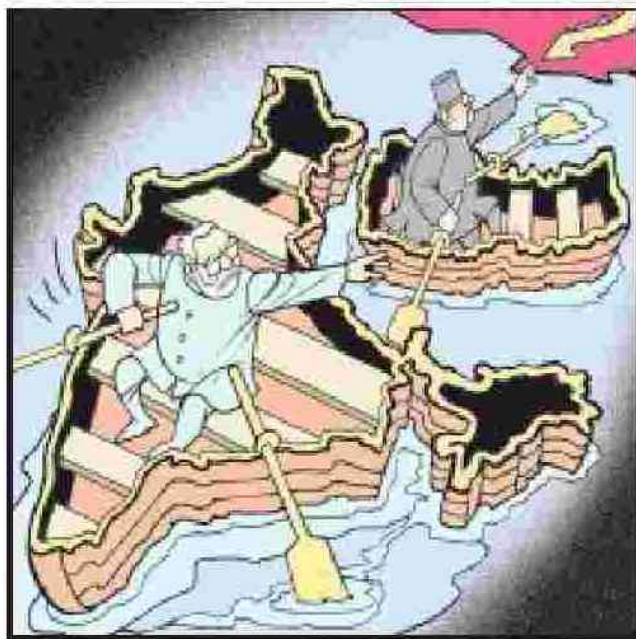


Nepal Reset

India must be subtler and deliver on projects in its neighbourhood

Nepal's decision to pull out of the first joint military drill by member countries of the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (Bimstec) stands in sharp contrast to Nepal army's slated participation in a 12-day long military exercise with China later this month. The Bimstec exercise was announced by Prime Minister Narendra Modi at the Bimstec summit in Kathmandu last month. But following opposition from various Nepali political quarters, Nepal's Prime Minister KP Oli instructed his army not to participate in the multilateral exercise. At the very least, the cancellation indicates Nepal's reluctance to see Bimstec take on a significant security role. At worst, it underlines Nepal's strategic drift away from India and towards China.



Notwithstanding many issues with its economic policies, the

Narendra Modi government has largely done well on the foreign policy front. But relations with Nepal appear to be an exception to the latter. From India's response to the 2015 adoption of a new Nepali constitution to the subsequent Madhesi blockade that was seen to have an Indian hand, New Delhi has got its Nepal calculations wrong. This in turn has given China an opening to increase its footprint in Nepal. And with deeper pockets, Beijing

can offer big-ticket projects that New Delhi won't be able to match.

Against this backdrop, India should warn Nepal about the dangers of falling into China's debt trap in the pursuit of infrastructure development. After all, countries from Malaysia to Pakistan are having second thoughts about China's marquee Belt and Road Initiative of transnational connectivity. But this by itself won't be enough to dissuade Nepal from being lured by Chinese promises unless India delivers on its own promises to Nepal and in the region. A slew of Indian projects in Nepal have been hanging fire for years. These include big hydro-power projects like Pancheshwar, Arun III and Upper Karnali.

Demonstrating similar lethargy, the motor vehicle agreement inked under the Bangladesh-Bhutan-India-Nepal framework too has hit a roadblock thanks to Indian bureaucracy. One way out could be to involve the Indian private sector in delivering on projects in the neighbourhood, rather than depending on Indian public sector undertakings which are notoriously lethargic. Speed is of the essence if India is to offer Nepal alternatives to Chinese projects. India needs a sophisticated Nepal policy that combines reliability with subtlety.