



Directorate of  
Intelligence

~~Secret~~

NESA NESAR 85-023  
25 October 1985

C I A N E S A      N E S A R 8 5 - 0 2 3

# Near East and South Asia Review

25 October 1985

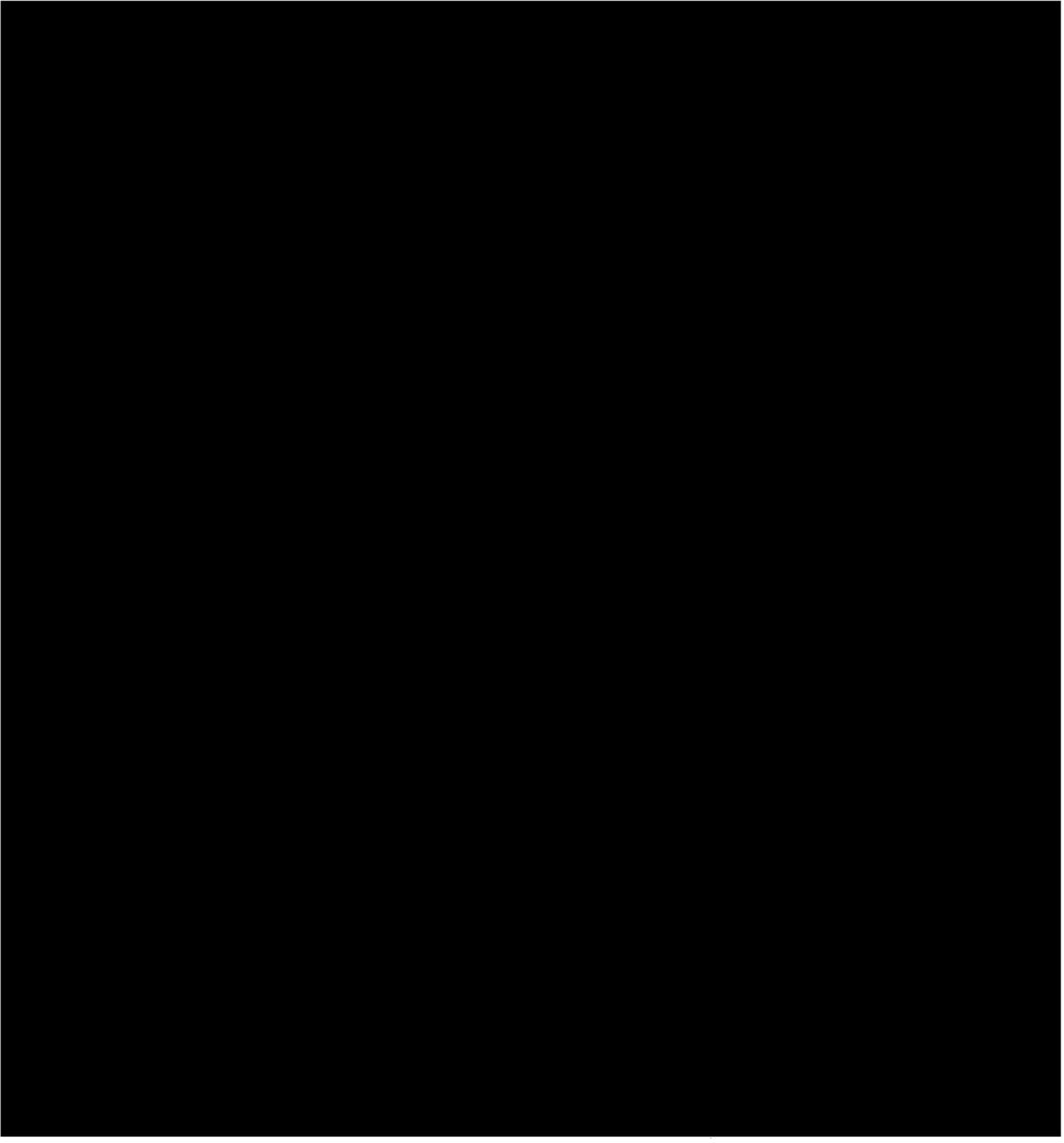
~~Secret~~

NESA NESAR 85-023  
25 October 1985

APPROVED FOR RELEASE  
DATE: AUG 2001

