

**ROLE OF COALITION POLITICS IN
NEPAL'S FOREIGN POLICY: 2006-2014**

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DECLARATION

I declare that the thesis entitled “**Role of Coalition Politics in Nepal’s Foreign Policy: 2006-2014**” submitted by me for the award of the degree of **Doctor of Philosophy** of Jawaharlal Nehru University is my own work. The thesis has not been submitted for any other degree of this University or any other university.

I will solely be responsible for all the inaccuracies and deficiencies in the thesis.

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To
My revered parents

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ABBREVIATIONS

BIPPA	Bilateral Investment Promotion and Protection Agreement
CA	Constituent Assembly
CA I	First Constituent Assembly
CA II	Second Constituent Assembly
CPA	Comprehensive Peace Agreement
CPC	Communist Party of China
CPN	Communist Party of Nepal
CPN (M)	Communist Party of Nepal(Maoist)
CPN (Maoists)	Communist Party of Nepal(Maoist)
CPN (ML)	Communist Party of Nepal (Marxist and Leninist)
CPN-Maoists	Communist Party of Nepal-Maoist
CPN-ML	Communist Party of Nepal (Marxist Leninist)
CPN-UML	Communist Party of Nepal – Unified Marxist Leninist
DG	Director General
DPM	Deputy Prime Minister
DPM & FM	Deputy Prime Minister and Foreign Minister
DPM & HM	Deputy Prime Minister and Home Minister
DTAA	Double Taxation Avoidance Agreement
EAM	External Affairs Minister of India
FDI	Foreign Direct Investment
GDP	Gross Domestic Product

GoI	Government of India
GoN	Government of Nepal
ICAO	International Civil Aviation Organization
IFA	Institute of Foreign Affairs, Nepal
INR	Indian Rupees
MCP	Minimum Common Program
MEA	Ministry of External Affairs, India
MJF	Madhesi Janadhikar Forum
MJF-L	Madhesi Janadhikar Forum-Loktantrik
MOF	Ministry Of Finance
MOFA	Ministry of Foreign Affairs
MOFA	Ministry of Foreign Affairs
MOHA	Ministry of Home Affairs
MOHA	Ministry of Home Affairs
MoU	Memorandum of Understanding
MP	Member of Parliament
MRP	Machine Readable Passport
MW	Mega Watt
NC	Nepali Congress
NPC	National Planning Commission, Nepal
NPR	Nepali Rupees
NSP	Nepal Sadbhavana Party
NWPP	Nepal Workers' and Peasants' Party

PDA	Project Development Agreement
PM	Prime Minister
RMB	Yuan (Renminbi)
RPP	Rashtriya Prajatantra Party
RPP-N	Rastriya Prajatantra Party-Nepal
RPP-N	Rashtriya Prajatantra Party-Nepal
SAARC	South Asian Association for Regional Cooperation
SCO	Shanghai Cooperation Organisation
SLMM	Samyukta Loktantrik Madhesi Morch
SPA	Seven Party Alliance
SSB	Seema Surakhya Bal
TAR	Tibet Autonomous Region
TIA	Tribhuvan International Airport
TMLP	Tarai Madhes Loktantrik Party
UCPN (M)	Unified Communist Party of Nepal(Maoist)
UCPN (Maoists)	Unified Communist Party of Nepal(Maoist)
UK	United Kingdom
ULF	United Left Front
UN	United Nations
UNPM	United National People's Movement
UPA	United Progressive Alliance, India
UPFN	United People's Front Nepal
USA	United States of America

PREFACE

The study of foreign policy is a complex task requiring the analyses of different domestic, regional and international dimensions. However, the domestic dimensions are considered more important than any other dimensions as the national interests are defined and defended by domestic actors for the protection and promotion of the interests of the nation (people). In multi-party democratic republican system, political parties and their leaders are the principal actors for defining and defending national interests. Therefore, the foreign policy is directed as per the definition of national interests defined by these actors. In a coalition government, their role becomes more prominent as they negotiate policy issues among themselves to accommodate their diverging definition of the national interest. The foreign policy ideas and interests of different coalition partners need to be accommodated in the final foreign policy in order to sustain the coalition government. Therefore, the analysis of foreign policy is incomplete without understanding the nature and political interests of the political parties.

Most of the studies on Nepal's Foreign Policy have been done by assuming Nepal as a unitary rational actor without according due consideration to sub-national actors like political parties, political leaders, bureaucracy, think tanks, advisers, civil society, pressure groups, parliament and other such actors. However, the current study has tried to understand the role of the political parties and their political actors in shaping the foreign policy of Nepal during coalition governments. The success of *Jan Andolan II* brought plethora of changes in Nepal's political arena. Monarchy was abolished, republic system was introduced, proportional election system was adopted and the country is changed into a federal structure through the promulgation of the new Constitution in 2015. Unlike in monarchy, multiples of political parties with conflicting ideologies are each other's partners and competitors in governance issues including foreign policy. The adoption of mixed electoral system has increased the probability of formation of coalition governments after each successive general election. Therefore, the current study will motivate to study the nature of such coalition government by studying the composition of

the coalition for understanding the foreign policy behaviour of the Nepalese governments.

The current study has studied the foreign policy of coalition governments formed from 2006 to 2014 to explore the role of political parties in shaping the foreign policy of Nepal. During the study period, six coalition governments were formed out of which two governments each were headed by Nepali Congress, CPN-UML and UCPN (Maoist) parties. Since Nepal spends majority of its resources and efforts for managing its relation with its neighbours, the current study compares Nepal-India relations during each coalition government with focus on their foreign policy orientation. It also explores the influence of the position of the political parties and the perception of their leader in shaping Nepal-India relations. It has also studied different foreign policy issues to find out the influence of political parties on such issues.

The study found that the coalition foreign policy is formulated through intense deliberations and negotiation among the coalition partners which demands compromises in their respective policy positions. Wherever possible, their conflicting definitions of the national interests are accommodated to project a unified voice of the government. Therefore, the final compromised foreign policy decision may differ from the policy positions of each political party. However, the coalition partners do not come to compromise in every issue and may obstruct the foreign policy decision process if they find the issues affecting the national interest as per their definitions. Similarly, the control over issue relevant ministries provides coalition parties with an important role in shaping and innovating the foreign policy as per their political ideas and party position though it may require consent and compromise of other coalition partners, Prime Minister and opposition parties.

The dissertation also found that the political parties influence the foreign policy of Nepal whether they are in government, opposition or Parliament. They are the important means of interest aggregation and articulation of the people. They organize and train their supporters as per their conception of the national interest based on their party ideology. They have also become more assertive and conscious about their role in shaping foreign policy. Therefore, their role has tremendously increased though the role of other factors

like bureaucracy, civil society, interest group, think tank and public opinion cannot be undermined. It also found that foreign policy orientation of the Nepalese coalition government depends on the relation of the Prime Minister with India; his/ her perception about Indian interests in Nepal and willingness to accommodate them; his/her willingness and capacity to develop a broad-based consensus among major political parties and their intra-party factions on issues of national interest; support, cooperation and opposition of the coalition partners and opposition parties; and his/her engagement with China by taking India into confidence.

Chapter 1
Introduction

Background

Nepal is a landlocked country located between two emerging powers, China and India. It is bordered by the Tibet autonomous region of China in the North and by India in its East, West and South. Nepal's foreign policy is considered as a '*Strategy for Survival*' (Rose 1971) and a '*Struggle for Existence*' (Sharma 2006) referring to its delicate act of balancing between the two competing and powerful neighbours. It is argued that due to its unique strategic location, the rulers of Nepal had always been pre-occupied with the maintenance of independence and the preservation of Nepal's security. The modern Nepal came into existence when King Prithvi Narayan Shah united the smaller principalities to form a united Nepal after his accession to the throne of Gorkha principality in 1743 (Whelpton 2005:35-37). The act of expansion of territory of Nepal initiated by King Shah was further carried on by his successors and was expanded up to Tista River to the East and Sutlej River in the West (Whelpton 2005: 35-42) and from Tibetan marginal mountains in the North to the rich Tarai land to the South (Stiller 1973:247). King Shah, in his *Dibya Upadesh* (Divine Counsels), compared Nepal as '*a yam between two boulders*' (Stiller 1968:37) indicating a very delicate position of Nepal between two powerful nations. All the rulers of Nepal since the unification realized the country's vulnerable position and adjusted their policies and strategies according to changing regional and international contexts to protect the sovereignty and territorial integrity of Nepal.

The expansionist drive of Nepal was halted due to its defeat with British India in the Anglo-Nepal war of 1815. The Sugauli Treaty signed after this war defined the permanent territory of Nepal as it had to lose around 40,000 square miles of landmass (Stiller 1973: 369). Due to this loss, the Nepalese ruler became more concerned about protecting Nepal's sovereignty and territorial integrity that became integral part of the country's foreign policy. The autocratic Rana regime, which began in 1846, adopted a policy of appeasement towards the British India to secure its regime's survival (Rana 1999). The pro-democracy revolution of 1950 overthrew the Rana regime and established multi-party parliamentary democracy in Nepal with King as the head of the State. However, this system could not flourish as King Mahendra suspended the elected

government in 1960 and established partyless Panchayat system, which lasted for 30 years.

The success of the first peoples' movement (*Jana-Andolan I*) in 1990 restored multi-party parliamentary democratic system with King as the constitutional head of the State. The first general election in 1991 gave an overwhelming mandate to Nepali Congress to form a majority government. However, this government could not complete its five year tenure due to intra party rivalry. In the midterm elections of 1994, no party could get majority and a minority government was formed which lasted for only nine months. After this, Nepal started experiencing vibrant and democratic coalition politics. During this period, an ostensibly small political group called Nepal Communist Party (Maoists) started people's war in 1996 against the then system of governance and forwarded its 40 points demand, out of which nine were directly related to foreign policy and bilateral relations with India (Muni 2003: 82-83). Various regimes after 1996 tried to manage the Maoist problem internally through negotiations and also through use of force. Following the Royal Massacre of 2001, new King Gyanendra (brother of massacred King Birendra) experimented direct rule. After the 11 September 2001 terrorist strikes in the USA and under the latter's *War on Terror* campaign, Nepali regime labelled Maoists as terrorists and an international threat, and persuaded the international community to treat Maoists as a terrorist group (Thapa 2012). India labelled them terrorists even before Nepal government made the announcement.

However, in 2006, mainstream Seven Party Alliance and the Maoists joined hands to start second peoples' movement (*Jana- Andolan II*) against the direct rule of the King to bring systemic change in the governance system (Muni 2012). During and after the success of *Jana-Andolan II* many international actors helped Nepal in peace and transition management (Whitefield 2012; Jha 2012; and Martin 2012) with regional players gaining greater importance.

I. Party System and Coalition Politics in Nepal

a. Party System in Nepal

Political parties are a connecting link between people and government and an instrument of accommodating popular voice in policy making. Downs (1957:25) defined political party as a “team seeking to control the governing apparatus by gaining office in a duly constituted election.” Downs theory implies that political parties are the rational actors which seek to achieve their goals of controlling government authority and resources by means of elections. LaPalombara and Weiner (1966:6) provide a more comprehensive definition of the party by identifying four requirements for political party- continuity of the party organization; manifest and presumably permanent organization at the local level; self-conscious determination of leaders to capture and hold decision making power; and seeking followers as well as popular support for winning elections. These requirements contemplate the continuity of the political parties from generation to generation with the support of dedicated followers in order to control government authority through winning elections. On the basis of a particular ideology, they organize their followers and ordinary people in the party and create opportunity structure for the redistribution of the government resources among different classes of people (Parkin 2002:104).

Nepalese political parties were established in 1930s and 1940s during the oligarchic Rana rule in the country. The subjugation and exploitation of national resources for the personal comforts of Ranas united the public to topple the oligarchic rule for establishing democracy. Motivated by nationalist movements and revolutions in China, India and other parts of the world, three distinct groups of Nepalese- a) enlightened and educated people from Kathmandu, Nepali political exiles, and Nepali students in India; b) Gorkha soldiers exposed to the recent developments around the world; and c) Nepalese domiciled in India- contributed in forming political parties for establishing democracy in Nepal (Hachhethu 2002: 27). Unlike in other parts of the world where political parties were founded for national liberations or as a consequence of modernization process, Nepalese political parties were established to oppose the oligarchic Rana rule and establish democracy in the country (ibid: 25-28). The Tripartite Delhi Settlement of 1951 among

ruling Rana regime, Nepali Congress Party and King Tribhuvan opened avenues for democratization of Nepali political system and establishment of several political parties in Nepal.

Each successful movement saw mushrooming of new political parties. After the successful movements of 1950, 1990 and 2006, parties of different ideologies ranging from region based to ethnicity based were established. Some of them have already been extinct while others are struggling to prove their importance and independent identity. The restoration of democracy in 1990 and success of people's movement in 2006 which institutionalized the proportional representation electoral system have encouraged mushrooming of political parties with different aims and aspirations. Apart from national level parties, several regional and ethnic based parties have also been founded for ensuring the rights of hill ethnic community and Madhesi people. In the Constituent Assembly elections in 2008, 54 parties participated out of which 25 parties were able to secure at least one seat (Election Commission of Nepal, 2008). Frequent party splits, their mergers and counter splits dramatically increased the number of parties that contested second Constituent Assembly (CA II) elections in 2013. In the CA II elections, the number of political parties participating in the election increased to 123 parties out of which 30 parties secured at least one seat (Election Commission of Nepal, 2014). Some of the major Nepalese political parties that are active in politics, their ideological orientations and foreign policy goals are given below:

i. Nepali Congress

Nepali Congress is a reformoriented centrist party which took a lead role in 1950-51 movement for introducing democracy in the country, in 1990 first *Jana Andolan* (people's movement) to restore democracy and also in 2006 second *Jana Andolan* (people's movement) to re-establish democracy which ultimately led to the abolishment of the monarchy. Because of its leadership in all democratic movements, it was elected with landslide victory in the elections of 1959, 1991, 1999 and 2013. It is the oldest party in Nepalese politics which was founded in exile in Varanasi, India on 31 October 1946 as Akhil Bharatiya Nepali Rashtriya Congress. After its first convention in Calcutta from 24 to 26 January 1947, it was renamed as Nepali Rashtriya Congress (Upreti 1993:26). In

August 1948, Nepali Democratic Congress was established by Mahavir Shamsher and Subarna Sharmsher which later on merged with Nepali Rashtriya Congress to form the Nepali Congress on 19 April 1950 (Upreti 1993:27).

BP Koirala, the main ideologue of Nepali Congress, wanted to establish a 'democratic socialist society' as a synthesis of realism, Gandhism and Marxism (Mishra 1994: 14). Therefore, in 1956, Nepali Congress proclaimed its ideology as democratic socialism and value of pluralism (Hachhethu 2006: 6). It has a staunch commitment to the system of multiparty parliamentary democracy, rule of law, pluralism and human rights¹. Since its inception in 1947 till 1990 Jana Andolan, the NC evolved as a missionary party rather than as an ideological group. Its first mission was to overthrow the oligarchic Rana regime whereas its second mission was directed at the partyless Panchayat regime (ibid:6-7). During the movement of 2006, its sole mission was to reinstate democracy and curtail King's powers. NC has relied more on the personality of its charismatic leaders than on party organization, ideological or policy incentives (ibid: 8). The party revolved around the personality of B.P. Koirala, Ganeshman Singh, Girija Prasad Koirala, Krishna Prasad Bhattarai and Sushil Koirala. Due to its long struggle for parliamentary democracy, NC has been treated as a democratic and centrist party (ibid: 30).

The study of manifestos of 2008 and 2013 elections of Nepali Congress show that the party's main foreign policy goal is to promote and protect Nepal's national identity, independence as well as national interest in the international community and contribute positively in the maintenance of world peace, cordiality and prosperity. NC considers the United Nations Charter, the principles of the Panchasheel, non-alignment, national interest and national security as the basis of Nepal's foreign policy and international relations. It wants to maintain friendly relations with all countries and neighbours on the basis of mutual respect, cordiality and equality. Nepali Congress gives special importance to Nepal's relation with its two neighbours China and India and embraces the policy which underlines that any misunderstanding between these two neighbours should be

¹ See official website of Nepali Congress [Online: web] Accessed on 20 April 2016, <http://www.nepalicongress.org/index.php?linkId=3>.

resolved through mutual trust, friendly and pragmatic attitudes rather than by aggressive approaches. It wants to maintain balanced relationship with India and China by respecting regional integrity and following norms and values of international relations. It wants to establish Nepal as a capable and reputed member of the world and favours equal relations with all countries based on respect for territorial integrity, independence and sovereignty. NC is against the use of any part of the country by any person or organization in activities prejudicial to the sovereignty, independence and territorial integrity of the neighbouring and friendly countries, and, in turn, expects the same attitude towards Nepal from the international community. It seeks to transform SAARC as a result-oriented body for regional development and partnership and reaffirms its commitment to regional organizations like BIMSTEC and SCO and wish to use such multilateral forums to secure regional investments, tourism promotion, export promotion and trade diversification.

ii. Communist Party of Nepal-Unified Marxist Leninist (CPN-UML)

The Communist Party of Nepal (CPN) was founded on 22 April 1949 in Kolkata as the first party with a communist outlook. During its inception, the CPN adopted the ideology of class struggle, armed revolution and dictatorship of proletariat. In the due course of time, it split into several streams with each splinter group having separate identity as moderate, radical or extremist communists (Hachhethu 2002:35-37). The precursor of the current CPN-UML was the *Jhapali group* which erupted in eastern part of Nepal in 1971 adopting the Maoist ideology of Naulo Janabad (New People's Democracy) and followed the Naxalite armed uprising in India. The Communist Party of Nepal (Marxist Leninist) was established on 26 December 1978.² It constantly moderated and modified its ideology during its evolution process. It dumped Naxalite line in 1982, abandoned Maoism in 1989 and ultimately participated in the 1990 movement to restore democracy. It also changed its name to CPN-UML following its merger with the CPN (Marxist) in January 1991 (Pyakurel 2009:62-63).

² See official website of CPN-UML, [Online: web] Accessed on 20 July 2016, <http://www.cpnuml.org/content/jhapa-struggle-and-development-of-ml-mainstream.html>.

After the 1991 polls, it became the main opposition party and it distanced itself further from its old communist ideology of achieving power through armed revolution. After entering into the realm of parliamentary politics, in order to remain in power, it took recourse to the same means adopted by the Nepali Congress (Verma and Naulakha 2007:1840). It adopted a new ideological position Janatako Bahudaliya Janabad (People's Multiparty Democracy) formulated by Madan Bhandari in its fifth national convention in 1993 (Hachhethu 2006:8-9). The People's Multiparty Democracy has adopted all major components of liberal democracy, i.e. fundamental human rights of citizens, supremacy of the Constitution, separation of powers, peaceful competition among political parties, majority party rule, periodic elections and rule of law. After 1990, it has led the government four times and has participated in different coalition governments. From 2006 to August 2016, it has participated in 6 governments out of 8 coalition governments and also held premierships in 3 coalitions.

On ideological ground, the CPN-UML is considered a moderate left party since it has given up its earlier faith in a one-party system except communist rhetoric. It is a reformist party committed to socialism than to communism. For the party, Marxism is just a theoretical tool and not a guide to action as it stands for "scientific socialism" and "pragmatic communism" (Mitra et al. 2004:315). Nepal's communist parties, since the founding of the CPN in 1949, have continuously been championing nationalism as a party ideology. On foreign policy position of NCP, its politbureau member Tulsi Lal Amatya in 1960 said that CPN supported the policy of nationalism, neutrality, non alignment with power bloc and it was both nationalist and internationalist at a same time (Gupta 1997:52). However, CPN-UML, in its 1994 election manifesto, explicitly declared that it would follow non-ideological foreign policy.

CPN-UML believes that the main goal of international relation and foreign policy is to make visible contribution for national development and prosperity of Nepalese people by promoting world peace, humanity, harmony and friendly relationship with other nations. It states that the Charter of the United Nations, principles of peaceful coexistence (Panchasheel), non-alignment, and regional cooperation and support are the major pillars of the foreign policy. Further, it seeks to maintain cordial and balanced relationship with

neighbouring countries by protecting Nepal's national interests, independence and sovereignty, and by being sensitive to each others' genuine concerns and interests. It also assures that Nepal's land will not be allowed to be used against the interests of any neighbouring country. It seeks to promote world peace, disarmament, national and social emancipation and protest against imperialism, neo-colonialism, apartheid and terrorism. It wants to make SAARC more effective by facilitating mutual support among its member states. Moreover, the party manifestos state that effective processes will be expedited for diplomatic initiations and bilateral dialogues to resolve border issues, including proper management of checkpoints.

iii. Unified Communist Party of Nepal (Maoists)

The Communist Party of Nepal (CPN) was split into different groups and a splinter group called the CPN (Fourth Convention) led by Mohan Bikram Singh and Nirmal Lama was established in 1974. In 1983, CPN (Fourth Convention) split further and CPN (Fourth Convention) faction was led by Nirmal Lama and another faction was led by Mohan Bikram Singh to form a radical party- the CPN (Masal). Again in 1985, Mohan Baidhya faction split to establish the CPN (Mashal) (Pyakurel 2007: 62-63). In 1989, the CPN (Mashal) launched an urban insurrection in Kathmandu by attacking police post which was ultimately suppressed by the Panchayat regime. The then General Secretary of the party Mohan Baidhya was demoted from his post for this failure and Pushpa Kamal Dahal 'Prachanda' was appointed as the General Secretary of the party (Ogura 2008: 9-10).

