

BOOK REVIEW

Nepal's India Policy. Edited by Dhruva Kumar. CNAS (Centre for Nepal and Asian Studies), Tribhuvan University, Kirtipur, Nepal. 1992. 150 pp. + xi. Rs. 200.00.

The book under review is a collection of the papers presented at a seminar titled: "Continuity and Change in Nepal's Foreign Policy," sponsored and organized by the CNAS on November 3-4, 1991.

It is very much refreshing to read Kumar's nicely edited book which has been written in the context of Nepal's domestic politics and global environment.

How much continuity will be retained in Nepal's foreign policy? How much changes will be incorporated in its foreign policy? Is there any alternative to the much debated 1950 Treaty with India? Is non-aggression pact with India and China a new alternative to the 1950 Treaty? Was Nepal's policy of trade diversification flawed? Is there any trade treaty alternative open to Nepal? Could the 1950 treaty be renegotiated? In fact, is it possible to restructure the entire gamut of Nepal-India relations? Kumar's edited book offers some provocative answers to these questions.

The volume contains 6 papers including the editor's concluding paper: "Afterthought." Each paper is written by Nepal's celebrated academics and scholars among whom some were policy-makers during the *Panchayat* era. The "Introduction" has been written by Durga P. Bhandari, the Executive Director of CNAS. Written very lucidly, it provides the readers the central objective of the book, which is to examine "the whole gamut of Nepal's foreign policy in the light of the restoration of multi-party system and democratic government."

The "Introduction" is followed by the background paper: "Asymmetric Neighbours," written by the editor who presents a historical as well as an analytical discourse on various wide-ranging issues, which serves as a useful tool to understand Nepal's domestic and foreign policies under the new dispensation. Kumar points out that a major fundamental issue which is confronting Nepalese decision-makers is the term: "equiproximity" defined inversely as a conception guaranteeing balanced relations with both India and China. He is, however, critical of the exponents of the term, for he holds the view that the protagonists of "equiproximity" have neither carefully analysed and studied the crucial policy posture of China along the Himalayas and particularly toward Nepal nor they have taken into consideration "tangible geographical" and "national productivity" factors which are inimical to sustain this ideal "equiproximity" position (p. 26). In order to break new grounds to the emergent Nepal-India relations against the previous pattern, Kumar suggests three specific policy recommendations: (1) Abandoning linkage politics; (2) Abandoning asymmetrical responses; (3) Abandoning myth making.

"Nepal's Foreign Policy: Focus on Nepal-India Relations," which is the second paper of the book, has been contributed by Rishikesh Shaha, formerly a Foreign Minister of Nepal during the *Panchayat* era. The title itself is suggestive that Shaha touches both on Nepal's foreign policy in general and the bilateral issues that are at stake between Nepal and India in particular. In the first section of his paper, he examines the structural domain of Nepal's foreign policy in the light of the changing global order where he deals with issues such as: "The Substance of Nepal's Foreign Policy," "Expiry of the 1960 Trade and Transit Treaty," "The Context of Nepal's Foreign Policy," and "Secret Letters." The second section sheds lights on Nepal's foreign policy *vis-a-vis* India from the perspective of continuity and change where he deals with issues such as: "Border Control, Immigration and Citizenship," "Trade and Transit," and "Prospect for Nepal-India Cooperation in Exploiting Nepal's Water Resources."

Shaha comes to the conclusion that to date, Nepal has failed to set its long-term goals of foreign policy in broad and clear terms (p. 49). Consequently, he contends that the most crucial question which confronts Nepal today is to decide "what kind of long-term relationship" it is going to structure with its southern neighbours on whom Kathmandu relies so heavily in every fields.

The third paper, "Nepal-India Relations: Continuity and Change", has been authored by Professor Lok Raj Baral, a leading Nepalese authority on Nepalese politics. Baral touches on the "structure of Nepal-India relations" where he examines Nepal's geo-political constraints with particular reference to the Treaty of Peace and Friendship 1950, "environment" where he discusses Nepal-India bilateral relations in the changed national, regional, and global context with particular reference to the collapse of communism in the Soviet Union and elsewhere, "national and transnational actors" where he examines the role of the hardcore power elites of both countries, "focus" where he presents a brief critique on the structure of Nepal-India relations, and lastly "task ahead" where he summarizes the main points of the paper.

The basic contention of his paper is that Nepal-India bilateral relations, which are multidimensional, cannot be measured in terms of any "unilinear" approach. He further argues that it is also not desirable to look at Nepal-India bilateral relations solely on the basis of *realpolitik* either (p. 62).