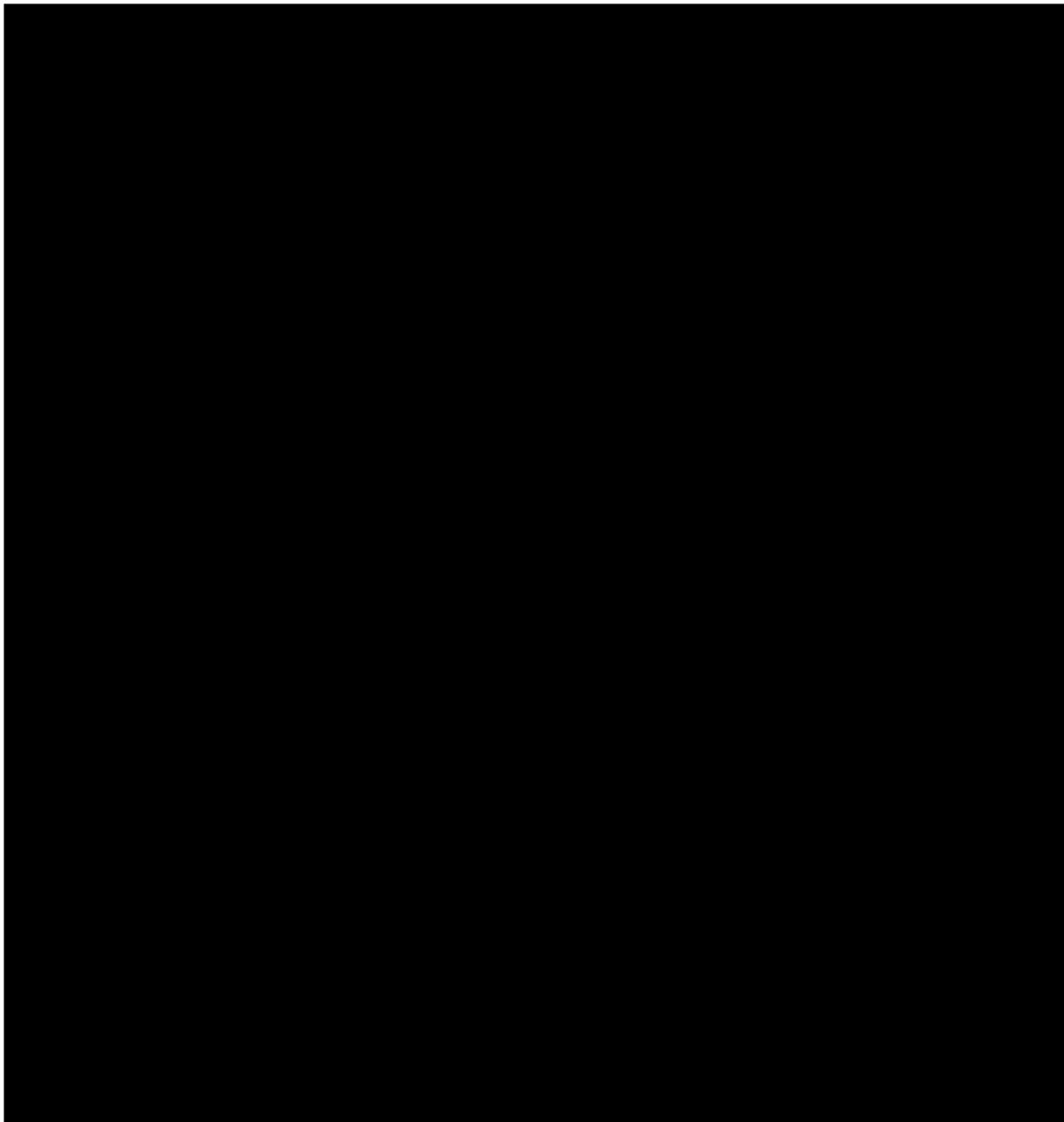
48

1 1 8 4



1 1 8 5

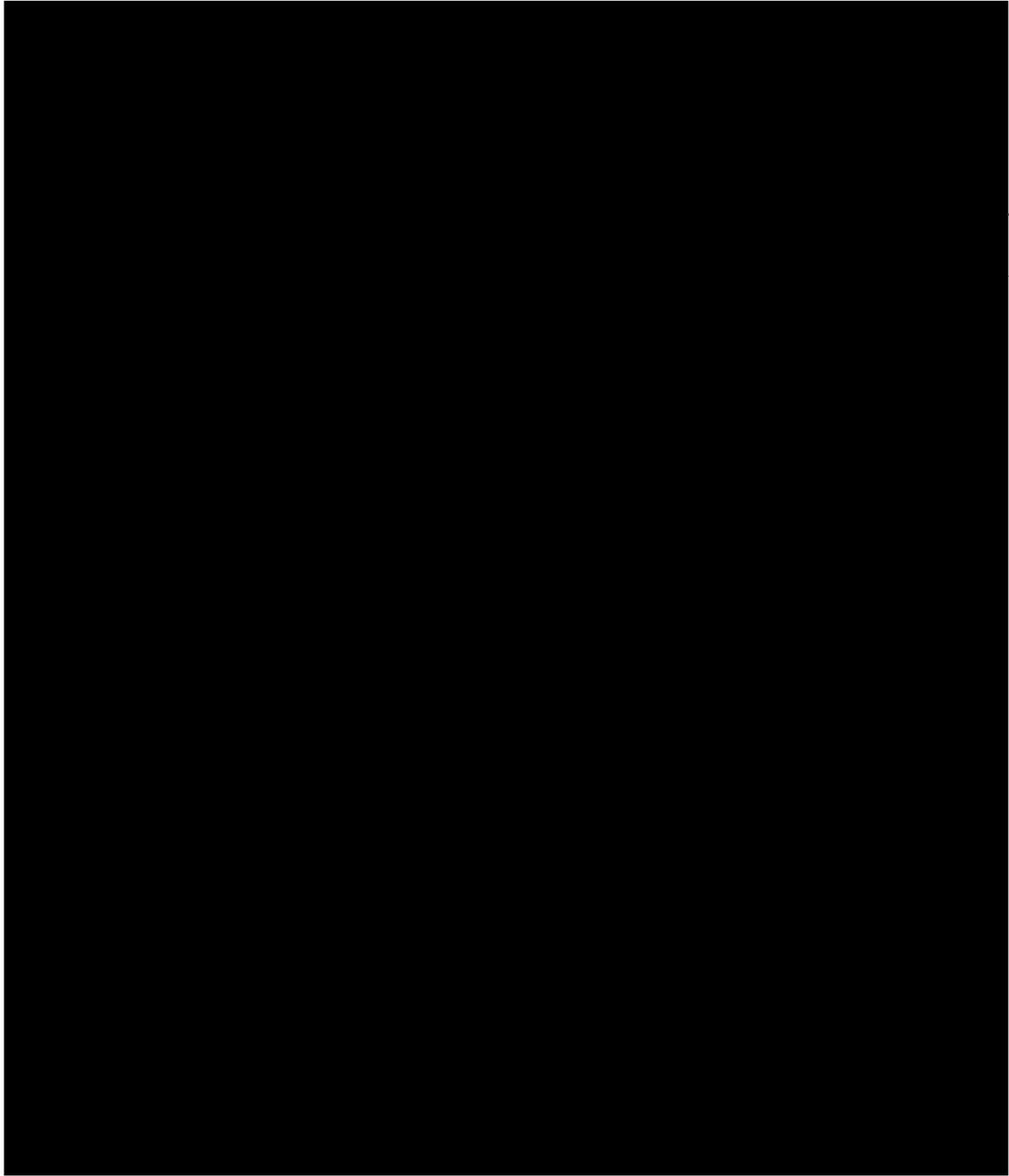
~~Secret~~  
~~NOFORN-NOCONTRACT-~~  
~~PROPIN-ORCON~~