In January 1990, seven leftist factions including CPN-UML formed the United Left Front (ULF) which jointly with Nepali Congress launched *Jana Andolan* (People's Movement) against the Panchayat system. However, the CPN (Mashal) and the CPN (Masal) didn't join the ULF but established the United National People's Movement (UNPM) by involving other more radical leftist groups. Later on, radical factions like the CPN (Fourth Convention) led by Nirmal Lama, the CPN (Mashal) led by Prachanda and a faction led by Bhattarai that had rebelled against the CPN (Masal), formed the CPN (Unity Center). The CPN (Unity Center) remained underground whereas its political branch, the United People's Front Nepal (UPFN), led by Bhattarai, participated in the

general election but secured only 9 out of 205 seats. In March 1995, CPN (Unity Center) led by Prachanda and the UPFN led by Baburam Bhattarai united to form the Nepal Communist Party (Maoists) (Ogura 2008: 9-10).

The Party launched an armed movement on 13 February 1996 to dismantle the prevailing political structure and establish a “New People’s Democracy” based on Maoism. Its goal was clearly stated in a resolution passed by the CPN (Maoists) on the eve of their insurgency:

“This plan of initiation of the people’s war will be based on the principle that everything is an illusion except state power. While remaining firm on the principal aim of the armed struggle to capture political power for the people, the party expresses its firm commitment to wage a relentless struggle against all forms of deviationist thoughts and trends, including economism, reformism and anarchism” (Hachhethu 2009:46).

The royal coup of February 2005 motivated the CPN (Maoists) to forge a partnership with the political parties for restoring democracy and abolishing monarchy. After coming into peace process by adopting multi party democracy, it again unified with the Communist Party of Nepal (Unity Centre-Masal) on 13 January 2009 to form the Unified Communist Party of Nepal (Maoists) (Lawoti 2010:164). In this dissertation, the words ‘Maoists’, CPN (Maoists), CPN (Maoists), UCPN (Maoists) and UCPN (Maoists) have been interchangeably used to refer to this party headed by its Chairman Prachanda.

The UCPN (Maoists) proclaims its ideology as Marxism, Leninism, Maoism and the Prachanda Path which seeks to establish people’s democracy through people’s war. However, in June 2003, it revised its ideology by passing a resolution called ‘Democracy in the 21st Century’ to adopt multiparty democratic system. By revising its ideological goal from ‘New People’s Democracy’ to ‘Democracy in the 21st Century’, UCPN (Maoists) changed its central means for harnessing political power-through the ballot instead of the bullet which means it transformed itself into a parliamentary party from an armed party (Hachhethu 2009: 68).

The CPN-UML’s swing to the centre also created an ideological vacuum for the more radical elements in the party, a fact that worked to the advantage of the Maoists with the latter being able to attract some of these radicals into their fold (Hachhethu 2006: 9). The

realignment of the leftist forces in the post-1990 period led to the formation of the CPN (Unity Centre), which consisted of several splinter groups of the erstwhile CPN (Fourth Convention). The party, under the leadership of General Secretary Pushpa Kamal Dahal 'Prachanda', then upheld its faith in armed revolution against the prevailing system of monarchy and democracy (Hachhethu 2006:10). After the launch of the people's war, the Maoists gained control over some rural areas throughout Nepal before it transformed itself into a parliamentary party in 2006. The CPN (Maoists)'s proclaimed goal is to establish a republican system and a 'new people's democracy' which has now been changed to 'new model of democracy'.

The manifestos of the Maoist party state that mobilization of international relation is needed to skilfully protect sovereignty, national independence and territorial integrity as well as to establish a new and prosperous Nepal. It says that the 1950 friendship treaty between Nepal and India should be abolished and a new treaty should be signed on the basis of the principle of Panchasheel and mutual goodwill. In the same vein, all other treaties should also be reviewed and amended or improved or cancelled as needed. The open border between Nepal and India should be managed and controlled. Encroachment and border disputes at Susta, Kalapani and other places should be settled by looking at facts and on the basis of mutual well being. It further states that the shameful tradition of recruiting Nepali citizens in foreign army, such as the Gorkha recruitment centre, should be ended and provision should be made for respectful and productive employment for everyone. On relationship with India and China, it says friendly relationship should be maintained with all the countries in the world on the basis of the principles of Panchasheel. A special effort should be made to balance and consolidate relationships with the two big neighbouring countries, China and India. By renouncing the 'Buffer State' mentality of the past Nepali rulers, a policy should be adopted to act as an active bridge between the two countries to gain from the economic developments of both China and India.

iv. Tarai Madhes Based Parties

The Tarai Madhes based parties were mostly founded on ethnic line rather than on political ideology. The first Tarai-Madhes based party was Tarai Congress, which was

later revived as Sadbhavana Parishad by Gajendra Narayan Singh in 1983 (Hachhethu 2006:13-14). It transformed into Nepal Sadbhavana Party (NSP) in 1990 which split and merged many times after 1990. After the success of 2006 movement, two major Madhes based parties- Madhesi Janaadhikar Forum and Tarai Madhes Loktantrik Party-were formed by formers leaders of Nepali Congress, UML and other parties for the cause of Tarai-Madhes and Madhesi issues. These parties further split resulting into mushrooming of Tarai-Madhes based parties with similar political goals. At present, more than one dozen Tarai-Madhes based parties are active in Nepali politics.Madhesi Janaadhikar Forum first came to existence as an NGO in 1997 which was later registered as a political party in 2007 and is devoted to promoting the interests, rights and representation of Madhesi people. It believes in social democracy (Upreti 2010:84). It further split in 2009 to form Madhesi Janaadhikar Forum-Nepal led by Upendra Yadav and Madhesi Janaadhikar Forum-Loktantrik led by Bijay Kumara Gachhadar. Both the parties split further in due course to form smaller parties.Tarai Madhes Loktantrik Party was established in January 2008 with an objective of working for the rights and representation of Madhesi in governance. The party has adopted democratic socialism as its ideology (Upreti 2010:84-85).

Though in practice Upendra Yadav-led Madhesi Janaadhikar Forum seems more nationalist than other Tarai-Madhes based parties; their foreign policy is more or less similar. They agree that Nepal's foreign policy should be based on United Nations Charter, Panchasheel and principles of non-alignment for preserving and promoting Nepal's multi identity character, national sovereignty, peace and territorial integrity. Friendly relations with all countries of the world, on the basis of sovereign equality, mutual respect and benefit, should be established for international cooperation and support with the objective of broad based change in the economic, social and political spheres and upliftment of marginalized group while preserving territorial integrity and independence. They vow to maintain a balanced but 'a special relation' with India due to natural cultural uniformity with it and also for maintaining social, historical, cultural, regional security and stability. They also accept that democracy and human rights are the integral parts of foreign policy and vow to fully utilize economic diplomacy for Nepal's

benefit. They commit to uphold Nepal's commitments and obligations as a member of the United Nations, SAARC and other multilateral and bilateral groupings.

v. Rastriya Prajatantra Party and Rastriya Prajatantra Party (Nepal)

Rastriya Prajatantra Party is a centre-right, liberal conservative party formed by former *panchas* (supporters of party-less Panchayat system) after the restoration of multi party democracy in Nepal on 29 May 1990.³ Two separate parties led by former Panchayat prime ministers, Surya Bahadur Thapa and Lokendra Bahadur Chand, with the same name and identical backgrounds and ideologies, merged to form a new party as per the need of the political development in the country (Hachhethu 2006: 12). Despite being a party of supporter of party-less Panchayat system and monarchy, it successfully transformed itself post 1990 to adopt multi-party democratic system with a ceremonial role for the King. After the success of 2006 movement, it also transformed its policy to adopt republican multi party democratic system. Its proclaimed ideology was 'nationalism, democracy and liberalism' however it added republicanism after 2006. It split many times to form RRP (Thapa), RPP (Chand), Rastriya Janashakti Party and latest being RPP-Nepal in 2008. A faction led by Kamal Thapa split from RPP in 2008 to form RPP-Nepal with its support for a Hindu State and ceremonial monarchy in the country. RPP and RPP-Nepal agreed to merge on 9 August 2016 but at the last hour it could not happen due to dispute over the participation in Prachanda-led coalition government. RPP was in favour of joining government, whereas, RPP-N was against joining Prachanda-led coalition. RPP sent its two leaders to the Prachanda-led coalition which halted the process of merging of the two parties.

The RPP and RPPN have more or less similar foreign policy priorities except RPP-N has more nationalist approach and has been vocally demanding the revision of 1950 treaty. They believe Nepal's foreign policy should be based on United Nations Charter, non-aligned movement, Panchsheel, international law and world peace for serving national interest, preserving territorial integrity, national security and advancing economic development. They believe in maintaining close and balanced relations with

³ Official website of RPP Nepal, [Online:web], accessed on 10 February 2016 (<http://rppn.org/about/history.html>).

both India and China and expand traditional relations with them for mutual benefit and mutual equality. They agree that Nepal’s foreign policy should be conducted for up keeping multilateral and regional perspective, globalization, human rights, civil and human freedoms.

Table 1.1: Major Political Parties of Nepal and their Ideologies

Parties	Established Year	Political Ideology
Nepali Congress (NC)	1947	Social Democratic Centrist
CPN-UML	1991	Moderate Left
UCPN (Maoists)	1993	Radical Left transformed to Moderate Left
Rastriya Prajatantra Party-Nepal (RPP-N)	2008	Conservative Right
Rastriya Prajatantra Party (RPP)	1990	Conservative Centre-Right
Nepal Workers’and Peasants’ Party (NWPP)	1975	Moderate Left
Nepal Sadbhavana Party (NSP)	1990	Regional Party
Tarai Madhesh Loktantrik Party (TMLP)	2008	Regional Party
Madhesi Jana Adhikar Forum	2006	Regional Party
Madhesi Jana Adhikar Forum-Loktantrik	2009	Regional Party
Sanghiya Samajvadi Forum	2015	Regional Party
<i>Source: Author’s Compilation</i>		

b. Coalition Politics in Nepal

Multi-party democracies are characterized by not only competitions among political parties but also by coalition building among them for mobilizing support of other parties in certain policy issues and also for implementing their vision. A coalition is usually a temporary pact or partnership between two or more political parties for the purpose of gaining more influence or power than the individual parties can achieve individually by building on each other’s strengths to gain advantage on issues of common interest (NDI 2015:13). Parties form coalitions for a range of objectives which include

government formation, passing and blocking a resolution in the Parliament, and also for proposing an alternative to the incumbent government, among others. Such coalitions promote political pluralism and competition necessary for a democracy to function. Coalitions among political parties can be categorized (NDI 2015:14-18) into the following types:

- *Electoral Alliances*: This may involve uniting behind common candidates or agreeing not to compete against each other in particular electoral area to improve electoral outcomes for members of the alliance for achieving majority in the Parliament to form next government. In Nepal, many leftist parties have formed electoral alliances during elections.
- *Grand Coalitions*: When the main competitor parties of a country unite to form a coalition government, which may happen during moments of national political crisis, such coalition is called a grand coalition. Grand coalition limits the influence of fringe parties on government formation. In Nepal's case, if a coalition government is formed by joining NC, CPN-UML and Maoist party-which are the major competitors for political powers-such coalition can be called a grand coalition. The government formed under Girija Prasad Koirala in 2006 after the success of 'Jana Andolan II' which included SPA and Maoists party in the government can be termed a grand coalition.
- *Governments of National Unity*: Governments of national unity are usually formed when countries face national political crises with a responsibility for overseeing the development of a new Constitution and other fundamental reforms. The opposition parties Nepali Congress and CPN-UML joined the Baburam Bhattarai led coalition in May 2012 before the dissolution of the Constituent Assembly to form a government of national unity. However, due to differences over range of issues related to Constitution and State restructuring, this government could not last for more than two weeks.
- *Legislative Coalition*: This coalition typically involves an agreement to pursue specific legislative goals without a division of cabinet/executive responsibilities and is most common among, but not exclusive to, opposition parties. The uniting of coalition partners Nepali Congress, RPP and NSP with the opposition party CPN-

UML to ratify the Mahakali treaty in 1996 can be taken as an example of legislative coalition. As Nepal's Constitution has made a mandatory provision of two-third majority for ratifying any treaty, this provision demands legislative coalition among major political parties.

Every successive people's movement has enlarged the role of the political parties in Nepal's governance system. Their first role was appreciated when Nepali Congress was included in the Rana-Congress government formed after the Tripartite Delhi settlement among King Tribhuvan, Ranas and Nepali Congress party. In the elections of the 1959, Nepali Congress secured the two-third majority, but active King was there who dissolved the Parliament and government to introduce Partyless Panchayat system. However, the success of '*Jana Andolan I*' further reduced the authority of the King into a ceremonial role and increased the role of the political parties. Different forms of government like majority, minority and coalitions were practiced from 1991 to 2002 when King Gyanendra again sacked the majority government of Nepali Congress. The successful '*Jan Andolan II*' abolished monarchy and introduced republic multi-party democratic system which established political parties as the major actors in the Nepali political system. Political parties, as the representatives of citizens, are the principal decision makers in policy formulation including foreign policy in the post 2006 political system.

Generally, the allocation of cabinet portfolios in Parliamentary democracies is proportional to the legislative seat shares of the governing parties (Gamson 1961). But if we study the coalition politics of Nepal, we find that the Gamson's law does not fully apply in Nepal's coalition politics as small fringe parties have claimed larger roles in coalition governments including the portfolio of Prime Minister and other powerful ministries not proportional to their legislative seats. The coalition politics of Nepal can be studied in three phases:

- i. First Phase (1951-1959):** The first phase of Nepalese coalition politics covers the duration from the establishment of democracy in 1951 to 1959- the year in which the first general elections were held. The parties were mostly leader based as no election was held during that period. Many new parties were established, split and merged to form more parties. Mostly, the clash of personalities within a party and factionalism

led to party splits. As the parties didn't have the popular mandate to form government, they depended on the King's prerogative to be included in new forms of coalitions among such political parties. Levi in 1956 aptly observed that, "The several dozen political parties of the center [Kathmandu based] hardly deserve the name. In effect, most of them consist of groups of followers banded around a leader and few have more than regional support. The personalities around which these parties are built have usually been prominent in public life for many years; some come and go and their parties with them. They unite and split with great frequency, forming alliances when they are out of office and fighting each other when they are in. For many, the only clear aim is the acquisition of personal power by the leader" (Levi 1956:39). As they didn't have the popular base, they were also repeatedly used by Kings as pawns for government formations considering them as the virtual representatives of the citizens and symbol of the newly dawned democracy. All the political parties, except Nepali Congress and few leftist parties, disappeared from the political scene after the introduction of partyless Panchayat System.

- ii. Second Phase (1995 -1999):** The second phase covers period after the fall of Man Mohan Adhikari's minority government in 1995 to 1999 general. In 1994 general elections, no party secured the seats required for forming a majority government which led to the formation of several coalitions among political parties. Khanal (1998:147) rightly observed that, "The uncertainty writ large in the composition of the second Parliament, in which no party commanded an absolute majority, was aggravated by internal division within the parties and by unprincipled and highly opportunistic alliance maneuvers". During this period, all most all the parties participated in one or another coalition government. Different coalitions were formed among Rightists, Centrists and Leftists parties merely for the purpose of sharing political power. The first and third largest party in the Parliament, CPN-UML and RPP respectively, were split for participation in the government. The second phase of coalition politics showed that the ideological and policy differences between parties were not serious obstacles to coalition formation; more critical were the personal ambitions of political leaders (Rose 1999:156). The RPP with just more than a dozen

Parliamentary seats was able to head two coalition governments by taking benefits of competition between NC and CPN-UML. The continuing political instability characterized during that period did not only result in hung Parliament, but was also derived from three factors beyond and outside Parliament (Khanal 1998:153-154):

- *Undeveloped Democratic Institutions:* Nepal’s democratic institutions like Parliament, political parties and others were intellectually and organizationally immature to handle the challenges of a democratic society. There was a serious gap between their capacity and the responsibility that the Constitution imposed on them.
- *Ideological Differences:* The fundamental ideological differences between NC and the UML pushed them in a zero-sum confrontation. They were not able to promote consensus politics.
- *Lack of National Leader:* Political instability which Nepal experienced could be addressed only by a national leader who, though a member of a party, could rise above partisanship. However, serious intra party factionalism in all parties hindered the emergence of a national leadership.

Table 1.2: Governments formed from 1995 to 1999

S. N.	Prime Ministers	Coalition Partners	Length	Duration
1	Sher Bahadur Deuba	NC+RPP+NSP	18 Months	11/09/95-11/03/97
2	Lokendra Bahadur Chand	RPP+UML	7 Months	12/03/97-05/10/97
3	Surya Bahadur Thapa	NC+RPP+NSP	6 Months	06/10/97-25/03/98
4	Girija Prasad Koirala	Congress minority	5 Months	26/03/98-25/08/98
5	Girija Prasad Koirala	NC+ ML	4 Months	26/08/98-22/12/98
6	Girija Prasad Koirala	NC+UML+NSP	5 Months	23/12/98-26/06/99
<i>Source: Hachhethu and Gellner (2010:137)</i>				

iii. Third Phase (2006 onwards):After the success of ‘Jana Andolan II’, the King was eliminated from the political powers structure which made political parties the sole player in Nepal’s power politics. Due to political exclusion of ethnic, caste and gender groups in democratic Nepal, there was a demand for inclusion of every caste,

class, ethnicity and region in the governance system. Different identity based and regional parties were also established to ensure the voice and choice of different ethnic groups and communities in the political system. Therefore, after '*Jana Andolan II*', Nepal adopted mixed electoral system to ensure inclusive democracy due to which it might be difficult for a party to secure majority in the Parliamentary elections since the proportional electoral system produces more political parties in the Parliament and subsequently more parties in the cabinet (Kaarbo 1996:505). Therefore, the possibility of forming coalitions in all the future governments is very high. During the period from April 2006 to August 2016 coalition governments were formed along with one non partisan bureaucratic government to hold the Second Constituent Assembly elections:

Table 1.3: Governments formed from 2006 to 2016

S.N.	Prime Ministers	Coalition Partners	Length	Duration
1	Girija Prasad Koirala	SPA+CPN (Maoists)	28 Months	25/04/06-17/08/08
2	Pushpa Kamal Dahal	CPN (Maoists) +UML+ MJF+NSP + other fringe parties	9 Months	18/08/08-22/05/09
3	Madhav Kumar Nepal	UML+NC+TMLP+NSP + other fringe parties	21 Months	23/05/09-02/02/11
4	Jhala Nath Khanal	UCPN (Maoist), +UML)+ MJF+ other fringe parties	6 Months	03/02/11-25/08/11
5	Baburam Bhattarai	UCPN (Maoists)+ MJF(L)+ NSP+ other fringe parties	18 Months	26/08/11-13/03/13
6	Khil Raj Regmi	Non partisan, bureaucratic	11 Months	14/03/13-09/02/14
7	Sushil Koirala	NC+UML+ other fringe parties	20 Months	10/02/14-11/10/15
8	K.P. Sharma Oli	UML+UCPN (Maoists)+ RPP + other fringe parties	9 Months	11/10/15-02/08/16
9	Pushpa Kamal Dahal	UCPN (Maoists) +NC+RPP + other fringe parties	Incumbent	03/08/16-----continuing

The coalition governments present a potential venue for analyzing and operationalizing how 'the battles of ideas' at the decision making level influence foreign policy (Taner 2005: 250). Therefore, the foreign policy idea and interests of different coalition partners are to be accommodated in the final foreign policy in order to sustain any coalition government. Most of the literatures related to Nepal's foreign policy are studied by taking Nepal as a unitary rational actor coping with the international environment and adjusting its policies to secure its territorial integrity and survival. The study of the history of Nepal's foreign policy reveals that foreign policy of Nepal mostly is directed toward the regime's stability and survival. Many times the Nepali rulers have used foreign policy to support and consolidate the action of their regime and other time national interests are compromised for the sake of regime's survival and stability (Pachhai 2013). Rulers are also found to have used diversionary foreign policy to strengthen their position in the domestic politics (Whelpton 2005: 43; KC 2004: 63 and Rose 2010: 285-291). The recent studies on international relations are focusing on the levels below the State. Apart from rulers and political elites, bureaucracy, interest groups, civil society, business community and general people of Nepal are also seeking and playing their part to affect the foreign policy decisions, their implementation and outcomes. Foreign policy decision making with substantive inputs from the actors other than unitary rational State is needed to be studied in details to understand the dynamics of a State's foreign policy behaviour.

