz. Jogbani- Biratnagar; Jaynagar- Bardibas; Nepalgunj road-Nepalgunj; Nautanwa-Bhairahawa; New Jalpaiguri-Kakarbhitta would reintroduce Railways in Nepal, connect them with vast Indian rail network and facilitate smooth movement of passenger and freight. Both the governments have invested significantly in the development of new cross-border transmission lines facilitating import of more than 380 MW of electricity into Nepal. Recently completed Kataiya-Kusaha and

Raxaul-Parwanipur transmission lines would make additional 100 MW of power available to Nepal.

India is Nepal's largest trading partner and the largest source of foreign investment in Nepal. There are about 150 Indian Joint Ventures in Nepal, engaged in manufacturing, services (banking, insurance, dry port, education and telecom), power sector and tourism industry. Indian banks and insurance companies are pioneers in their fields in Nepal.

Way Forward

Notwithstanding certain global economic trends, India stands out as a bright spot in the world economic landscape and an engine for global growth. India's robust economic growth has been the result of a host of policy measures and structural reforms undertaken by Prime Minister Modi-led government. Sustained economic growth and expanding job opportunities in India enhances opportunities for Nepali citizens and businesses. India's transformation presents an opportunity for Nepal's economic growth and socio-economic development of its people.

India and Nepal share a unique bond of friendship that knows no beginning, and in modern times, the endeavour of the two Governments is to expand this partnership. The multidimensional partnership between India and Nepal stands to be further strengthened with the ushering in of a new era of hope and peace in Nepal. India remains steadfast in its commitment to support the people and the Government of Nepal in their quest for development and prosperity.