~~Secret~~  
NES, NESAR 85-023  
25 October 1985

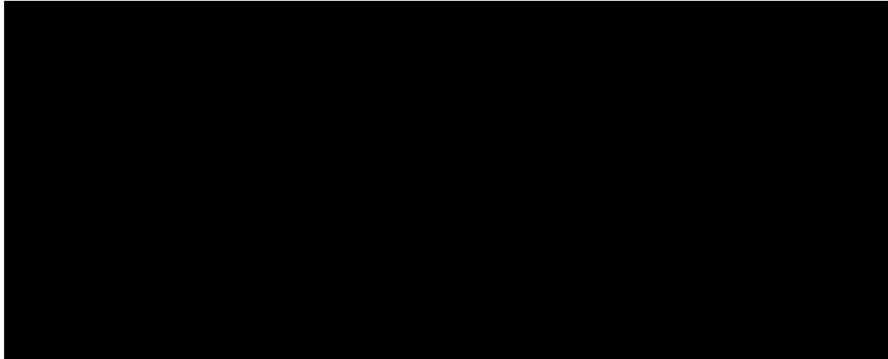
1 1 8 6

~~Secret~~  
~~NOFORN NOCONTRACT~~  
~~PROPIN-ORION~~



~~Secret~~

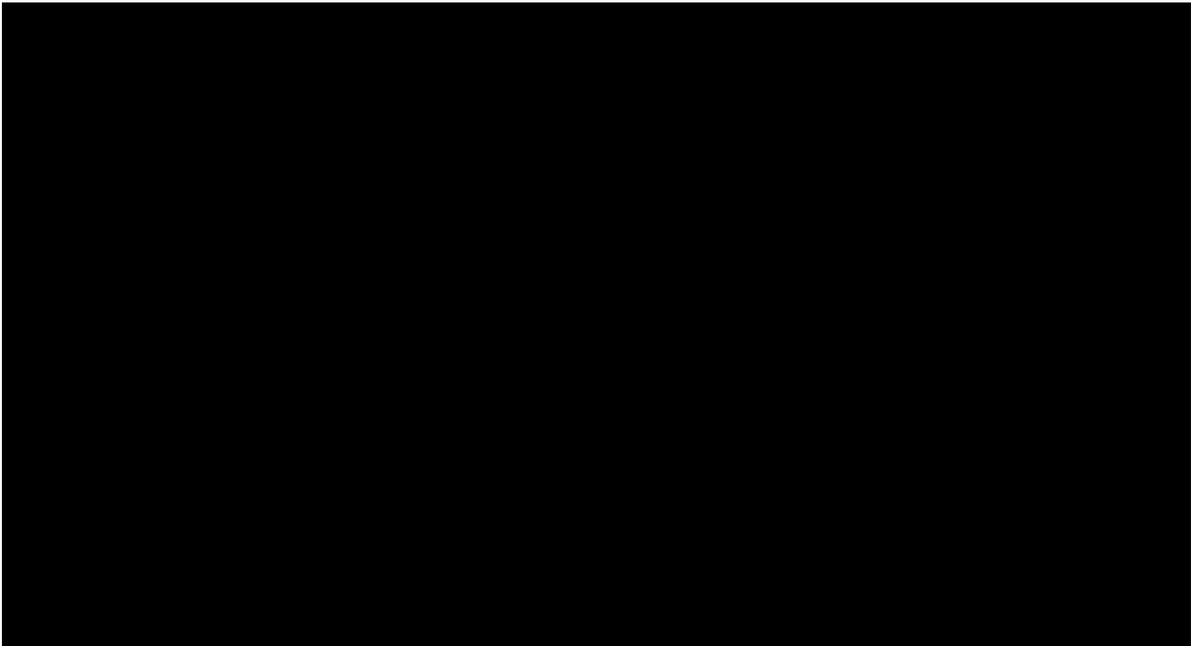
1 1 8 7



Rajiv Gandhi and Nepal:  
Following in His Mother's Footsteps

39

Despite Rajiv Gandhi's announcement of a "good neighbor" regional policy based on cooperation, the Indian approach toward Nepal has not shifted far from the heavyhanded attitude demonstrated under Indira Gandhi in the late 1970s and early 1980s, partly because Indian attitudes toward Nepal are driven by the state of Indo-Chinese relations



**Rajiv Gandhi and Nepal:  
Following in His Mother's  
Footsteps**

Despite Rajiv Gandhi's announcement of a "good neighbor" regional policy based on cooperation, the Indian approach toward Nepal has not shifted far from the heavyhanded attitude demonstrated under Indira Gandhi in the late 1970s and early 1980s. In our view, this is partly because Indian attitudes toward Nepal are driven by the state of Indo-Chinese relations, an issue that has not yet received much of Rajiv's attention and in which there has been little movement.