In this connection, there is virtual absence of a comprehensive study on the role of coalition politics on the foreign policy of Nepal. The year after 2006 is historically a very important time period due to abolition of the 240-year-old institution of monarchy from Nepali power structure, adoption of republican identity of the State of Nepal and mainstreaming of a revolutionary, powerful and insurgent party-Nepal Communist Party (Maoist) - in the Nepali political arena. This period also saw the establishment of different ethnicity based and regional political parties. The Constitution of 1990 was scrapped to form a new Constitution through Constituent Assembly. The country was changed to secular federal republic and a mixed electoral system was introduced to promote inclusive democracy. The first Constituent Assembly (CA I) failed to deliver the new Constitution due to lack of consensus among political parties on different issues.

Therefore, a new election for the second Constituent Assembly (CA II) was conducted in November 2013. In Nepal, the coalition governments have been formed by accommodating Leftist parties, Democratic Socialist parties, Rightist parties and identity based regional parties having opposing and often conflicting political ideologies. Therefore, it is interesting to explore the influence of these coalition partners in the foreign policy of the coalition governments. This study has focused on the role of coalition governments in Nepal's foreign policy formulation and execution.

Nepal-India relation is presented as a test case to explore the role of coalition governments in Nepal's foreign policy making because Nepal has the largest political, diplomatic, economic and socio-cultural engagement with India. Professor Subedi has correctly observed that, "Nepal is an important but a relatively smaller factor in the much larger Indian canvas, but India is too large factor in the much smaller Nepalese canvas. Indo-Nepal relations have become the perfect '*laboratory*' for testing various principles of international law" (Subedi 2005: XIV). Therefore, the study of Nepal India relations is a perfect case study to observe the influence of coalition politics in Nepal's foreign policy.

During the study period of 2006 to 2014, altogether seven governments were formed out of which two governments each were headed by Nepali Congress, CPN-UML and UCPN (Maoists) and one was the interim bureaucratic government formed under the Chief Justice for holding elections for the Second Constituent Assembly. The Madhes based parties were the coalition partners of almost all the governments formed after 2006 except Sushil Koirala coalition. The current study explores the role of coalition government in Nepal's foreign policy and analyses the foreign policy orientation of different coalition governments.

In coalition government, the coalition partners regularly negotiate with each other to influence the government policies, including foreign policy. The nature and politics involved during formation of each coalition government is different from the others. The personality and foreign policy priority of each coalition leader (Prime Minister) and also the policy preferences of coalition partners can be distinct from others. As the foreign policy is conceived as the extension of domestic politics, it is pertinent to study the

implications of coalition politics in foreign policy. Therefore, the current study has tried to analyze how coalition politics have affected Nepal's foreign policy orientation. The other questions which were explored during the research are:

- a) What is the role played by coalition partners in Nepal's foreign policy?
- b) What were Nepal's foreign policy orientations toward India during different phases of political developments in Nepal?
- c) Does the foreign policy of Nepal change with the change of the coalition government?
- d) What is the role of the leadership (Prime Minister) in foreign policy orientation of the coalition government?

The study proposes the following hypotheses:

The First Hypothesis is: *After the abolition of monarchy, the role of political parties and their leaders have increased in shaping Nepal's foreign policy.*

The Second Hypothesis is: *The foreign policy of Nepal, during coalition governments, is shaped by negotiations and consultations among coalition partners.*

The Third Hypothesis is: *The distribution of political power among coalition partners affects the foreign policy of Nepal.*

The Fourth Hypothesis is: *The foreign policy orientation of the coalition government changes with the change of government.*

For the sake of this study, the political power in a coalition government is assumed to comprise of two factors: jurisdiction over issue relevant ministry and veto power of the prime minister in the decision process. If a political party has jurisdiction over more ministries, including the issue relevant ministry, the party will be more in a position to bargain over foreign policy issue and can have more influence on foreign policy decisions.

The present study uses the structured-focused comparison of cases to evaluate the role of coalition politics in foreign policy of Nepal. Some scholars suggest that practically all empirical and scientific research involve comparison of some kind (Ragin 1987 and

Lieberson 1985). Researchers compare cases to each other in order to have not only a basis for making statements about empirical regularities but also for evaluating and interpreting cases relative to substantive and theoretical criteria. Therefore, comparison is central to empirical social science (Taner 2004: 56-57). George and Bennett explicitly explain the logic of the method, “The method is ‘structured’ in that the researcher writes general questions that reflect the research objective and that these questions are asked of each case under study to guide and standardize data collection, thereby making systematic comparison and cumulation of the findings of the cases possible. The method is ‘focused’ in that it deals only with certain aspects of the historical cases examined” (George and Bennett, 2005: 67). In the present study, the foreign policy orientations of all the six coalition governments towards India are explored and findings in each case are compared to one another in order to find similarities and differences among them so as to find general patterns about how coalition politics have affected foreign policy orientations of Nepal during coalition governments.

The research is based on both primary and secondary data. As far as possible, primary data were used, however, for the references and to fulfil the data gap necessary secondary information were also useful. Primary information on the issues was collected from party documents, manifestos, speeches and interviews of the party leaders, expert description and analysis, press releases, joint statements and governmental reports among others. Secondary sources like books, news reports, journal articles and academic papers were also consulted. News covered by major Nepalese newspapers on the research issues were vigorously tracked for the period in study i.e. 2006-2014 and the issues thus collected were critically analysed. Efforts have been made to maintain the objectivity of the research as far as possible without ruling out the subjective biasness of the researcher.

The dissertation proceeds in 6 chapters following this introduction in the following manner:

Chapter 2: Conceptual Framework on Coalition Politics and Foreign Policy

This chapter explores different concepts like foreign policy change, its typology, factors affecting foreign policy change of a country, influence of political ideas on

foreign policy, coalition politics, factors determining coalition policy making and influence of coalition politics on foreign policy behaviour of a country.

Chapter 3: Foreign Policy of Nepal

This chapter explores the national interest and foreign policy of Nepal, objectives of Nepal's foreign policy and different factors shaping it. The historical determinant explores how the foreign policy behaviour of Nepal has been shaped by the historical events and attitude of its leaders. Similarly, this chapter also explores the role of its geostrategic location, economic development, socio-cultural factors and perception of political leaders in shaping foreign policy orientation of Nepal.

Chapter 4: Role of Political Development in Nepal-India Relations: 1951-2005

This Chapter explores the patterns of Nepal India relations since the advent of democracy in 1951 to 2005. It also explores how domestic political developments in Nepal and subsequent political leadership have influenced Nepal's foreign policy orientation towards India. It also explores how political parties are increasing their roles in shaping Nepal's foreign policy.

Chapter 5: Coalition Politics of Nepal: 2006-2014

This chapter briefly explores the dynamics of coalition politics of Nepal from 2006 to 2014 during which six coalition Governments were formed. It also explores how and why different coalitions were formed, how intra-party factions and power sharing affected the coalitions, how ministerial portfolios were divided in the coalitions. It also explores the conditions, dynamics and politics involved in the formation and termination of coalition Governments.

Chapter 6: Nepal India Relations during Coalition Governments: 2006-2014

This chapter explores Nepal India relations during six coalition governments formed after the success of *Jana Andolan II* and compares their approaches in relationship with India. It also explores the role of political parties on issues related to the foreign policy and how have they influenced or tried to influence such issues. It also explores how the command over issue relevant ministry empowers the political parties to influence issues related to foreign policy.

Chapter 7: Conclusion

This Chapter is a summary of the issues raised and discussed in the earlier chapters. It also concludes with an outline the finding of the study.

Chapter 2

Conceptual Framework on Coalition Politics and Foreign Policy

I. Introduction

The Treaty of Westphalia, 1648 brought modern concept of States into the prominence and are also argued by the realists as the main actors in international relations. Singer (1961) proposed two levels of analysis for understanding international relations viz. international system and national State system. The international system gives a highly homogenized image of States in international system whereas national State subsystem permits significant differentiation among actors in the international system (Singer 1961:80-82). The first level provides the most comprehensive view of the international system encompassing the totality of interactions that take place within the system and its environment. However, the second level helps in intensive analysis to make really valid generalizations of a comparative nature. The international system influences the behaviour of States and similarly, States' behaviour too affects the international system. The States' foreign policy behaviour is shaped by the domestic political process and perception of the decision makers, basically political actors. However, a State's foreign policy should be conditioned by both international and domestic political environment. Moreover, a State's foreign policy should be compatible with international system and there should be a consensus among domestic political actors on the ends and means of the foreign policy (Hanrieder 1967:977). Foreign policy can be defined as "ideas or actions designed by policy makers to solve a problem or promote some change in the policies, attitudes, or actions of another state or states, in non-state actors, in the international economy, or in the physical environment of the world" (Holsti 1992: 82).

Putnam (1988) proposes foreign policy making as a two level game viz., national level and international level. Domestic groups, at the national level, pursue their interests by pressuring the government to adopt favourable policies whereas politicians seek power by constructing coalitions among those groups. However, at the international level, national governments seek to maximize their own ability to satisfy domestic pressures, while minimizing the adverse consequences of foreign developments. Political decision-makers can ignore neither of the two games as long as their countries remain interdependent. Therefore, the mix of both international political system and domestic

politics can clearly shape the foreign policy behaviour of any country. However, the domestic constituencies define the interest of a State in the international system which can be survival, stability, status and economic progression. Thus, foreign policy is a bridge between domestic politics and international system as foreign policy seeks to promote and protect the interest and objectives defined by the domestic constituencies.

Rosenau (1976:16-17) gives three concepts of foreign policy: foreign policy as orientation, foreign policy as plans and commitments, and foreign policy as activities. Foreign policy as orientation refers to general tendencies and principles that guide the conducts of States in international system. Foreign policy orientation is conditioned by historical legacies, traditions and aspirations of the State. Foreign policy, as plans and commitments, refers to strategies and decision directed towards specific goals which translate foreign policy orientation to actual situation. Similarly, foreign policy, as activities, refers to the concrete behaviour of States *vis a vis* the events and situations in the international system based on orientations, plans and commitments. Moreover, foreign policy behaviours “refer to the observable acts of individuals serving in an official governmental capacity” (Callahan 1982: 293). These individuals can be Prime Minister, Ministers or other high ranking government officials. However, only the disaggregated observable acts of the decision makers may not provide the wholesome picture of the foreign policy behaviour and may require study of the domestic political situation as well since their acts are the result of domestic environment. It has been rightly argued that the study of foreign policy behaviour is somewhat akin to describing the weather requiring analysis of set of different dimensions (Brady 1982: 17). Moreover, foreign policy behaviours encapsulate the specific moments of government action, either with a cooperative or conflictual tone, towards an international counterpart (Karagul 2014:9). Therefore, the foreign policy behaviour helps to predict the conflictual or cooperative tone in the foreign policy orientation of a government.

II. Foreign Policy Change

Foreign policy change can be defined as ‘some kind of major or profound reorientation in the State’s pattern of foreign policy’ (Hagan and Rosati 1994:

266).Hermann (1990) identifies four graduated levels of foreign policy change: adjustment changes (changes in the level and scope of recipients); program changes (qualitative changes in the methods and means to address problem); problem/goal changes (where the initial problem or goal is simply replaced or forfeited, and purposes replaced); and international orientation changes/restructuring (the redirection of a country's entire orientation toward world affairs(which means a simultaneous shift in all international roles and activities) (Hermann 1990:5). He also suggests that domestic political systems affect the foreign policy if the foreign policy issues become a centrepiece in the struggle for political power, if attitudes or beliefs of the dominant domestic constituent changes and if realignment occurs in the essential constituent of a regime, revolution or other transformation of the political system takes place (Hermann 1990:7). According to him, four agents of foreign policy change are leader driven, bureaucratic advocacy, domestic restructuring and external shocks (Hermann 1990:11-12). Volgy and Schwarz (1991) describe two types of foreign policy change: foreign policy shift and foreign policy restructuring. They suggest foreign policy shifts may be incremental in nature, occurring over several years and imply directional changes in relationships between actors. They define foreign policy restructuring as comprehensive change in the foreign policy orientation of a nation, over a brief period of time, as manifested through major behavioural changes encompassing a broad range of activities in the nation's interactions with other actors in international politics. Moreover, foreign policy restructurings may occur as changes in directional relationships which also accommodate fundamental changes in foreign policy participation (Volgy and Schwarz 1991: 616-617).

Some dimensions to measure foreign policy change are legal/ normative (political independence and security), organizational, economic (trade, aid, FDI etc), military, symbolic, socio-cultural and diplomatic exchanges of visits (Volgy and Schwarz 1991: 627). They suggest three conditions must occur for foreign policy restructuring: firstly '*multidimensional change*'-at least two of the three dimensions (i.e. political/ economic, security and national self-definition or identity) must exhibit a significant amount of change in the same direction; secondly, '*consistent change*'-there can be no inconsistency in direction across any of the three dimensions; and lastly '*fundamental change*'-to

qualify as a significant change on any dimension, the quantity of change must be substantial and even qualitatively different (Volgy and Schwarz 1991: 628).

Therefore, policy restructuring requires consistent and substantial multidimensional changes in the same direction over a period of time in areas of political/economic, security and national self-definition or identity. The political/economic dimension can be measured by studying the quantity and direction of high level visits, bilateral trade, aid and FDI; security dimension can be measured through bilateral treaties, agreements and understandings; and national self definition or identity can be studied by change in the perception of the image of the own and other countries. Therefore, the analysis of these criteria (political/ economic, security and national self-definition or identity) can help ascertain the foreign policy change of countries.

Holsti (1982) proposed two variants of foreign policy change, foreign policy restructuring and foreign policy orientation. He defined foreign policy restructuring as 'the dramatic, wholesale alteration of a nation's pattern of external relation' (Holsti 1982: ix) which takes place quickly, expresses an intent for fundamental change, is non-incremental and usually involves the conscious linking of different sectors. However, foreign policy reorientation refers to the intention of foreign policy decision makers to restructure their state's foreign policy (Holsti 1982:2). However, reorientation refers to the intention of policy maker to restructure their nations' relationships with other countries (Holsti 1982:2). He also posits four ideal types of foreign policy reorientation and restructuring viz., isolation, self-reliance, dependence and nonalignment-diversification (Holsti 1982: 4). Foreign policy change can take different forms; firstly, scope of change which covers political, economic and security areas; secondly, domain of change which encapsulates policy directed towards a single actor, a small or a large community of states, or reshaping of the international system; and lastly, the effect of change on the issue-areas and targeted actors (Eidenfalk 2006:9-10). Therefore, the observation of all three dimensions- scope, domain, and effect of change- can also help in assessing the extent of foreign policy change.

The sources of foreign policy change can be domestic and international factors as changes in the international system as well as domestic politics bring foreign policy

change (Boyd and Hopple 1987). Similarly, domestic politics affect the international politics, and vice versa (Putnam 1988: 427). Government leaders have to deal with pressures and constraints from domestic political sources, as well as the international political system (Hagan 1995:117). The political leaders cannot take policy decision without considering the response to and from the domestic factors. Therefore, domestic factors are equally important in influencing foreign policy change. Some domestic sources of foreign policy changes are the political parties (Volgy and Schwarz 1991; Gustavsson 1998; Welch 2005), bureaucracy (Hermann 1990; Holsti 1982), public opinion (Shapiro and Jacobs 2000; Risse-Kappen 1991), the media (Malek and Wiegand 1998; Kingdon 1984) and interest groups (Warhurst 2004; Dietrich 1999).

Political parties can influence the foreign policy change as coalition partners in government, as parties in Parliament and as opposition party. Similarly, the leaders of the political parties are the important actors in the policy decision making of multiparty democracy as the head of the government, as minister, as coalition partners or the leader of the opposition party. Their perception defines the problem and suggests the alternatives for the solutions. Perception can be defined 'as a concept that describes the construction of reality in which an individual makes foreign policy decisions' (Hermann 1986:843). Perception of the political leader can be affected by a number of personal characteristics like motives, beliefs, interpersonal style, decision style, interest in foreign affairs, and training in foreign affairs (Hermann 1980:8-14, and Hermann 1977:21-23). Even though the political leaders desire for restructuring of foreign policy, they face three types of impediments: first, lack of adequate resources and capability required to carry out broad independent foreign policies, or to seek to alter their global or regional environments; second, range of bureaucratic constraint; and last, political risks due to actual or perceived failures in new policy initiative (Volgy and Schwarz 1991:619- 621). However, political leaders can opt for foreign policy restructuring to influence their popularity and affect their chances for re-election. Sometimes, leaders use foreign policy to divert the attention of the public from domestic politics towards international issues, particularly towards an enemy State. This diversionary foreign policy helps government to unite public with the feeling of nationalism by advocating threat to national sovereignty and independence. Though this kind of foreign policy restructuring can

enhance popular support, it carries great uncertainty, risk and the range of global and regional hurdles which can easily erase or undermine the new policy orientation.

III. Political Ideas and their Influence on Foreign Policy

Ideational factors are equally important on explaining the foreign policy behaviour of a State apart from material determinants. The ideational factors include ideas, belief system, identity, culture, and perception of the decision maker which influence the policies including foreign policy. The ideational line of thinking in the study of foreign policy believes that everything including world politics is socially constructed as argued by Wendt that 'people act towards objects, including other actors, on the basis of the meanings that the objects have for them' (Wendt 1992, 396-397). Goldstein and Keohane (1993:3) defined idea as beliefs held by individuals. They further clarified that ideas represent particular beliefs- ranging from general moral principles to agreement on a specific application of scientific knowledge-shared by large numbers of people about the nature of their worlds that have implications for human action (Goldstein and Keohane 1993:7). They further provided three types of domestic political ideas:*worldviews*, *principled beliefs* and *causal beliefs* (Goldstein and Keohane 1993:7-10). According to them, worldviews are embedded in the symbolism of a culture and deeply affect modes of thought and discourse. Moreover, they are entwined with people's conceptions of the ethics and identities evoking deep emotions and loyalties. Principled beliefs consist of normative ideas that specify criteria for distinguishing right from unjust. These beliefs mediate between worldviews and particular policy conclusions and translate fundamental doctrines into guidance for contemporary human action. Moreover, change in principled beliefs has profound impact on political actions. Causal beliefs are beliefs about cause-effect relationships which derive authority from the shared consensus of recognized elites and provide guides and strategies for achieving goals and objectives.

Political ideas shape 'the screen or prism' which filters elites' perceptions on the external environment as 'decision-makers act in accordance with their perceptions of reality, not in response to reality itself' (Brecher 1972:11-12). However, the perception of reality might be totally different from the reality itself. The ideas also corroborate in the

formation of the 'images' of the self and others upon which they act. The political decision maker's images of own country and that of other countries or entities in the international system do shape the foreign policy behaviour of the countries. Boulding (1966:392) posits that 'the images which are important in international system are those which a nation has of itself and of those other bodies in the system which constitute its international environment'. He further says,

"We must recognize that the people whose decisions determine the policies and actions of nations do not respond to the objective facts of the situation whatever that may mean, but to their 'image' of the situation. It is what we think the world is like, not what it is really like, that determines our behaviour ... It is one nation's image of hostility of another, not the 'real' hostility, which determines its reaction. The 'image', then, must be thought of as the total cognitive, affective, and evaluative structure of the behaviour unit, or its internal view of itself and its universe" (Boulding 1966:391).

Therefore, the images of the self and others held by the political decision makers are important for conditioning their perception on foreign policy issues. The image formation is also conditioned by the historical legacy or the memories of the past (Chan and Sylvan 1984:5-6 cited from Mohapatra 2001: 131). The memory of the- real or imagined - tends to shape attitudes of hostility or friendship, trust or distrust, and fear or confidence towards other nations (Mohapatra 2001: 131).

Wendt (2000:139) stated that "without ideas there are no interests, without interests there are no meaningful material conditions, without material conditions there is no reality at all." Therefore, ideas of the actors define the interest which in turn utilizes material conditions to influence foreign policy. Simply, ideas define the agendas which in turn influence the outcomes. Similarly, Goldstein and Keohane (1993: 12-26) suggest that political ideas influence foreign policy by providing road maps that increase actors' clarity about goals or ends-means relationships; affecting outcomes of strategic situations in which there is no unique equilibrium; or by becoming focal points or acting as coalitional glue; and by becoming embedded in political institutions. Moreover, Blum (1991) argued that worldviews (ideas) function as a decisive variable, which, if approached rigorously, could offer a great deal of explanatory power in foreign policymaking by conditioning the 'image' of the outside world. He suggested that the prevailing worldview provide basic analytic concepts, assumptions, and operational

purposes for the policymaking elite. Such foreign policy ideas are embedded during the course of nation building, in class and ethnic dissensions, and in domestic social arrangements (Hunt 1987:16). Therefore, ideas held by the political decision makers form perceived images of their own country and that of other countries of the world with whom they have relations. Nepal's foreign policy is also shaped by the ideas held by its political decision maker about the Nepali State and that of other States, including its neighbours India and China, for which it expends more diplomatic manoeuvrability. Apart from other material factors, the perceptions of Nepalese decision maker assess the situation to serve the national interest perceived by them. The idea that 'Nepal is a yam between two boulders' which was professed during the nation building process has been guiding Nepal's political leaders in their relations with its two immediate neighbours.