Arguing that Nepal's foreign policy had lost its track from time to time particularly since the late King Mahendra, Baral cautions that the most serious matter of concern for Nepal is its declining productive capacity (p. 76). He makes an interesting comment on the Nepalese government's declaration of "Nepal as a Zone of Peace" in 1975. To quote: "However, Nepal continued to publicize it [zone of peace concept] as a life and death problem for the country, as if Nepal's foreign policy was 'a peace zone foreign policy' in spite of repeated assertions by the Nepali government that all treaties would be honoured so long as they were valid. Why such a wastage of time and energy for a plan which, as commentators said, came "without any homework" or was a "bundle of contradictions" (p. 76). "It

appears that Nepal is no more tempted to over play the traditional game between the two neighbours thus significantly stalling the process of politicization of foreign policy" (p. 77). It is not clear however whether Baral refuses to subscribe to the concept of "Nepal as a zone of peace".

"Nepal's Foreign Economic policy: An Alternative Framework for Economic Relations with India," which is the fourth paper of the book, has been contributed by Ram P. Rajbahak who was a Professor at the Institute of Management, Tribhuvan University, Kathmandu. The main objective of his paper is to highlight Nepal's economic policy *vis-a-vis* India in order to promote three dimensional interdependence in terms of convergence of economic, political, and security interests. Rajbahak divides his papers into four parts. The introductory part is followed by an examination of the determinants of Nepal-India relationship. The third part focuses on trade, aid, and balance of payments between Nepal and India. In the final part, policy issues have been highlighted.

The author notes that during the period 1975-90, the balance of payments with India was characterized by rising trade deficits which increased 12 times from Rs. 336 million in 1975-76 to Rs. 4,100 million in 1989-90 (p. 106). The main causes behind such a huge balance of payments were "sluggish and irregular growth of exports from a very low level and consistently fast rise in imports from a higher base" (p. 106).

Clearly, Rajbahak seems to have taken serious exception to the formulation and implementation of Nepal's policy of trade diversification which he finds quite faulty. To quote: "As the diversification policy was not formulated and implemented on the basis of sound economic principles and enlightened political thinking this pursuit of reducing dependence on India and attaining independence for Nepal's economy from the Indian influence proved to be a misadventure amounting to cutting off one's nose to spite one's face as shown by later consequences" (p. 108). Thus, the author reveals that the diversification policy has neither meaningfully reduced Nepal's dependence on India nor has it promoted Kathmandu's exports to third countries on an enduring basis (p. 109).

Rajbahak suggests two specific recommendations on which he feels Nepal's policy of trade diversification could be formulated: efficiency increasing measures as a long-term issue, and stabilization of balance of payments as a short-term issue.

"Nepal-India Trade" written by Narottam P. Banskota, is the fifth paper of the book. Banskota, in his paper, has studied the merits of Nepal-India trade arrangements. He has examined first how far trade arrangements between the two have been helpful in the economic development of Nepal and then he analysed structural shifts in the global economy in order to point out the need for change in Nepal-India trade.

Banskota in the final part of his article identifies and examines three trade treaty alternatives. Alternative 1: Preferential Arrangement; Alternative 2: Most Favoured Nation (MFN) Regime; Alternative 3: MFN/Preferential Regime.

He has also appended 4 very useful Tables at the end of his paper. Table 1 shows trade deficit between Nepal and India during the period 1980/81 to 1990/91. Table 2 demonstrates composition of Nepal's exports in percentage covering the same period of time. Table 3 indicates composition of Nepal's exports in percentage to India during the period 1980/81 to 1988/89 and Table 4 shows concentration of Nepalese exports to India during the same period.

In the concluding paper, titled: "Afterthought," Kumar points out that the central dilemma confronting Nepal today arises neither out of the internal threat to its territorial integrity nor does it stem from any sort of corrosive external environment which could threaten Nepal's stability. On the contrary, "the core of the Nepalese problem is economic" (p. 139).

A recurring theme of the book is the 1950 Treaty which each author has examined with varying degree of urgency and emphasis. There is a common overriding general consensus among all the contributors that there ought to be a rethinking on the 1950 Treaty with India and the challenges stemming therefrom need to be confronted without further humiliation and

disgrace in the changed context of domestic environment of Nepal as well as global politics.

The book presents both provocative and lively assessments which will evoke further research and interest on the subject. Seen thus, the book is an important valuable addition to the literature of Nepal's foreign policy and hence indispensable for both academics as well as policy-makers. Kumar also deserves appreciation for producing a book with a nice get-up free from the printer's devil.

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