The absence of change can probably also be explained by the likelihood that, until Nepalese King Birendra's recent state visit to New Delhi, Gandhi had not paid much personal attention to Nepal, leaving relations with Nepal to the Foreign Ministry. As a result, Kathmandu, which initially welcomed Rajiv's succession, appears disheartened by New Delhi's failure to demonstrate flexibility in bilateral affairs. A shift is not likely in the near term. New Delhi would most likely be moved to review its policy if the Nepalese Government were to change suddenly or if new dynamics developed in relations with Beijing.

**An Unequal Equation**

India's view of China as its long-term threat colors its relations with Nepal and, we believe, will continue to act as a counterweight to Kathmandu's efforts to achieve greater independence from Indian influence. All Indian prime ministers since the Sino-Indian war in 1962 have emphasized that India's legitimate security concerns begin in Nepal's Himalayas.

Nepal's strategic location between India and China -- the Nepalese refer to their country as "the root between two stones" -- gives a unique flavor to Indo-Nepalese relations. We believe India values the role Nepal plays as a buffer, allowing New Delhi to avoid direct confrontation with Beijing along much of its northern border. Nepal's international standing, its relatively strong sense of nationalism, and its avowed commitment to neutrality and nonalignment increase its value to India as a cushion against the Chinese. New Delhi's influence in Kathmandu's affairs, in our

judgment, reflects India's effort both to support Kathmandu's sovereignty and shape Nepal's foreign policy on key bilateral issues.

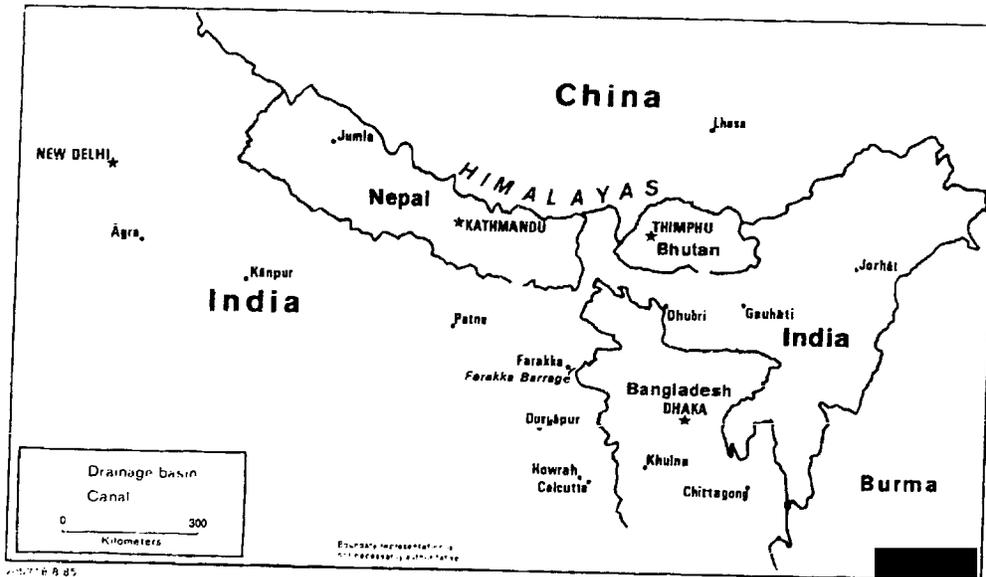
Indian policymakers have a well-documented record of exerting influence on Kathmandu's handling of its domestic and foreign affairs. India continually presses Nepal to conform to a restrictive interpretation of an outdated 1950 Friendship Treaty and the secret letters of intent that accompanied that agreement. According to this understanding, New Delhi and Kathmandu "will consult each other" on foreign policy decisions of mutual interest. All Indian prime ministers have interpreted this to mean that India has the right to broker all Nepalese foreign affairs that might affect New Delhi's concerns in the region. Kathmandu, [redacted] has argued unsuccessfully that Indian foreign policy initiatives within the region -- the Indo-Pakistani wars, the Sino-Indian conflict, India's invasion of East Pakistan -- contravened the bilateral nature of this understanding and therefore its binding power on Nepal.