IV. Coalition Politics and Foreign Policy Making

Coalition politics can be conceived of as a strategic bargaining relationship between political parties that are members to a coalition government or which are about to come together in a coalition (Müller and Strøm 2000:1-3). Furthermore, Coalition politics is manifested in a set of rationally motivated strategic acts by political parties and is institutionally conditioned and governed by anticipation (Müller and Strøm 2000: 4-5). Based on the number of parties joining the coalitions, the coalition governments are of three types, namely *minority*, *minimum winning*, and *oversized coalitions* (Dodd 1976:17-18). Minority coalitions do not contain support of the sufficient parties to ensure parliamentary majority. The minimum winning coalition governments contains sufficient parties to ensure majority where any defection by a coalition partner will dismantle the coalition. The oversized coalition governments contain one or more extra parties not required for ensuring majority and any defection by a coalition partner will not dismantle the coalitions. Therefore, political parties are the principal actors in the coalition politics and the different motivation of the party and its leaders contribute in coalition formation or breakdown. These political parties have different histories and values and are differently motivated in the coalition politics.

In a coalition government, the elected representative from coalition parties delegate authority to the prime minister who in turn delegates the important policy making power to the ministers controlling different portfolios. Therefore, the coalition partners with divergent preferences delegate important policymaking powers to individual cabinet ministers from different parties. Such delegation raises the possibility of ministers attempting to pursue policies favoured by their own party at the expense of their coalition partners (Martin and Vanberg, 2004:13). Disagreement among coalition partners may bring down the government. Therefore, the coalition government demands the compromise and tradeoffs on different policy issues among coalition partners. These negotiations may be driven by both *office-seeking* and *policy-seeking* motivations, and coalition partners will in either case have a close eye on their individual political returns from participating in a coalition (Müller and Strøm 2003: 7-8). However, small, issue-oriented parties may join a government in exchange for control of a single ministry or policy issue (Hinckley 1981). Apart from office-seeking and policy-seeking motivation, the parties also form coalition for prospective electoral gains in the future elections.

The political parties can also be taken as the coalition of individual politicians of intra-party factions. The number of seats secured in the parliamentary elections provides the parties with leverage for bargaining in coalition politics. The political parties willing to form coalition government initiate bargaining and negotiations between or among themselves regarding the power sharing, distribution of portfolio, the rules and procedures of coalition governance, and common minimum programs to provide policy direction to the new government. However, apart from inter party negotiation, the parties leadership may have to negotiate with the intra party fraction for power sharing. The intraparty politics are found to affect the coalition bargaining and similarly the coalition bargaining have impacts on intraparty politics and balance of power (Laver and Shepsle 1990: 506-507). Finally, coalition governments are formed by sharing of political powers and resources among competing parties having distinct policy positions (Kaarbo1996).Moreover, the political parties forming coalition government are the coalition partners that may have mutually conflicting political ideology, identity and interests.

There are two different views on coalition formation by political parties. Riker (1962) contended that coalitions are formed as outcomes of zero-sum calculation among the rational players (political parties) aiming to achieve maximum power in the coalition politics and that this contributes to the formation of a coalition that includes the minimum possible number of partners which provide respective coalition members maximum benefits by dividing resources among the least number of beneficiaries. Further studies have shown that parties' strategies to join a particular coalition are conditioned by variables like party electoral seats, portfolio distribution, ministry budget allocations, and others (Dodd 1974; Strom 1984; and Laver and Shepsle 1990, 1996). However, Axelrod (1970) argued that the interest of social cleavages and shared interests between social groups play important role in coalition bargaining over the benefits associated with the particular structure of a coalition. He further contended that coalitions needed to have minimum common values and programs, and that coalition governments are formed among ideologically close networks. Moreover, parties' ideological positions determine the formation of coalition government (Baron 1993; Laver and Budge 1992). Further studies in this line have shown that the political, economic, or social interest of respective classes, groups, or cleavages in society and their decisions to join, defend, or abort a coalition are closely linked with the momentum of social conflict and political change (DeSwan 1973; Lipjhart 1977; Baron 1993). Riker school of thought focuses on rationally calculated gain whereas Axelrod school of thought focuses more on shared interests, ideology, moral values and social identity.

In a parliamentary democracy, the voters delegate the authority of policy making to their elected representative who in turn delegate to the head of the government (prime minister). Similarly, the prime minister delegates the authority to the ministers who in turn delegate to the working level i.e. civil servants. In a coalition government, the elected representative from coalition parties delegate authority to the prime minister who in turn delegates the important policy making power to the ministers controlling different portfolios. The coalition partners with divergent preferences delegate important policymaking powers to individual cabinet ministers from different parties. Such delegation raises the possibility of ministers attempting to pursue policies favoured by their own party at the expense of their coalition partners (Martin and Vanberg,

2004:13). Disagreement among coalition partners may bring down the government. Therefore, the coalition government demands the compromise and tradeoffs on different policy issues among coalition partners. These negotiations may be driven by both *office-seeking* and *policy-seeking* motivations, and coalition partners will in either case have a close eye on their individual political returns from participating in a coalition (Müller and Strøm 2003: 7-8). However, small, issue-oriented parties may join a government in exchange for control of a single ministry or policy issue (Hinckley 1981). In addition, the parties also form coalition for prospective electoral gains.

There are many researches on the formation and termination of coalition than on their effect on foreign policy. Warwick (2001: 1213-14) has argued that this is due to the understanding that policy-making is not as “readily measurable” as government formation and termination are. Similarly, foreign policy orientations of the state might be a perceived change than a reality. Therefore, the changes of government led by one political party by another party may not bring real changes in foreign policy orientation of a multi-party democratic country. The reason is that the political leaders in modern liberal democracies are generally constrained from restructuring foreign policy due to the need to hold together diverse political coalitions and by the anticipation of resistance from entrenched bureaucratic interests and processes (Bow and Black 2009:11). However, they can induce minor foreign policy changes over a period of time to reorient the foreign policy behaviour of the country. Different political parties have different political ideas that shape their foreign policy interest (Wendt 1999).

Rathbun (2004) argued that different parties not only defend the national interest but define the national interest in different ways. He said, “The national interest is not given objectively...parties contest the national interest” (Rathbun 2004:2). According to him, these different foreign policy ideas shaping actual foreign policy actions depends in large part on the enabling and constraining effects of the country’s political system. It is also important to understand that each political leader’s policy position is shaped by the idea and interest of the political party which he/she represents. According to Kelly (2007:75), the ‘partisan sources of preference’ is an important factor in explaining the international behaviour of democracies. Political parties are a primary source of ideas and

the impact of ideas is most visible when there is a political discord. Unlike in monarchical, presidential or hybrid systems, the multi party parliamentary systems encourage the formation of a coherent set of ideologically rooted policy priorities and provide the government of the day with a great deal of latitude to translate those priorities into policy (Bow and Black 2009:12).

Hagan (1993:2) proposed a conceptual framework focusing around the “particular political group or coalition of groups that controlled the highest authoritative policymaking bodies of the national government,” thereby integrating coalition politics in foreign policy analysis. He argued that coalition foreign policy making involves multiple actors and thus requires that “agreement be achieved among actors who share the authority necessary for committing the resources of the nation to a particular course of action in foreign policy”(Hagan 1993:2). He found that the coalition foreign policy through bargaining among various coalition partners shaped foreign policy choices. He also found that the most basic factor influencing coalition policymaking is the “precise distribution of power, i.e., the number of ministries,” while “broad policy disagreement, or polarization, over substantive foreign policy issue is a second factor affecting the ability of parties to achieve meaningful agreements” (Hagan 1993:28).

The coalition partners are each other’s competitors in the electoral system yet they come together to resolve their disagreement on different political issues, including foreign policy issues to form a government. Coalition partners have mixed motive of satisfying the policy expectation of their party members and to pursue successful common position of the coalition government. Political beliefs and political relationships among coalition actors interact with coalition structure in helping shape decisions (Hagan et al. 2001: 207). The formation of coalition government is purely an act of bargaining between different political parties with different political orientation and interest. Many times there is a competition between coalition partners to turn foreign policy profile into party advantage (Paterson 2010). Moreover, the sharing of government power and resources among competing political parties with distinct policy positions may produce intense coalition conflict over important foreign policy issues (Kaarbo 1996). The Cabinet members represent ministries assigned to them and also their respective political

parties. They are also formally elected by the Parliament and are accountable to it. Therefore, the coalition decision making is also affected by the institutional constraints and opportunities associated with bureaucratic politics, intra-party and inter-party competition, and executive-legislative relations (Muller and Strøm 2000).

The individual decision maker like minister cannot commit any foreign policy without the consensus of all the coalition partners and also of the political party which he/she represents. For individual decision maker (minister), the political process is, itself, a '*two-level game*' (Putnam 1988) in which each decision maker must negotiate not only with opposing actors within the decision unit (cabinet) but also with factional leaders in his or her own constituency. As a result, foreign policymaking within coalition government represents a two level game which require balancing between the intraparty fraction and other political parties. Coalition cabinets face a host of institutional pressures and social psychological dynamics that condition their choices and their effectiveness in policy making (Kaarbo 2008:57). According to Hagan et al. (2001:170), a coalition partner or group does not have the authority to decide independently on the foreign policy issue and require support of all actors within the decision unit. Moreover, if any coalition partner is not satisfied with policy, it can block the initiative of other actors by threatening to terminate the ruling coalition by withdrawing from it or overthrowing it with force or by withholding part of the resources necessary for action or the approval needed for their use. Therefore, foreign policy making in coalition government is inherently a political act which is very fragmented and centres on the willingness and ability of multiple coalition partners to achieve agreements.

There are two approaches to explain coalition foreign policy making: veto player approach and clarity of government responsibility approach.

- i. *The Veto Players Approach*: The individuals or group whose consents are necessary during decision making and whose disagreement can block the decision process can be understood as veto players. Tsebelis (1999:591) defines veto players as "individual or collective actors whose agreement is necessary for a change of the status quo". Therefore, in a coalition government especially in a minimum winning coalition, each political party is a veto player whose consent is mandatory for policy decision

making. When there are many veto players with significant ideological distances among them and are internally cohesive, departures from the status quo are impossible and it ensures policy stability (Tsebelis 2002:2). Therefore, too many actors in a coalition government may constrain the foreign policy change advocating policy stability due to conflicting policy preferences if they do not reach to any agreement on proposed policy change.

- ii. *Clarity of Government Responsibility Approach*: Studies have argued that economic performance of the government is directly linked with the electoral outcome which is called 'economic voting'. The economic voting suggests that 'the citizen votes for the government if the economy is doing all right; otherwise, the vote is against' (Lewis-Beck and Stegmaier 2000: 183). However, Powell and Whitten (1993) argue that economic voting is conditioned by the 'clarity of responsibility' of political institutions. They argue that complex institutional and governmental structures blur lines of responsibility and make it more difficult for voters to assign responsibility and sanction governments on the basis of their performance. They say, "the greater the perceived unified control of policymaking by the incumbent, the more likely is the citizen to assign responsibility for economic and policy outcomes to the incumbents" (Powell and Whitten 1993: 398). In simple words, greater clarity of responsibility facilitates economic voting and therefore electoral accountability (Hobolt, Tilley and Banducci 2013: 166). As there are many parties in a coalition government, the coalition partners are less like to be held responsible by the voters for their actions than in a single party government due to lack of clear cut responsibility (Powell and Whitten 1993). Therefore, the coalition partners are able to pursue riskier foreign policies (Downs and Rocke 1995). Moreover, the coalition government are freer to bring foreign policy restructuring.

a. Factors Determining Coalition Foreign Policy Making:

Different factors affect the Foreign policy making differently. Some of the factors are:

- i. *Allocation of ministerial portfolios*: During coalition bargaining, the political parties distribute ministerial portfolio among them as means of power sharing. After the distribution of the ministerial portfolio, the party leaders are typically granted the

freedom to appoint any leader they wish to the cabinet (Müller and Strøm 2000: 574). The ministers are the policy dictators with ample opportunities to move actual government policy in the direction of personal policy preferences (Laver and Shepsle 1990:490). The jurisdiction over the issue related ministry provides considerable agenda-setting capacity and veto powers which is one of the most powerful instruments to influence the enactment (or prevention) of a specific policy (Strøm et al. 2010: 521). Therefore, the allocation of ministerial portfolios is one of the mechanism through which parties can influence the policy according to their preferences.

- ii. *Variation in policy preferences:* The political parties and the different leaders within the same parties may have variation in policy preferences. Parties forming coalition government may have different views and ideology and may substantially disagree on policy issues. When the party preferences diverge across policy areas, the probability of acting on the election promise is likely to be impacted. Therefore, parties must find common ground to implement ‘compromise policies’ (Martin and Vanberg, 2004:24). However, they may also be more willing to compromise on some issues than on others depending on which policies are more or less important to them (Schermann and Ennsler-Jedenastik 2014:565). The political preferences are shaped by the ideology of the party or the perception of the political leader about the policy issue in hand. Therefore, different political parties or fractions within them may have different foreign policy preferences based on their ideology and perceptions.
- iii. *Coalition agreements:* The political parties finalize and adopt the coalition agreements and minimum common programs to guide the new government. The coalition agreements inform the public about the policy plan of the new coalitions and enhance the mutual accountability of the coalition partners. It aims to contain the ministerial, or party drift in cabinets and ensure compliance with the common agenda of the government (Schermann and Ennsler-Jedenastik 2014:565-6). The coalition agreements cannot address every issue that finds its way into the agenda and they also do not have legal binding but moral value. If parties find that the renegeing on the agreement is costly to them, they will be willing to enforce the agreement (Indeidason

- and Kristinsson 2013: 825). However, on foreign policy agenda, they usually agree on priorities but the actual practice of the minister may vary.
- iv. *Opposition parties:*The opposition parties may support or hinder the coalition foreign policy making depending on their assessment of the policy based on their preferences. Moreover, the government's policy position is significantly influenced by the weighted policy position of all parliamentary parties (Warwick 2001: 1228). Similarly, pledges made by the coalition partners are also more likely to be fulfilled when they are in consensus with pledges made by opposition parties (Kostadinova 2013: 11). Similarly, the overall nature of political relationships among the parties and the extent of opposition to the cabinet by elements within one or more of its parties also influence coalition foreign policymaking (Hagan 1993:29). Therefore, the opposition parties have a say in foreign policy since some policies or treaties finalized by the government may require simple majority or two-third majority for ratification in the parliament, which necessitates their support.
 - v. *Parliamentary scrutiny:*Parliamentary scrutiny is an important tool for the parties to monitor their coalition partners as individual ministers may attempt to pursue policies favoured by their own party at the expense of other coalition members. Therefore, the coalition partners have reason to monitor the actions of hostile ministers (i.e., ministers belonging to other competitor parties) and to provide counterweights to their influence. The coalition partners with divergent preferences agree upon common policy position of the government as a compromise among themselves. The Parliamentary scrutiny enforces compliance with the coalition bargaining without allowing individual ministers to abuse their autonomy to undermine compromise positions that the partners have agreed upon (Martin and Vanberg 2004:13-14). The Parliamentary scrutiny also checks the compliance of the foreign policy decision of the government with the overall national interest of the country and directs the government to act accordingly.
 - vi. *Appointment of junior watchdog ministers:* In a coalition government, the parties are not only the coalition partners but also the electoral competitors. Moreover, the self-interested parties with divergence of preferences among partners want to ensure that the other parties do not get any political gain due to the assigned portfolio to it.

Therefore, cabinet members attempt to monitor each other in policymaking activities through the use of junior ministers from other parties because of the difficulty in sanctioning members of other parties (Lipsmeyer and Pierce 2011:1152-3). The appointment of watchdog junior ministers tasked with scrutinizing the work of senior ministers helps ensure compliance with the coalition agreement (Schermann and Ennsner-Jedenastik 2014:565-6). The significance of a portfolio may increase the motivation to use junior ministers whereas ideologically close parties may be less likely to need oversight mechanisms to keep each other in check (Lipsmeyer and Pierce 2011:1152).

b. Influence of Coalition Politics on Foreign Policy behaviour:

There is no unanimous voice about the influence of coalition politics in foreign policy. Influence is defined as occurred when all or part of coalition party's position is incorporated into the government's final decision (Kaarbo 1996:18-19). The Ministry of Foreign Affairs is generally ranked among one of the most vital ministries and therefore makes for one of the best-suited ministries to accommodate the interests of the parties that does not hold the office of the Prime Minister (Müller and Strøm 2000). Due to the prestige that comes with the position of the foreign minister, many coalition partners are likely to see the foreign ministry as a highly attractive prize both in office and vote-seeking terms (Strøm and Müller 1999). Taner (2004), after studying four coalition governments and twelve foreign policy cases of Turkey between 1991 to 2002, found that institutionalized political ideas of the coalition partners are highly influential in shaping foreign policy choices in coalition government. However, following three conditions should be met to influence the coalition foreign policy; firstly the reason for joining the coalition government must be to influence foreign policy i.e. policy seeking attitude; secondly the nature of the coalition government should be moderately and highly polarized; and lastly the foreign policy issue should be highly salient for the party, the party should control the issue relevant ministry and it should show consistent behavior.

Kaarbo (1993) examined the conditions for the influence of junior coalition partner in coalition foreign policy decision-making in Germany and Israel and found that

the junior coalition partners affect the foreign policy outcome in spite of their less power in coalition governments as compared to their senior coalition partners. She argued that even though “the power and resources are not equally shared but are instead distributed more or less proportionally to the political parties’ electoral gains ... the senior party must bargain with its junior partner ...”(Kaarbo1993:3). Her study supported that the locus of authority, the unanimity of junior party and the strategy of junior party influence the coalition foreign policy. Moreover, Kaarbo’s findings suggested that the intra party factionalism within senior party considerably facilitates the influence of the junior party in foreign policymaking. However, her study suggested that the distribution of ministries and policy distance do not affect the coalition foreign policy.

Karagul (2014) studied the effects of government type and ideological cohesion on foreign policy behaviour of the European governments and found that the type of multiparty governments and their ideological diversity together affect commitment intensity in different directions, through diverse mechanisms. He argued that the oversized coalitions engage in more intense commitments compared to single-party majority governments through responsibility diffusion. Moreover, Minority coalitions engage in stronger commitments so long as their ideological setup leaves the opposition fragmented, through policy viability. Furthermore, minimum winning coalitions can overcome their ideological fragility and increase their international commitments when the political parties engage in logrolling relationships with each other.

Some suggest coalitions are more peaceful in their foreign policy due to democratic constraints (Elman 2000), while others expect them to have little or no coherent foreign policy at all (Hagan 1993; Maoz and Russett 1993). Some suggest coalition governments have more aggressive foreign policy positions leading to international disputes (Prins and Sprecher 1999) whereas others have suggested no effects of coalition governments in comparison to single party governments (Ireland and Gartner 2001; and Reiter and Tillman 2002). Therefore, there is no single voice on the influence coalition politics on of foreign policy of a country.

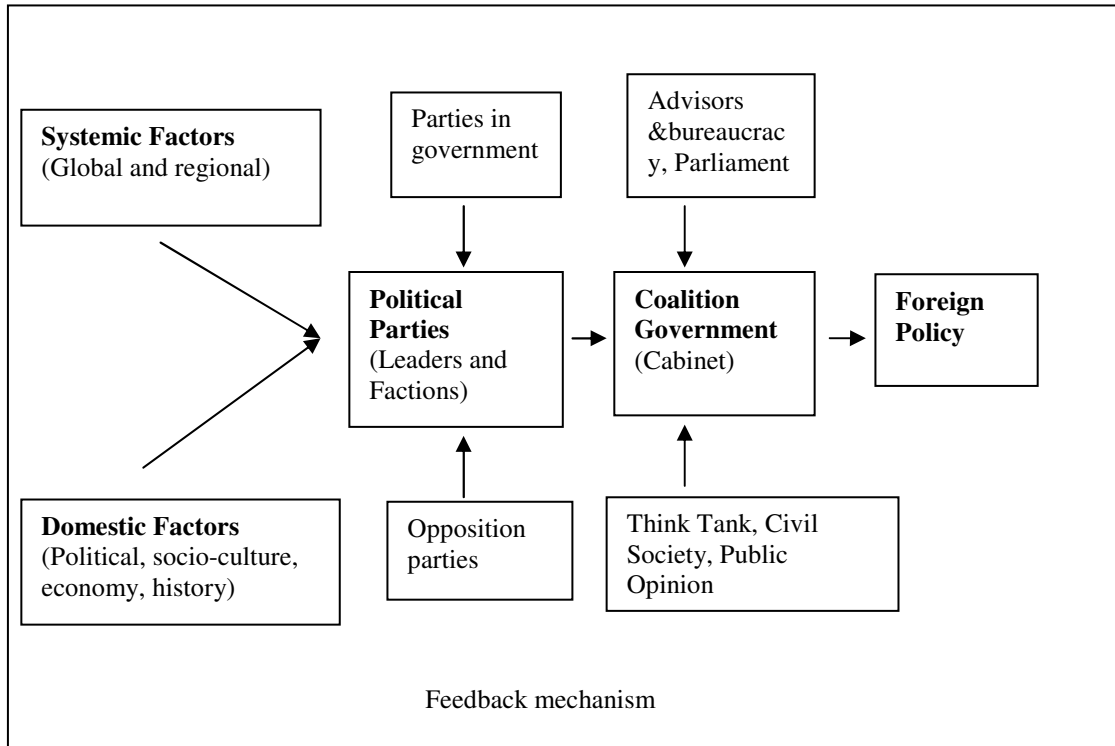
V. Conclusion

When there are many parties in a Parliament and no party has the required majority, the coalitions among the parties become a necessity. Coalitions are more prominent in countries adopting proportional or mixed electoral systems for parliamentary polls. Therefore, such Parliaments are the playground for the coalition politics and political parties become the principal actors. Usually, a pre-coalition understanding is reached among the willing parties regarding the power sharing, distribution of portfolio, the rules and procedures of coalition governance and common minimum programs to provide policy direction to the new coalition. Though such parties are considered unitary actors, they are also internally divided. The intra-party dynamics in the parties thus affect the coalition formation and also the policy making subsequently. Different coalition partners may have conflicting and competing party policies, but a compromise is often made.

