

From New Delhi by Susan Maitra

Nepal's anti-India games

Relations between neighboring Nepal and India have deteriorated in the recent period. Does Beijing have a hand in it?

India's political and economic relations with the Hindu Kingdom of Nepal began to take a wrong turn following expiry of the trade and transit agreements between the two countries in March 1988. Although the agreements were extended by six months, talks have so far failed to produce significant results due to what the Indian government claims is foot-dragging by Nepal. Meanwhile, actions taken by the Nepal government, designed to break the "special relationship" the two countries enjoy, has made the Indians wary of the former's motives.

The Indo-Nepal Treaty of Peace and Friendship signed in 1950 committed the two nations to "everlasting peace and friendship." It also guides both parties "to inform each other of any serious friction and misunderstandings with any neighboring states likely to cause any breach in the friendly relations subsisting between the two governments."

The treaty and the closeness of the two countries encouraged free movement of their citizens and a flourishing trade along the border areas. Nepal, landlocked and mountainous, could move its cargo freely through India under the transit agreements. The 1950 treaty also permitted their nationals to settle in either country, entitling them to use of all facilities, including the right to employment in government services and to own property. The 100 km border has remained practically open and it is estimated that a half-million Nepalese are settled in India and about 30,000 Indians are working in Nepal.

However, a series of events has begun to create misunderstandings. In 1987, the Nepal government told all employers to seek work permits from all "foreign employees." Since more than 95% of "foreign employees" are Indians, this was perceived as a violation of the 1950 treaty and a unilateral action to violate the relations. Nepal, in reply, stated that the permit applied only in the Kathmandu Valley, and that no Indian had been denied the work permit. In Delhi's view, Nepal was only begging the question.

The second matter of concern to India is Nepal's increasingly anti-Indian bias in awarding contracts on projects funded by the World Bank and the Asian Development Bank. Nepalese authorities claim that most of the contracts were awarded to Chinese firms because they are the lowest bidders—which the Indians simply don't believe.

India has reason to be upset, since over the years it has provided substantial financial assistance to Nepal's development. India is presently assisting in a number of irrigation projects. The most important is the Chhatra Canal Project which will irrigate about 80,000 hectares of farmland in Nepal.

But by far the most serious breach from India's standpoint, is Nepal's decision in 1987 to procure Chinese arms, including some anti-aircraft guns. India has sent a number of high-level officials to Kathmandu, including Foreign Minister P. V. Narasimha Rao, but the mood of Indian authorities implies that nothing fruitful has emerged. King Birendra, according to

Nepalese sources, wants to modernize the army and had approached India earlier for arms, but did not get a response. Indian officials do not deny this, but say there is more to it than that.

Nepal's *bonhomie* with China, at the expense of India, has a definite pattern. In the early 1960s, when Sino-Indian relations were at their nadir, Nepal King Mehendra had snuggled up to Beijing. Accusations were made at the time at the highest levels in Nepal that Nepalese rebels based in India were trying to overthrow the monarchy.

China, sensing a victory in the propaganda war, had seized upon these allegations, and in 1962, Gen. Chen Yi told the visiting Nepali foreign minister that "China shall always support Nepal's policy of independence, peace, neutrality, and friendship with China." The Chinese press used to play up the anti-Indian demonstrations in Kathmandu, and freely published irresponsible statements of well-established India-baiters in Nepal.

Although during the last two decades the India-baiting games in Nepal were more muted, they seem to have come back loudly. The pro-Beijing group, Akhil Nepal Vidyarthi Sammelan, is holding regular anti-India demonstrations. There are also reports of Maoists assaulting Indian workers and businessmen. More than 3,000 Indians are said to have fled Nepal as of early April to avoid violence.

There are reasons to believe that the Nepali Maoists have the tacit approval of the government. While Nepal imposed a 12 km ban on foreigners' movements on its northern and southeastern borders, the ban does not apply to the Chinese. The government has also slapped discriminatory duties on Indian goods. It imposed similar duties on Chinese goods, but with concessions.