India also attempts to keep Nepal relatively isolated in world forums and from seeking more substantial bilateral relations with powerful foreign powers. New Delhi lets Kathmandu know the Indian stand on international issues through both diplomatic and informal channels and exerts none-too-subtle pressure on Nepal to conform. King Birendra attempts to deflect some of this influence by:

- Welcoming state visits by foreign dignitaries.
- Offering Kathmandu as a site for foreign conferences, meetings, and symposiums.
- Seeking to involve Nepalese representatives in as many cooperative international ventures as possible.

As an example of Kathmandu's effort to play a broader role, [redacted] describe how highly the Nepalese value the role of Nepal's Gurkhas in UN peacekeeping ventures and the esteem in which the Gurkhas are held by the British military.

~~Secret~~



#### Rajiv: Not a New Broom

Despite Rajiv's efforts to lower tensions with India's neighbors, his administration's record toward Nepal shows little change from New Delhi's traditional heavyhanded approach. In our view, this reflects Nepal's standing below Sri Lanka, Pakistan, and Bangladesh on his priority list, as well as his need to focus immediate attention on more pressing domestic issues, such as Punjab.

Although there is no clear indication that Rajiv has had the time or inclination to focus on Kathmandu, several developments in Nepal last summer have required New Delhi's attention. In June, New Delhi learned of Nepal's decision to accept a Chinese bid to complete the western section of Nepal's only east-west through road. Although India's original offer had been nearly 15 percent higher, New Delhi pressed the Nepalese to cancel the Chinese offer and accept the Indian bid, sweetening the deal by offering to finance the entire project through an aid grant. Rajiv Gandhi's personal emissary visited Kathmandu to underscore New Delhi's sensitivity to the possibility of

large numbers of Chinese workers near India's border with Nepal. New Delhi's handling of the issue suggests that it was left largely to those in the Foreign Ministry who have long overseen relations with Nepal.

A second major issue between India and Nepal arose in late June when a round of bombings occurred in Nepal allegedly carried out by insurgents opposed to the monarchy. The incidents gave new impetus to fears in Kathmandu that New Delhi—in reaction to the road imbroglio—was actively supporting an attempt to destabilize the regime. Nepalese allusions to Indian connivance in the affair—voiced loudly by high-ranking members of Parliament—were supported by allegations in the Indian press by insurgent leaders. We believe the King squelched the findings of his own investigation rather than risk upsetting relations with New Delhi by publicizing conclusions that implicated Indian officials.

~~Secret~~

Other issues that suggest Nepal has not received a fresh perspective in New Delhi include continued Indian pressure on Nepal to maintain trade and migration policies that many Nepalese officials view as harmful. The Nepalese press has carried articles by Nepal's Foreign Minister Subba over the last few months criticizing India for strangling Nepal's foreign trade through its control of border traffic. Subba reiterated the longstanding Nepalese contention that the porous border allows Indian immigration into the sparsely settled Terai region of south Nepal and that Indian border officials encourage Indian exports to Nepal while restricting Nepalese exports to India.

Developments in Nepalese domestic politics also could cause a change in India's attitude. We believe a strong movement toward democratic political reforms in Nepal would draw India's attention and encourage greater Indian meddling in Nepalese domestic affairs. A working democratic apparatus based on competing political parties could jeopardize New Delhi's influence by subjecting the Indo-Nepalese relationship to open political debate. The development of an insurgency in Nepal threatening the monarchy could encourage the King to seek Western military aid, a move India would oppose.

There are few signs that suggest Rajiv focused on Indo-Nepalese relations before King Birendra's visit in September. Even then, there were no indications of Rajiv's personal imprint on New Delhi's relations with Nepal. Rajiv and Birendra met privately for more than two hours, but they apparently did not address tough bilateral problems. The King sought to establish a number of joint commissions to deal with implementation of future transportation development projects, cross-border terrorism, and bilateral trade relations, apparently hoping to demonstrate Nepal's flexibility. Both leaders publicly identified control of terrorism and antigovernment elements as an area of immediate mutual concern; a joint antiterrorism program is likely to be announced soon.

**Outlook**

The evolution of Rajiv's policy toward Nepal will depend in part on developments in New Delhi's relations with Beijing. Improvement in relations with China, we believe, would free New Delhi to be more receptive to Kathmandu's push for greater equality in the relationship. A downturn relations with Beijing, however, would probably lead India to push to increase its influence in Nepalese affairs. Kathmandu would have difficulty resisting.

(REVERSE BLANK)