Among different systemic and domestic factors affecting the foreign policy of a country, coalition politics is one of the important factors as political leaders are the principal decision makers in coalition governments. And ideas and perceptions of these political leaders who can be the prime minister, ministers and parliamentarians provide explanations to different issues at hand and facilitate the decision making process. These political parties and their leaders define and defend national interests and propagate such interests to their principals (people). Therefore, the negotiations and compromises among parties determine the foreign policy agenda and decision in parliamentary democracy. In coalition foreign policy making, political parties and their leaders are the actors, coalition politics is the arena for policy negotiation and consultation and coalition government is the instrument for translating coalition's understanding and compromise into policy outcome.

A simple model for analysing the foreign policy of coalition governments can be as follows:

Figure 2.1: Foreign Policy Making in Coalition Government



Chapter 3

Foreign Policy of Nepal

I. Nepal's National Interests

There are different definitions of national interest depending upon who defines and for which nation State it is defined. The identification and analysis of national interest of a State helps to reliably and rationally understand the foreign policy behaviour of a State. Hans J. Morgenthau sees national interest as “the main signpost that helps us find a way through the landscape of international politics” (Morgenthau 1967: 5). He rightly says that the national interest provides direction and goals to be achieved by a State. The behaviour of a State is guided by a consciously formulated rational national interest which is determined by both domestic and external factors. James Rosenau (1968: 34-40) states that the concept of national interest is used either as an analytic tool that describes, explains, or evaluates a foreign policy or as an instrument of political action that justifies, denounces, or proposes policies. Further, he says that two types of analysts- objectivists and subjectivists- treat the concept of national interest differently. According to him, objectivists assume that national interest is an objective and discoverable reality, whereas the subjectivists treat it as a series of diverse, changeable, and subjective preferences. Subjectivists rely on a procedural rather than a substantive definition, identifying national interest as whatever decision makers decide it is.

Nuechterlein (1976:247) defines national interest as “the perceived needs and desires of one sovereign state in relation to other sovereign states comprising the external environment.” He further elaborates that the *perceptions* of the decision makers tasked to define national interest of a State matters in finalizing the national interest for the issue in hand. Further, this definition of national interest deals with fully independent *sovereign states*, not with international organizations or dependent territories and draws a distinction between the external and the internal (domestic) environment of the State. Moreover, this definition implies the *interests of the nation-State* in its entirety, not of private groups, bureaucracies or political organizations. Heywood (2011:130) also agree that the national interest refers to the strategies and goals pursued by those [decision maker] responsible for the conduct of foreign policy. He also asserts that the national interests are the foreign policy goals that have been endorsed through a democratic process. Therefore, the role of the decision makers is crucial in defining national interest

of a State because “the national interest is what the nation, i.e., the decision maker, decides it is” (Fumiss and Snyder 1955:17). National interest may change according to time and context, but some fundamental interests like survival and economic interests are permanent.

According to Nuechterlein (1976:248), the national interests may be divided into following categories:

- i. *Defence/Survival interests*: These interests are related to the protection of sovereignty, territorial integrity independence and lives and dignity of citizens from the external threat.
- ii. *Economic interests*: These interests are related to economic development, prosperity and economic growth of the State.
- iii. *World Order interests*: These interests are related to the maintenance of an international political and economic system in which the States may feel secure, and in which its citizens and trade may function peacefully outside its borders.
- iv. *Ideological interests*: These interests are related to the protection and furtherance of a set of values like democracy, human rights, world peace etc. which the people of a nation-State share and believe to be universally good.

The National Interest Protection Committee of the Constituent Assembly in its report (Constituent Assembly 2012) identified the fundamental issues of Nepal’s national interests as protection of sovereignty and territorial integrity; identity and independence of Nepal; consensus and cooperation based national unity; social and cultural harmony; proportional representative and inclusive multi-party, federal democratic republic system; economic progress and prosperity; and creation of discrimination-free and inclusive society by maintaining cordiality among different castes and ethnicities (Constituent Assembly 2012: 3). The Constitution of Nepal 2015, Article 5, mentions that the basic elements of Nepal’s national interests are the safeguarding of the freedom, sovereignty, territorial integrity, border security, nationality, independence and dignity of Nepal; and also protection of the rights of the Nepalese people, economic wellbeing and prosperity. Article 266 has also made provision of a National Security Council under the chairmanship of the Prime Minister for making recommendation to the government for

policy formulation on overall national interest, security and defence of Nepal. The ministers for Home Affairs, Defence, Finance and Foreign Affairs along with Chief Secretary, Army Chief are the members of the Council with Defence Secretary as the member secretary. This is the permanent constitutional structure for defining and shaping Nepal's national interest as per the need of the context and time.

Article 51 of the Nepal's Constitution 2015 focuses on the national unity and national security related aspects that provides policy guidelines for protecting national unity and security. It says that the State shall pursue the policies to keep intact the national unity, while protecting the freedom, sovereignty, territorial integrity and independence of Nepal; promote the national unity while developing mutual cooperative relations between the Federal Units by maintaining mutual cohesion, harmony and solidarity between various castes, tribes, religions, languages, cultures and communities; maintain law and order by developing a national security system; and guarantee the overall human security system. Similarly, recently, the Government of Nepal formulated Nepal's National Security Policy-2016. According to national security perspectives, vital issues of national interests are:

- a. Protection of Nepal's independence, sovereignty, territorial integrity, national unity, autonomy and prestige, and ensure security of the citizen,
- b. Protection and promotion of federal democratic republic,
- c. Enhancement of national unity, social harmony and religious tolerance,
- d. Protection of national identity and prestige,
- e. Protection of fundamental human rights and freedom of the citizens,
- f. Maintenance of sustainable peace and security, and political stability,
- g. Protection of environment and climate,
- h. Protection and utilization of natural resources and heritage including water resources for national interest,
- i. Promotion of world peace by contributing in regional and international security,
- j. Not allowing Nepal's territory to be used against any friendly country,
- k. Protection of rule of law, and
- l. Operation of foreign policy based on UN charter and principles of Panchasheel.

Therefore Nepal's national interests can be categorized as follows:

- i. *Security Interest:* Security interest of Nepal is to protect Nepal's independence, sovereignty, territorial integrity, national unity and autonomy. It also seeks to ensure security of its citizens and also protect and promote social and cultural solidarity among them. Nepal's security interest also lies in projecting independent identity and enhancing its dignity in the world community.
- ii. *Economic Interest:* Nepal's economic interest is to achieve a sustainable economic development through maximum mobilization of the available means and resources. It also seeks to develop an independent and prosperous economy by making the national economy independent, self-reliant and progressive. For this, it also encourages foreign capital and technological investment in areas of import substitution and export promotion, in consonance with national interest, and encourages such investment in infrastructure building. Nepal's economic interests lies in the diversification and expansion of international markets for its goods and services, while promoting exports through development and expansion of industries by identifying areas of comparative advantage. It also wants to ensure reliable supply of energy in an affordable and easy manner. It seeks to regulate and manage the foreign employment sector in order to make foreign employment safe and systematic and free from exploitation. It seeks to develop eco-friendly tourism industries as an important base of national economy by way of identification, protection, promotion and publicity of the ancient, cultural, religious, archaeological and natural heritages of Nepal.
- iii. *World order Interest:* This lies in strengthening of international law, norms and institutions as they ensure the survival and rights of all States based on sovereign equality. It also believes in strengthening and reforming the UN to make it more representative. It also seeks to promote rights and cause of land locked and least developed countries, uphold principles of Panchasheel and non-alignment and promote peaceful settlement of international disputes.
- iv. *Ideological Interest:* It believes in promotion of world peace and stability, creation of equity and equi-justice based international society and supports democracy and human rights in all parts of the world.

II. Nepal's Foreign Policy

Foreign Policy usually refers to “the general principles by which a State governs its reaction to the international environment” (Lerche and Said 1979: 32). This definition depicts the reactionary role of the foreign policy and implies that the action of the international environment in which a State exists demands certain reactions from the State in the form of foreign policy. States’ policies are not only reactive to external environment but many times they are formulated and conditioned by the domestic environment. Modelski (1962:6-7) defines foreign policy as a “system of activities evolved by communities for changing the behaviour of other states and for adjusting their own activities to the international environment”. He focuses on the inputs and outputs of the foreign policy making process of a State attempting to chart its course of action in world affairs in tune with changing times, along with changes in the behaviour of other states, thus aiming at achieving maximum advantage. Frankel also sees that foreign policy is used as tool to modify the behaviour of the external environment. He states, “In comparison to the domestic policy sphere, the makers of foreign policy are often concerned with matters over which they have limited control, and in which their knowledge is often less than perfect. In principle, foreign policy represents the way a State co-ordinates and prioritises its externally oriented interests, and projects the values it considers significant. It often results in actions to shape the State’s external environment, to produce outcomes positive to the State and its allies. Foreign policy can also imply an absence of action” (Frankel (1963:1-2). In the same vein, Hudson (2008:11) defines foreign policy as “the strategy or approach chosen by the national government to achieve its goals in its relations with external entities. This includes decisions to do nothing.”

However, Rosenau follows a middle path and views foreign policy as adaptive behaviour and contends that it “consists of all the attitudes and activities through which organized national societies seek to cope with and benefit from their international environment (Rosenau 1974: 4). Some scholars take foreign policy as a link between domestic and external environment as “foreign policy lies at the intersection of the

domestic and international aspects of a country's life (Lenther 1974: 3). Similarly, MacDonald and Patman (2007:1) see foreign policy as "the area of politics that seeks to bridge the boundary between the nation-state and its international environment" Some scholars focus on role of actors in defining and implementing foreign policy. Walter Carlsnaes defines foreign policy as 'those actions which, expressed in the form of explicitly stated goals, commitments and/or directives, and pursued by governmental representatives acting on behalf of their sovereign communities, are directed towards objectives, conditions and actors-both governmental and nongovernmental-which they want to affect and which lie beyond their territory' (Carlsnaes 2002: 335). However, Carlsnaes does not mention about the foreign policy formulated and implemented by non state actors and supra national actors like European Union.

Different scholars have defined foreign policy in different way focusing on different aspects and expectation from the foreign policy. After critical evaluation of the different definition, it can be said that foreign policy refers to the way in which policy making institutions and official actors "define their positions and that of their States *vi-a-vis* the outside...world over a period of time" (Thompson and Macridis 1976:21). Foreign policy is not formulated in a vacuum by non living actors like State. The decision makers and institutions are involved in defining the interest of the State and that of people residing within the boundary of a State. Therefore, the policy directed towards achieving the interests of the people and country can be termed as foreign policy. However, sometimes it becomes difficult to distinguish between the interest of the political leadership and national interest. Political leaders who have the authority to define and defend national interest can define and direct foreign policy to prolong their regime's survival. Therefore, the role of the political decision makers is crucial in changing or sustaining foreign policy.

Before the unification process, Nepal was divided into many small principalities known as *Baise Rajya* (22 States) and *Chaubise Rajya* (24 States). The Kathmandu valley itself was divided into 3 States namely Kantipur, Patanand Bhadgaon. King Prithvi Narayan Shah conquered all 3 cities (1768-1769) and formed a greater and united state of Nepal. He delivered his *Dibya Upadesh* (Divine Counsel), in December 1774 before his

death on 10 January 1775 (Stiller 1968: 37) which provided cardinal principles for Nepal's foreign policy. He suggested conducting relationship with China and India through prudent diplomacy and negotiations. He said,

“This country is like a yam between two boulders. Maintain a treaty of friendship with the emperor of China. Keep also a treaty of friendship with the emperor of the Southern sea [British India], but he is very clever. He has kept India suppressed and is entrenching himself on the plains. One day that army will come....Do not engage in an offensive attack, fighting should be done on a defensive basis....If it is found difficult to resist in the fight, then even means of persuasion, tact, and deceit should be employed”(Shah1978:104-105).

He advised the rulers to maintain a balanced foreign policy with its neighbour to protect Nepal's sovereignty and integrity. He speculated that the British India would soon invade Nepal and directed his successors to be strategically and militarily prepared. He also suggested defensive security strategy and use of diplomacy to protect the country. On British India, he stated,

“Be friendly with the emperor of the southern seas [British India] but do not let his missionaries and merchants enter the country”(ibid).

King Shah suggested developing friendly relations with the British India without allowing the latter to interfere in Nepal's internal matter and upholding economic independence of Nepal without letting British Indian merchant extract benefit from Nepal. From his statement, we can infer that he was projecting the image of Nepal as a vulnerable country between two powerful countries by comparing Nepal with a yam and China and British India as boulders. Studies have found that Nepal's policy of balancing between the powerful neighbours to protect its sovereignty and national interests has been successful in protecting its sovereignty and territorial integrity. Rose (1971) contends that Nepal's policy of balance of power and equidistance are the compulsion imposed by the geographical realities. Non alignment, peaceful coexistence, diversification and the relation between India and China has also helped Nepal maintain an independent identity in the international relation. He suggests that Nepal should also accommodate the security interest of India and economic and strategic interest of China to ensure its survival. Similarly, Chaturvedy and Malone (2012) state that geography is a major determinant of Nepal's foreign policy and mention that the objectives of Nepal's foreign policy should be to achieve internal stability, peace and economic development but these

cannot be realistically realized without the political and economic support from its neighbours, especially India. They conclude that Nepal has limited options to manoeuvre in its foreign relations and needs to focus on making the best of its geographical constraints through positive engagement including with India. Further, Sharma (2006) argue that Nepal's foreign policy is its struggle for maintaining her independent national existence. Sharma has extensively studied the social and political development from 1950 to 1980's and the changes brought in Nepal's foreign policy by political developments and the foreign policies adopted by different regimes to maintain the continued existence of Nepal as an independent & sovereign country.

Nepal does not have a consolidated document on its foreign policy but some generic components are incorporated in the Constitution. Efforts are being made by Ministry of Foreign Affairs to formulate country specific and issue specific national interest and foreign policy of Nepal. The International Relations and Human Rights Committee of the Constituent Assembly in its Report (2011) "*Foreign Policy of Nepal in Changed Context*" mentions that Nepal's foreign Policy is to actively adopt the policy of expanding merit based bilateral and multilateral relations on the basis of national interest by giving high priority to the protection of Nepal's national security, integrity, autonomy, independence, sovereignty, national boundary as well as promotion of social and cultural values and norms of the people (Constituent Assembly 2011: 35). It focuses on maintaining good bilateral and multilateral relations based on national interest and the protection of national security integrity, autonomy, independence, sovereignty and social and cultural values of people. On economic interest, it depicts that the main goal of Nepal's foreign policy is to "to achieve economic prosperity by protecting national security, independence and autonomy" (Constituent Assembly 2011: 35).

Article 50 (4) of 2015 Constitution states, "The State shall direct its international relations towards enhancing the dignity of the nation in the world community by maintaining international relations on the basis of sovereign equality, while safeguarding the freedom, sovereignty, territorial integrity and independence and national interest of Nepal." It indicates that Nepal's foreign policy should be directed, firstly, towards safeguarding the freedom, sovereignty, territorial integrity, independence and national

interest, and secondly, towards enhancing the dignity of the nation in the world community. Article 51 states, “to conduct an independent foreign policy based on the Charter of the United Nations, non-alignment, principles of Panchasheel, international law and the norms of world peace, taking into consideration of the overall interest of the nation, while remaining active in safeguarding the sovereignty, territorial integrity, independence and national interest of Nepal; and to review treaties concluded in the past, and make treaties, agreements based on equality and mutual interest.” This article talks about the policies and basis for conducting such policies. On foreign policies, it indicates that Nepal prefers to conduct an independent foreign policy for safeguarding the sovereignty, territorial integrity, independence and national interest of Nepal, and also to review unequal treaties of the past based on equality and mutual interest. The article further says that the Charter of the United Nations, non-alignment, principles of Panchasheel, international law and the norms of world peace are the basis for the conduction of Nepal’s foreign policy.

The second policy i.e. reviewing of unequal treaties of the past specifically indicates towards the 1950 Treaty of Peace and Friendship with India, 1947 Tripartite Gurkha Recruitment Treaty among Nepal, India and UK, 1965 Agreement on Arms supply with India, some water resources related treaties with India among others. In earlier constitutions, it was not mentioned in the State policy but it is categorically mentioned in the new Constitution to remind every successive government for reviewing those unequal treaties with India and other countries. Therefore, it has emerged as an important foreign policy agenda.

a) Objectives of Nepal’s Foreign Policy: After the success of Jana Andolan II, Nepal Government, in 2006, formed a task force under the convenorship of former Foreign Secretary Murari Raj Sharma to refine and define Nepal’s foreign policy objectives, premises, priorities and parameters in the changed context. The task force in its report suggested putting people at the centre of foreign policy framework and forging consensus among all political actors and opinion makers on the core foreign policy issues. Stating that the foreign policy has to be a blend of continuity and change, the

report suggested foreign policy changes have to be more nuanced than pronounced (Sharma et al. 2006: 4-6). The Report (Sharma et al. 2006:4) states that the objectives of the foreign policy of new Nepal should be as follows:

- i. To preserve sovereignty, protect territorial integrity and safeguard political independence of the country;
- ii. To ensure comprehensive peace, security and harmony in the country;
- iii. To promote sustainable development and social progress based on equity and justice in order to improve the welfare and standard of living of the ordinary people;
- iv. To consolidate democracy, human rights, civil liberties, economic opportunities and inclusiveness;
- v. To project Nepal's positive image and enhance its dignity and honour in the international community by supporting measures for world peace, security, democracy, human rights, freedom from foreign occupation, economic development and social progress as a good member of the community of nations;
- vi. To maintain cordial, friendly and cooperative relations with neighbours and other countries around the globe to achieve above objectives.

In other words, the main objective of Nepal's foreign policy is to protect and promote its national interest in its relations with other countries and international community. The objectives of Nepal's foreign policy can be grouped as below by using George Liska's (Liska 1968: 27) concepts of 'security, stability and status':

- i. *Security Objective*: The security objective of Nepal's foreign policy has two dimensions- political and strategic aspects (Muni 1973: 34). The political aspect is related to the promotion of independence in decision-making and implementing the decisions and deals with mitigation of external political pressures and influences on decision-making structure and processes. However, the strategic aspect deals with protection of territorial integrity and border security. Historically Nepal's foreign policy has been directed towards achieving security objective due to its geostrategic location between two powerful and competing powers. However, it can be argued that strategic aspect has been given prominence over political aspect.

- ii. *Stability Objective*: Stability objective deals with the domestic political stability, and sustainable economic development and economic growth. The successive political movements and establishment of democracy is Nepal's endeavour to ensure political stability in the country. Similarly, it has also adopted policies for ensuring economic stability to build a viable economy with a priority of integrating diverse socioeconomic forces based on measures that would avoid dependency on external sources.
- iii. *Status Objective*: It deals with Nepal's endeavour to maintain independent political identity in the international arena by enhancing its dignity and prestige. As a nation State, Nepal is older than any nation State existing in the South Asian region, but its interaction with the world community is recent. It was considered as falling within India's sphere of influence which hurt the status objective of Nepal and its ruler. Rishikesh Shah has rightly observed, "Friends by necessity we may choose to be, but the status of slave we shall never own. This has been the watchword of the Nepali statesmen and military leaders in the grave hours of national emergency and crisis. History shows that the Nepalese have been highly sensitive to the question of national honour and prestige and have always in the past stood as a solid block in defence of their freedom and frontiers" (Shah 1955:27). The successive constitutions have enshrined that the objective of Nepal's foreign policy is to enhance its dignity in international community. Therefore, quest for status and dignity affects foreign policy preferences of Nepal. Nepal's quest for status and independent identity has motivated her to actively participate in non-alignment movement and other international forums. Its policy of diversification of diplomatic relations can also be taken as manifestation of its independent identity and a quest for enhancing its international status.

III. Factors Determining Nepal's Foreign Policy

There are a range of determinants which affect the foreign policy of a country. As a State exists in an international environment to protect and promote its national interest as well as the interest of its citizens, different domestic and external factors affect foreign policy. Realizing the problem of vast numbers of determining factors Frankel observed

that 'theoretically the environment of foreign policy is limitless, it embraces the whole universe'. However, he added that in practice, 'the environment is circumscribed by the range of interests and limitations of power of every single State' (Frankel 1963:3). Frankel's observation helps us to narrow down the determinants of Nepal's foreign policy based on its national interest and limitation of its relative power in the international environment.

i. Historical Legacies:

History of nations is the memories of the past-memories of the victory and glory or as well as the memories of defeat and indignation. The collective memories of the history construct the common identity of the citizen of a country. These memories shape the perceptions of the decision makers. History of Nepal is the history of war and peace, history of victory and defeat and that of expansionism and isolationism. These memories are still fresh in the minds of the Nepali citizens and decision makers which perceive each situation according to their lessons drawn from the historical legacies. The modern history of Nepal begins from the era of unification and King Prithvi Narayan Shah was the first person to set the cardinal principles for the Nepali State in the context of eighteenth century. However, Nepal's present foreign policy of maintaining balanced relationship with its powerful neighbours has been inherited since the six century A.D. when Lichchhavi King Amshuverma married his daughter Bhrikuti to the Tibetan King Tsong Tsong Gampo and his sister Bhoga Devi to an Indian King Shur Sen (Bhasin 1994: 641).

Before unification, the trade system with Tibet was the primary source of revenue for various rival principalities. Some States even minted coin for Tibet to earn revenue. Prithvi Narayan Shah, fully aware of this opportunity, wanted to develop Nepal as the principal entrepôte in the trans-Himalayan trade structure (Leo 2010: 25). However, Nepal and Tibet entered into a dispute over the fixation of exchange rate for debased and pure coins of Nepal (Kirkpatrick 1811: 339-344). This dispute led to a war between Nepal and Tibet in 1789 – 1792. However, China's support to Tibet in the war made it inconclusive and a mutually satisfactory treaty was signed between Nepal and Tibet with Chinese mediation (Sharma 2006: 9). Nepal's this history of being the principal entrepôte in the

trans-Himalayan trade structure has been redefined by modern political leaders as 'a link country' and a 'vibrant bridge' between two emerging economies and has become an important agenda of the republic foreign policy.

China's policy toward Nepal during this period was policy of non-intervention in the internal politics and Nepal used Peking as a balance against the British India (Rose 2010: 71-74). However, the British India was annoyed by Nepal's policy of expanding its territory and invoked a territorial dispute. It wanted Nepal to give up control over two disputed bordering districts of Sheoraj and Butwal. Therefore, it sent an ultimatum to Nepal on 11 March 1814 demanding Nepal's recognition of British jurisdiction in those two districts, but Nepal didn't respond to the British demand (KC 2004:63). The Nepali political actors were divided over going to war with British India. The courtiers like Amar Singh Thapa and others were against the war for small land masses, but Bhim Sen Thapa insisted on war with British India (KC 2004: 63). This behaviour of Bhimsen Thapa can be interpreted as his diversionary foreign policy to divert the public focus towards the war and gain stronghold over political power.

Nepal was anticipating a war with British India over the land dispute. Therefore, it wrote a series of request letters to China for monetary and other support for its war with British India. However, China repeatedly denied the requests. The war started between Nepal and British India in which British forces were gradually out powering the Nepali forces. Therefore, Gujraj Misra, the Nepali representative signed an agreement with British representative on 28 November 1815. However, Nepal denied ratifying the agreement on account of lack of full powers to Misra. Under British India's coercion, Nepal ultimately ratified the treaty which was accepted by the British General Ochterlony on 4 March 1816 (Rose 2010:82-89). Aware of the British hegemonic rule over the Indian subcontinent, Prime Minister Bhimsen Thapa called for '*Asian unity*' against British imperialism (KC 2004:26). He even approached the Kings of Punjab and Maratha for an alliance against the British India. Though the immediate causes of the war were border disputes, but the real cause was the existence of Nepal powerful enough to challenge the hegemony of British in India (Sharma 2006:5). The Sugauli treaty compelled Nepal to give up all territories East and West of its present day borders, the

entire Tarai, and accept a permanent British representative in Kathmandu (Whelpton 2005:42). The British India also started recruiting the Gurkhas for the Indian army to strengthen their position in India. Sugauli episode has been very instrumental in shaping the foreign policy of Nepal due to the loss of a large mass of territory after the war. Since then, the protection of territorial integrity has been given more importance by accommodating the interests of neighbouring countries, particularly India.

Taking the benefit of political fluidity and internal chaos in the palace, Jung Bahadur Rana killed his own maternal uncle Prime Minister Mathabar Singh Thapa to get political patronage from the junior Queen Rajya Laxmi. He got the command of the army which he used during '*Kot Massacre*' to kill his all enemies and destroyed power centres to grasp all powers on to his hands. He was later appointed as Prime Minister and Commander-in-Chief on 15 September 1846 (Rana 1999: 45-46). This led to the establishment of oligarchic Rana rule in Nepal. Jung Bahadur Rana was clever enough to assess the rising might of British India and rapid decline of Chinese power. He reoriented Nepal's foreign policy to maintain a good relation with the mighty British India by retaining a low profile traditional relationship with China. He also needed the support of the British regime to contain activities of his opponents exiled in India. After his visit to Britain on 15 January 1850, Jung Bahadur, by observing British military and industrial strength, perceived that the British rule in India could not be overthrown (Whelpton 2005:46). Therefore, he followed a policy of appeasement towards British India to remain in power (KC 2004:27). In order to settle outstanding disputes, Nepal launched an attack against Tibet on 1 March 1855. After Nepal's victory over Tibet, a Treaty was signed between them on 24 March 1856 to the former's satisfaction (Muni 2016:9).

Convinced of British invincibility, the Ranas proceeded to co-operate with the British and also explored new areas where Nepal could be of use to British India, which can be taken as an unwritten alliance between the two countries. In an effort to impress British India, Jung Bahadur himself led a troop of six thousand armies to quell the sepoy mutiny of India in 1857. After the success of this episode, the British gifted him by returning 4 districts -Banke, Bardia, Kailali and Kanchanpur-called '*naya muluk*'(new country)for the cooperation rendered to suppress the mutiny (Rana 1999: 37:39; Sharma

2006: 12-13). Rana regime even helped British India in sending Young Husband Mission to Tibet to start trade between British India and Tibet in 1904-1905. This was an economic backlash for Nepal as it diverted the trade with Tibet through Sikkim-Chumbi route (Whelpton 2005: 64). Nepal supported British so vehemently that British even used Nepalese mission at Lhasa as an observation post and intelligence transmitting centre to serve their interest (Kanchanmoy 1973: 106-107). The agreement between Prime Minister Bir Shumsher and the British viceroy in 1885 allowed the Indian government to recruit Gorkhas directly in exchange for arms to sustain Rana regime in Nepal (Bashyal 2014: 85). After his appointment as the Prime Minister of Nepal, Chandra Shumsher focused his foreign policy in entering into an alliance with British India and concluded treaty of Peace and Friendship on 21 December 1923 (Thapliyal 1998:22). This treaty recognized the territorial integrity and sovereignty of Nepal as an independent country. Nepal also sent its troops to fight on behalf of Britain in the first and Second World War. As China was busy with its internal consolidation, the Chinese were unable to pay any attention to areas outside their empire (Sharma 2006:15) and Nepal developed as a fully pro-British India country.

After India's independence in 1947, Rana rulers tried to diversify their relations with outside world by taking India into confidence. It participated in the Afro-Asian Conference held in New Delhi in 1947 and established the diplomatic relations with the USA on 25 April 1947, with independent India on 30 June 1947 and with France on 20 April 1949. The wave of democracy in the world in general and in India during its independence in particular was inducing demand for a democratic system in Nepal. Nepali political parties were being established and organized to launch both peaceful and armed movement against the oligarchy Rana rule. To gain the confidence of the establishment of the new India, Rana regime signed Tripartite Gurkha Recruitment agreement with India and Britain in 1947 and also signed the Treaty of Peace and Friendship and Treaty of Trade and Commerce with India in July 1950 (Jha 2009:89). However, India was more concerned on possible Chinese influence in Nepal that might affect its security interest. Therefore, it was advocating having a military alliance with Nepal. Indian Prime Minister Jawahar Lal Nehru on 17 March 1950 had declared that,

“It is not necessary for us to have a military alliance with Nepal...But the fact remains that we cannot tolerate any foreign invasion from any foreign country in any part of the subcontinent. A possible invasion of Nepal would inevitably involve the safety of India” (Singh 1999:54)

More noteworthy is his statement in Parliament on 6 December 1950, where he said,

‘From time(s) immemorial, the Himalayas have provided us with magnificent frontiers...We cannot allow that barrier to be penetrated because it is also the principal barrier to India. Therefore much as we appreciate the independence of Nepal, we cannot allow anything to go wrong in Nepal or permit that barrier to be crossed or weakened, because that would be a risk to our own security’ (Bhasin 1994:45).

India considered Himalayas of Nepal as its barrier against possible aggression from China. Therefore, it wanted to develop a cordial relationship with Nepal which could help it serve its security interests. As its security interest was in stake, India was concerned about the political development in Nepal. Meanwhile, King Tribhuvan flew to India seeking the latter’s support in establishing democracy in Nepal. The power sharing negotiation between the King and Ranas was mediated by India and was translated into Tripartite ‘Delhi Settlement’ among the King, the Ranas and Nepali Congress party which was signed on 1 January 1951. However, Nepali Congress was not the part of the negotiation process but was persuaded by India to agree on the understanding reached between the King and the Ranas.

Since its unification to 1816 Sugauli treaty, Nepal followed an active expansionist policy and increased Nepal’s territorial area. However, the Sugauli treaty put an end to that move. Bhimsen Thapa tried to oppose the expansionist move of British India through a support of China and calling for Asian solidarity. The importance of historical legacies on shaping perception of the Nepalese foreign policy decision maker has been suitably observed by Rose and Scholz when they say, “On several occasions it [Nepal] has had to face external threats in which the absorption of the central Himalayan region by political systems to the north [China] or south [British India] appeared to be the issue at stake. Kathmandu’s responses have generally been determined by the demands of the moment as perceived by the governing elite; however, a Nepali world view, derived from decades of contentious existence in an unhealthy environment, is also evident in the definition of

policies” (Rose and Scholz 1980: 117). Therefore, history provides important lessons for the Nepali rulers and people to maintain a balanced relationship with its neighbours to protect and promote its sovereignty, independence and territorial integrity.

ii. Geo-strategic Location

Geo-strategic setting of a nation is invariably a very important conditioning factor in the foreign policy decision making. The geographical location of a country is not only a relatively stable determinant of foreign policy but it also plays role in shaping the dynamics of opportunities and risk (Starr 2013:7). Countries can break pacts, unilaterally denounce treaty, but, geography holds its victim fast (Eayrs 1963, cited in Pradhan 2003:55). Professor James Eayrs rightly concluded the importance of geostrategic location in foreign policy limitations of all States but it is more relevant to a comparatively small and weak country like Nepal located between giant countries India and China which are not so friendly towards each others. Its location between two giants of Asia-India on the east, west, and south, and the Tibetan region of China on the north-explains how significant geopolitical considerations have been, not only for regional and international relations, but also for domestic policy of Nepal. The sandwich like geographic location forces Nepal to concentrate its foreign and strategic policies preponderantly on its first-order neighbours, India and China (Khadka 1992:136). Their relationship with each other, especially India’s threat perception towards China, limits the manoeuvrability capacity of Nepal in reorienting its foreign policy.

Due to sensitivities of China and India, Nepal is bound to formulate its foreign policy keeping in mind their genuine interests. Given its geographical position, Nepal can neither be hostile to its neighbours nor can fully be dependent on any one of them as it can inversely limit the sovereignty and independence of the country. Its landlocked nature also demands friendly relations with its neighbours in general and with India in particular for transit facility for trade and commerce. Therefore, Nepal’s geographical location in between two giant competing neighbours is a constant determinant of its foreign policy. India and China are the real guarantors of Nepal’s sovereignty as well as real or perceived threat to maintaining its independence, autonomy and territorial

integrity. The doyen of Nepal's foreign policy and former Foreign Secretary Professor Yadu Nath Khanal aptly summarized Nepal's policy compulsion by saying,

“Our [Nepal's] foreign policy will breakdown at the point where either India or China loses faith in us[Nepal] and concludes that her vital national interests and sensitivities do not receive proper recognition in our[Nepal's] conduct of relations”(Khanal 2000 : 244).

The following table indicates the comparative strength of Nepal as compared to India and China and the defence expenditure of India and China to protect their security interests:

Indicators	China	India	Nepal
Land Territory (in KM2) ^a	9,388,211.0	2,973,190.0	1,47,181.0
Population ^a	1.371 Billion	1.311 Billion	28.5 Million
GDP (in US\$) ^a	\$10.87 Trillion	\$2.074 Trillion	\$20.881 Billion
Per Capita GNP (in US\$) ^a	\$ 7,820	\$1,590	\$730
Military Expenditure ^b (Global Ranking) ^b	\$215 Billion (Second)	\$51.3 Billion (Sixth)	NA
World Share ^b	13%	3.1%	NA
Source: a-World Bank Data, [Online: web] Accessed on 10 August 2016 www.data.worldbank.org , b-SIPRI Yearbook 2015			

As compared to China and India, Nepal's position is weak in every indicator. For example, in terms of land area, Nepal is just 1.52 percent of China's size and only 4.2 per cent of India's size. Similarly, based on the population figures for 2015, Nepal's population is just 2.07% and 2.17% of China's and India's populations respectively. In terms of GDP and defence expenditure, it is incomparable. The military expenditures of China and India indicate the importance of their security interest in their domestic and foreign policy. China is the second highest global spender on military after USA whereas India is in the sixth position. King Prithvi Narayan Shah anticipated this geo-strategic competition between Nepal's two neighbours and compared Nepal with a weak *yam* and

India and China with hard *boulders*. Recently, the political leaders are trying to change the perception of weak and vulnerable Nepal with a new idea of “*vibrant bridge*” between these large and growing economies of the world. The achievement of this goal demands winning of confidence and support of these two neighbours which require guarantee of their genuine minimum interests, which are explained as:

a. Minimum National Interest of China in Nepal: China has minimum two interests in Nepal- stake over Tibet and possible economic space for Chinese business in Nepal as well as using Nepal as a strategic point to enter the high potential market of South Asia. China doesn't want any threat from whatever source in its position over Tibet and wants to maintain tranquillity and economic development in the plateau. China considers Nepal as a geographic and cultural buffer between Tibet and Tibetan refugees living in India (Nayak 2014: 80). It also believes that a weak and unstable Nepal will not be able to guarantee non use of Nepali territory for anti-China activities. It wants to develop a State-to-State relationship with Nepal and supports every political development and change by espousing non-interference in Nepal's internal affairs. However, post 2006; China has also focused on developing party-to-party relationship with Nepali political parties as the latter are the principal decision makers in Nepali politics. Upadhyaya (2012) has studied the centrality of Nepal's position in relation to Tibet issues and geo-strategic rivalry between China and India. He says that by giving refuge to the Dalai Lama and his supporters for more than half a century, India sees Tibet as a bargaining chip with China in its overall bilateral relationship. He contends that Chinese assertiveness is bound to grow in Nepal and its interests in Nepal go beyond the issue of Tibet to encompass its wider South Asian strategy. He also states that Nepal has become the focus of the convergence of several Chinese policies such as the maintenance of internal stability, its “*Go West*” development campaign and the re-unification of the motherland with its strong emphasis on Tibet and Taiwan. He also states that in the past, the Sino-Indian rivalry was focused on the Nepali rulers, but now they are focusing on winning the Nepalese hearts and minds.

After adopting ‘Go West Policy’, China is focusing more in its underdeveloped western and south western parts, which includes Tibet, Xingjiang and other

surrounding regions (Lohani 2009:8). As it is geographically difficult to connect this part with mainland China, it is considering connecting them with South Asia through Nepal for intensive trade opportunities and development of those underdeveloped parts. It is also planning to connect up till the Indian border by railway through Nepal. Further, more than 70% of Tibet's trade is dependent on Nepal (Sapkota 2016). Therefore, Nepal is an important connecting link in its 'Go West Policy, 'One Belt One Road Initiative', and strategic entry point to the vast markets of South Asia.

b. Minimum National Interest of India in Nepal: India has minimum of four interests in Nepal- first, overall security from Chinese aggression; second, containing infiltration of terrorists through open borders between Nepal and India; third, dominance in Nepali market and preferential access to Indian products; and lastly cooperation in the use of Nepal's hydropower, primarily for irrigation and flood control (Lohani 2009:13-16). It is argued that India is more concerned about first two issues. The issue of threat perception of Chinese aggression has been there since the time of British India in the form of 'Himalayan frontier policy'. The British found it more convenient to maintain Nepal as a buffer state on the northern frontiers of India so that it could not come into direct political contact with Tibet and China (Tyagi 1974). The Indian scholars hold relatively negative conception on security threats emanating from Nepal. For instance, Muni (1998) asserts that Nepal's geographical and social-cultural proximity to India can be easily used by terrorists, insurgent groups and regional and extra-regional forces to create social turmoil and instability in India. Similarly, Nath (2004) mentions that Nepal provides a strong base for the ISI of Pakistan and terrorists of different hues. He also mentions that Nepal has mastered the art of balancing the two giants; India and China, however a third power, the USA, is adding to the complexity of Nepal's strategic environment. He further mentions that the petro-dollar from Saudi Arabia through Nepal has been utilized for fomenting or fostering anti-India sentiment or activities.

Singh (2005) stated that security of Nepal and India is connected with each other due to geographical contiguity. She further states that factors like internal conflict responsible for insecurity and instability in Nepal can induce the same in India also.

Therefore, India considers that security and anti-terrorism concerns are prominent over other issues in its relation with Nepal. However, these Indian scholars forget to mention that Nepal's security and economic interests have been many times jeopardized by this narrow concept of the Indian security. Apart from security interests, India has economic interests too in Nepal as it is the dominant partner in Nepal's international trade. The focus of Indian economic interest in Nepal has been to harness natural resources particularly water resources (Muni 1998). Nepal's hydropower can be a good source of energy for power hungry India. Moreover, Indian goods and investments have monopoly in the Nepali market (Upreti 2001:102). Therefore, Indian economic and political interests cannot be underestimated for developing a cordial relation between the two countries.

iii. Economic Factors

Nepal is relatively a small economy with total Gross Domestic Product (GDP) of US \$ 20.881 billion in 2015 with per capita income of US \$730 only (World Bank 2016). Its Human Development Index for 2011 was 0.458, the lowest among the South Asian countries, aside from Afghanistan (UNDP 2014:12). There are variations within the country in terms of human development with hilly areas having the highest ranking followed by plain Tarai and mountain regions. In 2014, the economies of its neighbours China and India had grown by 7.2 percent and 7.4 percent respectively, whereas Nepal's had grown by 5.1 percent (MoF 2015: xiii). The poverty is declining every year due to government's poverty centred development effort, however, the gaps between urban and rural, and between various geographical regions, and rich and poor are still very wide. The percentage of people living below poverty line is 21.6 percent (NPC 2016:17). The total hydropower generated is just 829 Mega Watt (MW) and total length of the road constructed has reached 25,265 KM with 1,854 bridges constructed, but, two districts are yet to be connected by the road network (NPC 2016: 13).

Table 3.2: Comparative Economic Growth Rate of Nepal and other Countries

(Annual percentage change)

Countries	2012	2013	2014	Projection		
				2015	2016	2020
Bangladesh	6.3	6.1	6.1	6.3	6.8	6.7
Bhutan	6.5	5.0	6.4	7.6	8.2	6.9
India	5.1	6.9	7.2	7.5	7.5	7.8
Maldives	1.3	4.7	5.0	5.0	3.9	5.0
Nepal	4.8	3.9	5.5	5.0	5.0	4.5
Sri Lanka	6.3	7.3	7.4	6.5	6.5	6.5
Pakistan	3.8	3.7	4.1	4.3	4.7	5.0
Afghanistan	14.0	3.7	1.5	3.5	4.9	5.3
China	7.8	7.8	7.4	6.8	6.3	6.3
<i>Source: MoF (2015:3), Economic Survey: Fiscal Year 2014/15</i>						

Nepal's trade deficit is escalating every year due to low production of exportable goods and other supply side bottlenecks. Similarly, import's higher bases and growth rates as compared to those of exports have also contributed in annual growth of the trade deficit. The task of managing escalating trade deficit through export expansion and import substitution has not produced satisfactory return. The import products are generally price non elastic products like petroleum, medicine, iron and steel whose demands do not decrease due to increase in their prices. The skyrocketing import has created an alarming level of the trade deficit with stagnant exports over the years. A decade ago, the export to import ratio was 1:3 which escalated to 1:9 in 2013 (Ghimire 2016:2) and the trade deficit has remained at 32.1 percent of GDP of Nepal in fiscal year 2013/14 (MoF 2015: xxxvii). Around two-third of Nepal's trade is with India and China occupies around 12% of the total trade. The import of petroleum products from India has surpassed the total export of Nepal. The efforts to increase export by enhancing investment climate, encouraging domestic industries and increasing competitive and comparative advantages of Nepalese products to decrease trade deficit have not been giving satisfactory results. The comparative share of India and China in Nepal's foreign trade for last ten years is as given below:

Table3.3: Percentage Share of India and China in Nepal’s Foreign Trade

	Fiscal Year	Percentage of India’s share in			Percentage of China’s share in		
		Total Import	Total Export	Total Trade	Total Import	Total Export	Total Trade
1	2005/6	60.8	69.3	63.1	-	-	-
2	2006/7	60.5	71.1	63.2	-	-	-
3	2007/8	63.4	68.2	64.4	-	-	-
4	2008/9	56.3	60.9	57.2	-	-	-
5	2009/10	54.7	64.4	56.1	-	-	-
6	2010/11	67.5	66.9	67.4	-	-	-
7	2011/12	64.8	67.1	65.1	-	-	-
8	2012/13	65.9	65.2	65.8	11.7	3.0	10.6
9	2013/14	66.5	66.5	66.5	10.5	2.8	9.6
10	2014/15	63.2	64.2	63.3	14.2	3.3	13.1

Source: Compiled from Economic Surveys of different Years, Ministry Of Finance/Nepal

India and China account for roughly two-third and one-eighth of Nepal’s foreign trade respectively. It shows the high level of economic dependence on India followed by China. This economic dependence on its neighbours also helps in shaping the foreign policy orientation of Nepal. The volume of foreign aid disbursement in fiscal year 2014-15 reached a total of US\$ 1.13 billion of which ODA contribution was US\$ 1020.75 million (90%) and INGO contribution was US\$ 116.89 million (10%) (MoF 2016b: 11). Earlier, the foreign aid used to be the main source of development expenditure, but now, it contributes 20 percent in the national budget (NPC2016:29).

India and China are the major development cooperation partners for Nepal’s development. The comparative aid disbursed by India and China in last five years are as follows:

Table 3.4: Development Cooperation by India and China (in US Dollar)

SN	Fiscal Year	India	China
1	2010/11	50.72 million	18.84 million
2	2011/12	50.62 million	28.34 million
3	2012/13	63.81 million	34.12 million
4	2013/14	47.79 million	41.38 million
5	2014/15	22.22 million	37.94 million
<i>Source:</i> Development Cooperation Report 2014-15 (MoF 2016b:49)			

The above table indicates that there is a competitive support from its neighbours for Nepal's development. Traditionally, India used to be the largest development cooperation partner. However, in fiscal year 2014/15, China has taken the lead in supporting Nepal in its development efforts.

Foreign Direct Investment (FDI) serves three objectives in an economy: firstly it brings much needed capital into the country; secondly it brings skills, knowledge and technology; and thirdly it explores markets for the goods and services produced in the country. Nepal adopted the policy of liberalization and privatization after the restoration of democracy in 1990 and introduced other policy reforms to attract investments from friendly countries. It has also been focusing on different economic diplomacy activities to promote trade and attract investments into the country. However, India and China are the largest investment source for it with India being the largest market for its products. The comparative list of the FDI by India and China in number of industries for last fourteen years is given below:

Table 3.5: Foreign Investment by India and China in number of Industries

SN	Fiscal Year	India	China
1	2000/1	37	15
2	2001/2	20	12
3	2002/3	23	12
4	2003/4	10	16
5	2004/5	15	12
6	2005/6	31	21
7	2006/7	28	38
8	2007/8	37	39
9	2008/9	34	70
10	2009/10	27	58
11	2010/11	47 (501*)	94 (401*)
12	2011/12	24(525*)	77(478*)
13	2012/13	41(566*)	97(575*)
14	2013/14	22(588*)	120(695*)
<i>Source: Compiled from Economic Survey of different years, Ministry of Finance/Nepal</i>			
* Indicates the total number of Industries in operation in the given fiscal year.			

The above table indicates that Nepal's two neighbours are the competitive source of FDI for Nepal. Till fiscal year 2011/12, India used to be the largest source of FDI in Nepal, whereas, from fiscal year 2012/13, China is the largest source of capital for industries in Nepal.

The major problem in Nepal's economic growth lies in its poor infrastructure with low quality of transportation network and unreliable electrical power. The agriculture sector, which contributes one third of the GDP, is still subsistence based lacking modernization. High level of poverty with low level of human development is also contributing in poor performance of the economy. With difficult terrain and challenging geography, Nepal is highly vulnerable to climate change and natural disasters. Increasing number of natural disasters like droughts, floods, landslides and earthquakes and increasing climatic disasters like hailstorms and crop diseases have retarded the developmental achievements made so far. This economic situation of Nepal suggests that,

apart from protecting sovereignty and territorial integrity, Nepal's foreign policy should be directed towards achieving sustainable development, prosperity and economic growth to ensure a good quality of life to its citizens.

iv. Socio-cultural Factors

Nepal is a multiethnic, multilingual, multi-religious, multicultural and secular country. The people living in the northern Himalayas are of Tibeto-Burmese origin with Mangoloid build-up following Buddhist religion whereas the people living in the southern Tarai are of Indo-Aryan origin with Hinduism as the main religion (Muni 1973:39). The people living in the northern belt have socio-cultural proximity with Tibet whereas people living in the south have socio-cultural proximity with India, but the engagement level of people living in southern part of Nepal with India is higher as compared to Tibet due to the open border between Nepal and India. It means the open border has facilitated high level of socio-cultural engagement and assimilation between the people of two countries. Extensive people-to-people contacts permeate all aspects of the lives of the people of Nepal and India and transcend borders and governments.

The religious centres located in Nepal, China and India have further strengthened Nepal's relations with its neighbours. Mansarovar and mount Kailash located in Tibet are the most revered holy places for the Nepalese Hindus and Lumbini, Swoyambhunath and Boudhanath of Nepal are highly cherished pilgrimage sites for the Chinese Buddhists. Similarly, religious centres of pilgrimage for both Hindus and Buddhists in Nepal and India have played an important role in strengthening the social and cultural bonds between the two countries. Nepal as the holy abode of Pashupatinath and the birth place of Sita and Buddha has been the holiest place for both Indian Hindus and Buddhists. Regular visits of pilgrims from India to the holiest places like Lumbini, Janakpur, Kathmandu Valley, Muktinath, Swargadwari, Barahakshetra, etc. have contributed to enhancing and strengthening the cultural relations between the two countries. Likewise, Nepalese pilgrims visit the holiest Hindu places of Kedarnath, Jagannath, Haridwar, Allahabad, Kashi, Gaya, and holiest Buddhist places like Bodhgaya, Sarnath, Rajgir, Nalanda, Kushinagar etc.

The extensive influence of Indian culture on the life of Nepalese people sometimes instils a sense of losing independence and distinctive cultural identity. During that time, it is the distinctive aspects of the Nepalese culture that are emphasized and stressed (Muni 1973: 40). Similarly, Sharma observes that, “Nepal has always operated under a certain fear of this overwhelming neighbour [India]. The main preoccupation among the Nepalese has been to guard them from being amalgamated into the Indian colossus. The fact that the two countries share the same social and cultural heritage only helps to heighten this insecurity. As a Nepali sees it, this affinity between two countries in areas of culture and religion undermines his claim to remain a separate nation, independent of India” (Sharma 2006: 61-62). However, Nepal also considers that political and cultural differentiation with India is essential for forming a distinct national identity which in turn can guarantee its survival as an independent State.

v. Role of Political Leadership

Foreign policy can be analyzed at the systemic level, State level and individual decision-maker level (Singer 1961). The decisions of the States are made by the political leaders designated with such responsibilities. Snyder *et al.* (1962:212) suggest, “Nation-State’s action is determined by the way in which the situation is defined subjectively by those charged with the responsibility for making choice”. In multi-party democracies, political leaders are the principal opinion makers and decision makers. Their personal perceptions and interpretation about the issue guided by their party position and ideology do influence foreign policy. Holsti has rightly pointed out that, “The exact definition of a ‘core’ value or [national] interest in any given country depends on the attitudes of those who make policy” (Holsti 1977:145). Similarly, their experiences over time leads to the development of stable patterns of choice as well as a stable outlook on the nature and operation of the international system (Renshon and Renshon 2008:510). Moreover, the decision makers’ national role conceptions, i.e. perceptions of their nations’ positions in the international system, also strongly influences the foreign policy behaviours of the States (Wish 1980: 532). Similarly, Dyson and Preston (2006) examined the linkages between individual characteristics of political leaders and their usage of historical

analogy during foreign policy decision-making episodes and found that different types of leaders use history differently during political decision making. They are trying to suggest that different political leaders perceive history in different ways as per their political and personal backgrounds.

In small and transitional democracies like Nepal, political leaders exert disproportionate influence on foreign policy decision-making. Rosenau (1980:133) ranks the individual-level variables as the most important variable in determining small and underdeveloped countries' foreign policy behaviour. Proposing the concept of '*personalization of foreign policy*', Rothstein (1977:107-108), demonstrates that many least developed countries (LDCs) do not possess strong foreign policy bureaucracies and public pressure, therefore, the political leaders manipulate foreign policy making to serve their own interests. He further contends that personalized foreign policy is more likely to suffer from discontinuities when regime change or power transition occurs since the policies favoured by a particular leader may not be favoured by his or her successors which lower the predictability of the foreign policy behaviour of the States. Moreover, political leaders prefer to "place their personal imprint on a set of predetermined foreign policy choices" (Hey 2003:192) and manipulate and employ foreign policy as an important tool in their political struggle (Snyder 2000: 37-38).

However, Zha (2015:244) contends that the effects of foreign policy personalization are contingent upon the relatively small state's economic dependence on the big power since the high-level of economic dependence limits the manoeuvrability of the leaders of the comparatively weak State, thus, reduces discontinuities caused by the personalization of foreign policy. Alternatively, the low level of economic dependence with a big power is more likely to increase discontinuities and introduce radical foreign policy changes. Nepal's economic dependence on India for trade, aid and FDI is very high as compared to China or other countries. Thus as per Zha's analysis (2015), high level of economic dependence on India creates a wider support base for a pro-India policy in Nepal and policy change by delegitimizing previous government's pro-India policy is not a viable strategy for the new governments. This limits the capacity of the political leaders to personalize the foreign policy of Nepal in their own or party's interest.

Nepal's foreign policy has been greatly influenced by the role of the leaders. Prithvi Narayan Shah's divine counsel provided basic framework for Nepal's foreign policy. Prime Minister Bhimsen Thapa's foreign policy orientation was different from Rana Rulers who followed the policies of appeasement towards British India. Though King Tribhuvan followed a policy of special relationship with India, his son King Mahendra totally reoriented the foreign policy by asserting independent identity of Nepal and diversified its foreign relations. Moreover, BP Koirala, though charged with being tilted towards India, maintained balanced and independent relations with both India and China. King Birendra introduced the idea of zone of peace. After the restoration of democracy in 1990, the political leaders followed a policy of equi-balancing and equi-proximity. King Gyanendra after usurping political power tried to reorient this foreign policy. After the abolition of the monarchy, political parties became principal actors in foreign policy making. Nepal's relation with neighbours is guided by the perceptions of its political leaders- be it the Ranas, Kings or prime ministers or other leaders during multi-party democracy. In case of Nepal's relation with India, the perception of the political leaders have played more vital role. Moreover, it is argued that India's statements and actions are interpreted by Nepalese leaders as per their own assumption (Rose 2010: 16). Furthermore, it is also argued that China has been maintaining a relation of diplomatic propriety with Nepal by avoiding excessive intimacy and complete indifference (Rose 2010: 16).

IV. Conclusion

Nepal's foreign policy is directed towards achieving two objectives: at the external level, it is directed towards protecting sovereignty and territorial integrity, and also to promote the independent identity and dignity of Nepal, and at the domestic level, it is focused on strengthening social-cultural harmony, religious tolerance and national unity among its citizens by ensuring broad and sustained economic growth. Nepal's foreign policy is determined by its history, geostrategic location, level of economic development and above all by the political leaders and their world views. The political leaders are the principal actors in defining and defending national interests as per their

interpretation of the historical legacies, geographical realities, economic priorities and contextual analysis. Recently, the political leaders have made efforts to redefine the idea of Nepal as a weak yam between two boulders, replacing it with the idea of 'vibrant bridge' between two growing economies of the world. Geo-economics is being given preference over geo-politics.

Nepal's neighbours-China and India-are its largest economic partners too. They are the major sources of development cooperation; much needed foreign direct investment; transit route for Nepal's international trade and attractive markets for Nepali products. This indicates the high level of economic interdependence and engagement of Nepal with its neighbours. However, Nepal's initiatives of benefitting from geo-economics depend on successful management of regional geo-politics. The success of Nepal's foreign policy lies in its management of genuine interests of its neighbours and not allowing Nepalese territory to be used by elements inimical to its neighbours' national interests. The geographical realities, economic interdependence and engagement, and socio-cultural proximities with its neighbours motivate Nepal to maintain broad based, balanced, predictable and stable relations with its close neighbours. Therefore, Nepal's national interest lies in balancing the influence and interests of its two neighbours.

Chapter 4

Role of Political Developments in Nepal- India Relations: 1951-2005

This chapter explores how political developments in Nepal have affected Nepal-India relations and how the role of the political parties has been increased in shaping Nepal's foreign policy in general and Nepal-India relations in particular with the successive political developments in Nepal. For the sake of this study, the political developments in Nepal have been categorized into the following phases and detail study of Nepal India relations is made accordingly:

I. King Tribhuvan's Period (1951-1955)

After the 'Tripartite Delhi Settlement' among King Tribhuvan, Ranas and Nepali Congress, King Tribhuvan issued a proclamation, on 18 February 1951, to form a coalition government with five members each from Nepali Congress and Ranas. This was the first time in the history of Nepal that the government power was distributed among two competitive groups with conflicting ideas. The Ranas were the traditional forces and wanted continuity of their dominance in the State affairs whereas the Nepali Congress leaders were moderntrained to fight for democracy and bring reforms and socio-economic transformation. Therefore, the Ranas and NC competed with each other for political leverage in the government. Due to the differences over the responsibility of death of a student leader named Chiniya Kaji, the NC members in the coalition resigned *en masse* from their post which led to the collapse of the Rana-NC coalition (Pandey 2002: 63-66).

BP Koirala was popular among the people and in the party. Therefore, Nepali Congress wanted to propose his name for the post of the Prime Minister. However, NC leaders Tank Prasad Acharya and Dilli Raman Regmi lobbied against BP. King Tribhuvan was in favour of Matrika Prasad (MP) Koirala for the top post and a new government was thus formed on 16 November 1951 under the leadership of M.P. Koirala, who was also the elder half brother of BP Koirala (Joshi and Rose 1966: 91). This shows that the King had the real authority to choose leader from political parties whomever he trusted and parties' decision had little or no meaning. After M.P. Koirala's appointment, BP claimed his stake in the post of the party president. The political power sharing understanding between two brothers was mediated by Indian leader Jay Prakash Narayan

(Jha 1975: 64-65). As per the understanding, BP was elected party president in 1952 but this further accelerated the conflict between two Koiralas which compelled PM Matrika to resign on 10 August 1952. After coming out of office, Matrika Prasad founded Rastriya Praja Party (Whelpton 2005: 89-90). This was the first case of factionalism and party split due to personality clashes between stalwarts of NC.

After the resignation of M.P. Koirala, King Tribhuvan, on 14 August 1952, formed a five member royal advisory committee with General Kaiser Shumsher as the chief advisor. Every political party of that time objected to this and NC demanded formation of a new government under its leadership. Therefore, King Mahendra dissolved this committee on 15 June 1953 (Gautam 1987: 31). In order to abate the political pressure, King Tribhuvan on the same day formed a five member party government headed by M.P. Koirala of Rastriya Praja Party (Dahal 2001:28). This government also faced a strong opposition from political parties which demanded to replace the Koirala government by a coalition of democratic parties. Therefore, the King, on 17 February 1954, replaced Rastriya Praja Party Cabinet with a new coalition government composed of representatives from Rashtiya Praja Party, Nepali National Congress, Nepal Praja Parishad and Jana Congress but excluded NC and Nepal Communist Party (NCP). The King again entrusted M.P. Koirala to head the coalition government which was composed of Tank Prasad Acharya from Rashtriya Praja Parishad, Dilli Raman Regmi from Rashtriya Congress and Bhadrakali Mishra from Jana Congress. This was the third time when M.P. Koirala was selected for the post by the King. Regmi became the Foreign Minister and there was a clear difference between the Prime Minister and Foreign Minister on the issues of foreign policy. Due to intense opposition from NC, clash between PM and other cabinet members and intraparty conflicts, PM Koirala resigned in January 1955 (Whelpton 2005:90; Gautam 1987:37-38). King Tribhuvan was in Switzerland for his treatment. Therefore, Crown Prince Mahendra was King's regent who accepted PM's resignation on 2 March 1955. King Tribhuvan died on 13 March 1955 (Gautam 1987:40-42).

Nepal India Relations during this period (1951-1955)

As India was the major actor for catalyzing the tripartite agreement, it asserted a role of mentor and guide to stabilize the internal politics of Nepal. Nepal was highly dependent on India for its economic, political and administrative development. India also highly influenced Nepal's foreign relations and no foreign policy was formulated without Indian guidance. The Indian interference in Nepal's domestic affairs was so high that Indian Ambassador CPN Singh even attended cabinet meetings and had a say in the formation of new governments (Joshi and Rose 1966: 96-100). Ambassador Singh favoured M.P. Koirala for the post of PM, therefore, he was appointed the PM time and again. BP Koirala charged the ambassador of operating on 'district board level politics' and playing one Nepali leader against another to the detriment of Nepal India friendship (Jha 1977: 92). Political leaders from all political parties were also critical of the activities of the ambassador Singh for micromanaging Nepali politics.

In November 1951, the conquest of Tibet by China made Nepal suspicious of its intentions. Therefore, on January 1952, Prime Minister M. P. Koirala along with some ministers visited India for a political consultation. After his return from Delhi, PM Koirala emphasized the need for a close relationship with India in his neighbourhood policy and also stated that the government would remain out of the bloc politics in the international level and would obtain membership of the United Nations (Joshi and Rose 1966:164). King Tribhuvan, in July 1952, in a major foreign policy proclamation stated that Nepal would always follow the principle of neutrality and remain aloof of the bloc politics to preserve its sovereignty (Sharma 2006: 81). This shows that the foreign policy of Nepal was determined by the King and the Prime Minister was entrusted to implement it as per the wish of the King. PM Koirala acted as the spokesperson of the King's foreign policy towards India and China and advocated for a special relationship with India.

Since the advent of democracy in 1951, the opposition party leaders had been demanding establishment of diplomatic relations with China. However, King favoured a 'special relationship with India' at the cost of its relationships with other countries. Therefore, Nepal didn't initiate to establish diplomatic relation with China until 1954. The improved relationship between India and China after the Sino-India Treaty of 29

April 1954 on Tibet paved the way for establishing diplomatic relations with China. PM Koirala met Indian PM Jawaharlal Nehru before and after Nehru's China visit in October 1954 to discuss Nepal-China relations in the context of normalized relations between China and India. After India's concurrence, Nepal Government decided to establish diplomatic relations with China (Joshi and Rose 1966:16-166).

There was a great discussion to coordinate Nepal's foreign policy with India which was advocated by Foreign Minister D.R. Regmi and others. During King Tribhuvan's visit to India in May 1954, Foreign Minister Regmi played an important role in finalizing an *aide memoire* in consultation with Nehru. The *aide memoire* stated that the two Governments would hold occasional consultations and exchange information on foreign affairs and matters of mutual interest pertaining to relations with foreign powers affecting each other (Jha 1975: 86-87). However, PM Koirala amended the *aide memoire* through the Cabinet. The amendments suggested that India should take Nepal into confidence with regard to former's all foreign policy matters connected with foreign powers and not only with those relating to the Nepal alone, including matters affecting Sino-Indian relations. Therefore, the amendment was not acceptable to the Indian Government and it finally pushed the 'coordination' move into freeze (Sharma 2006: 83-86). The opposition political leaders and people at large were against such foreign policy coordination and criticized the Koirala Government terming the move anti-national. Probably, this was the first time that PM Koirala had asserted his role in the foreign policy issues and amended the proposed *aide memoire*. Though, PM Koirala might have been motivated by the perception that signing of the *aide memoire* might consolidate Foreign Minister Regmi's position in the Cabinet *vis-a-vis* him or by the feeling of nationalism, the freezing of the coordination move helped Nepal to assert its independent identity.

The political parties time and again asserted their role in the issues of nationalism and foreign policy. They strongly criticized the arrival of an Indian Military Mission (IMM) in April 1952 tasked to strengthen and reorganize Nepal Army (Thapliyal 1998:55-56). Political leaders demanded their immediate return to India stating that the presence of Indian mission to teach brave Gurkha how to fight was indignant behaviour

of India which compromised Nepal's autonomy (Sharma 2006: 72-74). Nepali Congress Working Committee, on 13 March 1953, passed a resolution demanding the withdrawal of the IMM which was also supported by other political parties-Nepali National Congress and Praja Parishad (Jha 1975: 78-79). NC and Gorkha Parishad also criticized the Koshi agreement signed between Nepal and India in April 1954, which gave extra territorial rights to India for the construction and implementation of hydropower and irrigation project. Ganeshman Singh, a NC leader, termed the agreement a 'national suicide' whereas Gorkha Parishad charged that it was the deception and dishonesty by India to economically exploit Nepal like an imperialistic country (Sharma 2006:74-75).

Although non-alignment was outlined during this period, Nepal's foreign policy was visibly India-centric and Nepal supported India's positions in every international issue. Political leaders unequivocally condemned the pro-Indian stance of the government. Issue based anti India slogans were raised and some political parties even showed black flag during Nehru's Kathmandu visit in June 1952. Tanka Prasad Acharya of Praja Parishad advocated ending of special relationship with India and adopting a neutralist posture in Nepal's relation with other countries, including India, by procuring a guarantee from both India and China to respect Nepal's neutrality (Sharma 2006: 66-67).

II. King Mahendra's Period (1955-1959)

Prince Mahendra directly ruled the country by forming a five member royal advisory committee on 14 April 1955 with Gunjman Singh as Principal Royal Advisor. All the political parties, except Gorkha Parishad, strongly criticized the King's move charging that it was the revival of the oligarchic rule at the cost of democracy (Joshi and Rose 1966: 182-183). Although the King started negotiations with political parties, it could not narrow down the differences between him and the parties. King Mahendra then, on 27 January 1956, dissolved the Advisory Committee and formed a new government under the premiership of Tank Prasad Acharya with four members from Nepal Praja Parishad(NPP) and three royalists (Dahal 2001: 29-30). Due to political pressure from other political parties, PM Acharya resigned on 5 July 1957 (Gautam 1987:54).

Contrary to the expectation of the political parties, the King, through a royal proclamation of 15 July 1957, invited K.I. Singh to form a new government. Singh intensified dialogue with other political parties requesting them to join new government. However, the parties rejected his offer outright. Nevertheless, an eleven member cabinet was formed by a new proclamation of 26 July 1957 (Joshi and Rose 1966: 193-198). Due to the mounting political pressure from parties like Nepali Congress, Nepali Rashtriya Congress and Nepal Praja Parishad and also due to differences between the PM and the King, the Singh government was dismissed on 14 November 1957 (Whelpton 2005:92).

King Mahendra centralized power and ruled the country whereas political parties organized different protests and political movement to pressurize the King to announce date for general elections. The parties were divided among themselves with Nepal Praja Parishad demanding general elections for the parliament whereas Nepali Congress and Nepali Rashtriya Congress demanding elections for constituent assembly (Gautam 2014:405-410). The King, on 30 April 1958, held a conference with political parties to discuss the composition of the next government. BP Koirala proposed Suvarna Shumsher Rana's name to head the next council of minister whereas other parties submitted names from their party unanimously or splinter group separately (Joshi and Rose 1966: 213-215). King Mahendra, through a royal proclamation on 15 May 1958, formed a six member cabinet under the chairmanship of Suvarna Shumsher Rana by including representatives from Nepali Congress, Nepali Rashtriya Congress, Gorkha Parishad, and Nepal Praja Parishad. This government conducted the general elections in February 1959 for 109 members of the Lower House of the Parliament (Dahal 2001:31-32).

Nepal India Relations during this period (1955-1959)

King Mahendra wanted to give a new orientation to Nepal's foreign policy which was motivated by domestic chaotic political situation and also influenced by international events like signing of Sino-Indian agreement on Tibet, the Bandung Conference and Soviet-USA agreement for granting admission to new members in the United Nations. Admission of Nepal in the UN in December 1955 and participation of Nepal in the Bandung Conference set the stage for Nepal's active international participation. Nepal's admission to UN and its participation in the Bandung Conference were regarded as

universal recognition of her sovereignty and independent status by international community.

Prime Minister Tanka Prasad Acharya was considered pro-China. On 30 January 1956, he advocated for the diversification of Nepal's relations with other countries based on equal friendship by modifying 'special relations' with India and accepting foreign 'aid without strings' from all the countries. He further expressed that Nepal would develop direct trade relations with other countries instead of conducting foreign trade through India as agreed in the Nepal India trade treaty of 1950 (Joshi and Rose 1966: 240). Prime Minister Acharya paid a goodwill visit to China from 25 September to 7 October 1956 as the first Nepalese PM to do so which was reciprocated by the Chinese Prime Minister Chou En-lai who visited Nepal from 25 to 29 January 1957 (Muni 1973: 99). During his visit to China in May 1956, PM Acharya indicated Nepal's desire to balance relations with both its neighbours without maintaining special relationship with any neighbours (Singh 2009: 122). Prime Minister Acharya also visited India from 4 to 7 December 1956. On the contrary to the foreign policy of Acharya Government, PM K. I. Singh who was considered pro-India temporarily reinstated certain features of Nepal's pre-1956 foreign policy of special relationship with India. He expressed that a closer relations with India should be developed and Nepal's foreign relations should not be diversified (Joshi and Rose 1966:243). However, PM Singh, on 4 October 1957, reiterated that Nepal would develop its foreign trade relations free of the restrictions imposed by the 1950 Trade Treaty (Joshi and Rose 1966: 245). He also requested India to withdraw the Indian military mission (IMM) from Nepal and finally it was withdrawn on 16 July 1958 (Singh 2009: 127). It seems that King Mahendra wanted to balance his relations with both the countries in order to assert Nepal's independent identity and foreign policy. Therefore, at the beginning he appointed Acharya as the Prime Minister who was considered a pro-China person. However, later on he appointed Singh as the Prime Minister who was considered a pro-India.

King Mahendra went to India for a goodwill visit from 6 November to 8 December 1955, which was reciprocated by Rajendra Prasad, the President of India in October 1956. President Rajendra Prasad, during his visit to Nepal on 21-24 October

1956, assured Nepali leaders that India would not threaten the sovereignty or integrity of any other State nor would interfere in the internal affairs of other countries (Sharma 2006: 116). However, his statement that any threat to peace and security of Nepal would be considered a threat to India attracted political controversy. The Nepali Congress, Gorkha Parishad and communist parties expressed their resentment and concluded that India wanted Nepal to be her obedient satellite (Rose 2010: 215).

During this period, Nepal pursued a foreign policy independent of Indian guidance and established diplomatic relation with China on 1 August 1955, Russia on 20 July 1956, among other countries. It followed a principle of neutrality in regard to conflict between Russia and USA to preserve its sovereignty and supported nationalist movements in Asia and Africa (Sharma 2006: 81). In the direction of diversification of its foreign policy, Nepal signed agreements with the USA in January 1958 and with the Soviet Union in June 1958 to establish resident embassies in each other's capital city (Rose 2010:218). During this period, Nepal, under the stewardship of King Mahendra, asserted independent national identity and personality and tried to abate its dependence on India by formulating a policy of 'equal friendship with all' for practicing neutrality with all countries, including India. Political parties also asserted their role by expressing their concern on issues of national interests and independent identity.

III. Parliamentary Government Under BP Koirala (1959-60)

The first historic general elections were conducted from 18 February to 3 April 1959 and results were declared by 10 May 1959. Nepali Congress, led by BP Koirala, became the largest party by winning 74 out of 109 parliamentary seats.

Table 4.1: Seats Won by Parties in 1959 General Elections

SN	Name of the Party	Seats Won	Percent of vote received
1	Nepali Congress	74	37.2
2	Gorkha Parishad	19	17.3
3	United Democratic Party	5	9.9
4	Communist Party	4	7.2
5	Praja Parishad (Tanka Prasad Acharya faction)	2	2.9
6	Praja Parishad (Bhadrakali Mishra faction)	1	3.3
7	Tarai Congress	0	2.1
8	Nepali National Congress	0	0.7
9	Prajatantrik Mahasabha	0	3.3
10	Independents	4	16.7
Total		109	100
<i>Source: Gupta (1993:146)</i>			

On 27 May 1959, the first democratically elected government was formed under the premiership of BP Koirala. At the beginning, the portfolio of the foreign affairs was held by the PM himself with Tulsī Giri as the deputy foreign minister who was later promoted to the rank of foreign minister. However, Minister Giri later on resigned due to difference over the policies and programs of the government (Dahal 2001:37-41). The opposition parties united to oppose the popularity of the Koirala government. K.I. Singh, Tank Prasad Acharya and Rang Nath Sharma joined hands to form Rashtriya Prajatantrik Morcha (National Democratic Front) to oppose the functioning of the government-both inside and outside of the Parliament. Similarly, the largest opposition party-Gorkha Parishad and Nepal Communist Party-criticized the functioning of the government, especially its relation with India (Gautam 2014:420). Ultimately, the Koirala government was dissolved by the King on 15 December 1960 to introduce a party less Panchayat system.

Nepal India Relations during this period (1955-1959)

The election manifesto of the Nepali Congress stated that its foreign policy would be based on equal friendship with different countries and good friendship with the neighbouring countries. Further, it also stated that Nepal would not join any bloc but use UN membership for achieving world peace (Nepali Congress 1958: 15). Therefore,

Nepali Congress vowed to maintain neutrality in the international bloc politics and wanted to develop good relations with neighbouring countries. The Nepali Congress government was ideologically in tune with the government of India as both supported socialism which advocates social ownership and democratic control of the means of production. This ideological closeness helped NC government to consider India as a close friend (Sharma 2006: 127). When BP Koirala took the oath of the office, there was a political disturbance in Tibet due to outbreak of a rebellion against Chinese rule in Tibet, escape of Dalai Lama to India and a major border dispute between India and China (Thapliyal 1998: 77-78). This situation created a sense of compulsion for the new government to maintain balanced and neutral foreign policy towards its neighbours which reflected a pro-democratic approach. Given the disturbance in Tibet, Nepal's initial response was directed towards achieving a broader harmony with India.

Within two weeks of the formation of Koirala government, Indian PM Nehru, visited Nepal, on 11-14 June 1959, to express his support to the first democratically elected PM of Nepal. In the *joint communiqué* issued at the end of the visit, the two Prime Ministers agreed to maintain close consultations in matters of common interests like freedom, integrity, security and progress. It also stated that there was no conflict of interest between two countries and both countries faced similar problems and with common approaches (Government of India 1966:343-344). The opposition political parties, specifically, the National Democratic Front criticized the government alleging that it abandoned neutral foreign policy and Nepal had become a satellite of India (Joshi and Rose 1966: 324). In order to further strengthen the bilateral relation, Prime Minister B.P. Koirala also visited India from 17 to 31 January 1960. During the visit, in a press conference, he said that he didn't envisage a joint defence arrangement between Nepal and India and stressed on 'equal friendship' with neighbours based on principle of neutrality (Singh 2009:133). It seems that PM Koirala was motivated to maintain balanced relations with both the neighbours and didn't want 'special relations' with any neighbours.

PM Koirala strongly objected to the statement given by Indian PM Nehru to the Indian Parliament on 27 November 1959 stating that any aggression on Nepal would be

considered as an aggression on India (Bhattachacharjee 1970: 107). At a press conference on 29 October 1959, PM Koirala asserted Nepal's sovereign and independent status with ability to decide its internal and external policies according to its own judgment and preferences. After PM Koirala's objection, Nehru modified his statement giving due respect to Nepal's independence and sovereignty (Joshi and Rose 1966: 368). On 4 December 1959, Nepal and India signed Gandak hydroelectric project (Rose 2010: 224). However, leaders from other parties like Tanka Prasad Acharya, KI Singh, communist leaders as well as Nepali intellectuals harshly criticized the agreement as handing over of rivers and the areas around to India which was against Nepal's national interest (Sharma 2006: 134-135). Nepal and India also signed a new trade and transit treaty on 11 September 1960 which provided Nepal with transit facility through India for its international trade and ware house facility at the Calcutta port to facilitate Nepal's trade with third countries (Singh 2009:133-134).

Prime Minister Koirala visited China from 11 to 22 March 1960 which was reciprocated by the visit of Chinese Prime Minister Chou En-lai in April 1960. Nepal and China signed boundary agreement and economic cooperation agreement during the visit of Chinese Premier and they also solved the Mount Everest issue amicably by sharing sovereignty over the peak of the Everest. Premier Chou had publicly announced that China accepted the map of the Everest forwarded by Nepal (Upadhyaya 2012: 82). A contingent of Chinese troops crossed over to the Mustang region on 28 June 1960, killed one Nepali border guard and captured 10 persons. Nepal government protested strongly which resulted into an apology by Prime Minister Chou En-lai and agreed to pay compensation for the life of the Nepali guard (Rose 2010:228-230). The Mustang episode compelled Koirala government to adopt a more neutral relation with its immediate neighbours. In a bit to balance its relations with both the neighbours, the Koirala government allowed opening of Chinese Embassy in Kathmandu in August 1960.

PM Koirala followed the policy of equal friendship with all friendly countries with a balanced relationship with two immediate neighbours- India and China. During this period, the relation between Nepal and India were considered close and intimate and Koirala government was charged by opposition for being 'soft' on India and an agent of

India. BP Koirala government sought to define a foreign policy stance based on a close but not overly dependent relationship with India and friendly but rather formal relation with China. Starting of diplomatic relation with Pakistan, establishment of Chinese embassy in Kathmandu and Soviet President's visit to Nepal are some of the foreign policy achievements of Nepal of this period.

IV. Partyless Panchayat System (1960-1990)

King Mahendra imposed ban on political parties and their sister organizations on 5 January 1961 and formed a Council of Ministers under his own Chairmanship on 26 January 1961 (Whelpton 2005: 95-98). The King formed an unofficial ad hoc committee to suggest an innovative system of Governance. The committee after studying the political system of Egypt, Indonesia, Pakistan, Yugoslavia and India suggested partyless *Panchayat System* (a council of 5 elected, selected or nominated persons). The Panchayat system was formalized in the new Constitution bestowed on the country by the King on 16 December 1962. It was organized in a four tier system- the village and town Panchayat; the district Panchayat; zonal Panchayat and national Panchayat whose power and authorities were determined by laws.

After the demise of King Mahendra, his son Birendra ascended the throne on 31 January 1972. King Birendra followed his father's footsteps and further consolidated Panchayat system. The Nepali Congress and communist parties organized different activities against the direct rule and for the restoration of the democracy. B.P. Koirala, who was exiled to India after the royal coup of 1969, returned to Nepal on 30 December 1976 in order to strengthen the national solidarity and independence. Due to the annexation of Sikkim by India as well as the emergency rule in India, Koirala had decided to return to Nepal to further consolidate the national solidarity and national reconciliation. However, Koirala and his supporters were arrested by the Panchayat system (Pandey 2002:86). The execution of Pakistan's former Prime Minister Zulfikar Ali Bhutto on 04 April 1979 stimulated a popular uproar and protest in Kathmandu valley which culminated into a settlement between agitating parties and government to hold a national referendum to choose retention of Panchayat system with suitable reforms or

adoption of multi-party democracy. Meanwhile, a popular revolution in Iran had overthrown the dynastic Shah rule in January 1979 and established a republican system. This might have also tempted King Birendra to hold referendums to garner popular support for the sake of further consolidating his power. Accordingly a referendum was held on 2 May 1980 in which the reformed partyless Panchayat system won by 54.7% of popular votes whereas multiparty democracy secured 45.1% vote (Chaturvedi 1993:29).

The views of the Congress and Communist leaders were converging on jointly organizing a people's movement against the authoritarian rule. The conference of the CPN (ML) in August 1989 decided to abandon Maoism and accepted alliance with Nepali Congress to struggle for restoring parliamentary democracy (Whelpton 2005:113). Similarly, the working committee of the Nepali Congress, on 07 November 1989, decided to organize a conference on 18-20 January 1990 at the residence of Congress leader Ganeshman Singh at Chaksibari, Kathmandu. The leaders from all the political parties of Nepal, workers, peasants as well as leaders from India like Chandrasekhar from Janta Dal, M.J. Akbar from Congress (I) and other Indian parties participated in the conference. The conference decided to start the all party people's movement from 18 February 1990, the day when democracy was first introduced in Nepal back in 1951 (Pandey 2002:90-93). The shortage of essential goods like petrol and kerosene due to India imposed trade embargo after the expiry of the Trade and Transit Treaty on 23 March 1989 and resultant crisis brought immense problems to the general public. This added fuel to the people's furore against the government's inability to supply essential goods to the public.

The Congress Party and United Left Front (ULF), an alliance of seven communist parties, jointly organised the popular protests against the Panchayat system. Clashes between government forces and parties' supporters led to thousands of arrests and a number of deaths in Kathmandu and other parts of Nepal. Finally, on 8 April 1990, King Birendra, after brief negotiation with Krishna Prasad Bhattarai and Girija Prasad Koirala of Nepali Congress and Sahana Pradhan and Radha Krishna Mainali of ULF, announced the lifting of ban on political parties and invited political parties to form a government.

On 19 April 1990, an interim coalition government was formed under the premiership of Krishna Prasad Bhattarai with ministers from ULF and royal nominees.

Nepal India Relations during this period (1960-1990)

The King, in his royal proclamation of 15 December 1960, expressed that Nepal would maintain its foreign policy based on neutrality. The King said, “In the field of foreign policy, we shall firmly maintain our neutrality and continue the policy of friendship with all nations. We desire peace and friendship between nations” (Sharma 2006: 162). With this policy, King Mahendra embarked on diversifying Nepal’s foreign relations. At the end of August 1961, he went to Belgrade to participate in the first conference of the non-aligned nations where he expressed Nepal’s adherence to policy of non-alignment emphasizing non-interference. He was indicating India’s growing concern in Nepal’s political development and its support to the anti-royalist forces. While returning from Belgrade, he stopped at Pakistan and emphasized on developing better relations between the two countries by means of better commercial and cultural exchanges (Sharma 2006:162-164). The King visited China from 28 September to 15 October 1961 where an agreement on Kodari highway was signed to link Kathmandu to Tibet. The Indian government was apprehensive of this agreement and argued that it would facilitate the movement of the Chinese armed forces right up to the Nepalese border (Upreti 2001: 3). However, King Mahendra said that communism does not travel through roads (Ramakant 1976:190). King Mahendra seemed determined to balance Nepal’s excessive dependence on India by developing infrastructure to connect Nepal with China.

On 19 January 1961, Tulsi Giri, Foreign Minister of the Royal Cabinet visited New Delhi to reconcile relation with India after the change of regime and requested Nehru not to provide refuge to leaders of Nepali Congress who might use Indian soil against the new regime. However, India expressed its unwillingness to support the king (Ghildial 1992: 322-323). When the political change occurred in Nepal, the Deputy Prime Minister of the Koirala Government, Suvarna Shumsher was in Calcutta and had escaped the arrest. Opposing the dissolve of Koirala government, he started an armed insurgency against the King’s regime. Gorkha Parishad leader Bharat Shumsher came to India and

merged his faction into Nepali Congress and they jointly launched raids across the Nepal India border in October 1961 (Jha 1975: 184-185). India also imposed unofficial economic blockade on Nepal at the end of September 1962. However, India took the position that the goods were held up due to local disturbances in the area and denied any official responsibility in the matter (Sharma 2006: 179). The insurgency movement and unofficial economic blockade were creating pressure on King Mahendra to fix the domestic policy. But the outbreak of war between China and India on 20 October 1962 brought a great respite to the king as India needed Nepal's support. King Mahendra and PM Nehru reconciled their differences. Therefore, PM Nehru requested Suvarna Shumsher to suspend the armed movement against the royal regime which he did on 8 November 1962 (Sharma 2006: 181). The Nepal India relations from royal takeover to Indo China conflict were bitter and though Nepal is comparatively smaller than India, it successfully kept itself clear of Indian or Chinese interference in its internal affairs. King Mahendra successfully used sentiments and nationalism for garnering support for his regime. The unofficial blockade further strengthened people's solidarity towards monarchy.

In the following days, relation between the two countries improved substantively through exchanges of high level visits. In late November 1962, Bhagwan Sahay, former Indian ambassador to Nepal who was known for his good and friendly gesture towards Nepal, visited Kathmandu. Similarly, Lal Bahadur Shastri, an influential leader who replaced Nehru as the Prime Minister, visited Kathmandu on 2 March 1963. King Mahendra undertook a State visit to India on 27 August 1963 which was reciprocated by the President of India S. Radhakrishnan in first week of November 1963. Indian PM Lal Bahadur Shastri paid a goodwill visit to Nepal on 23 April 1965 which was reciprocated by the King's visit to Delhi in November 1965. Chairman of the Council of Minister Surya Bahadur Thapa visited India in April 1966 whereas Indian Prime Minister Indira Gandhi visited Nepal in October 1966. On 19 December 1966, Nepal and India signed an agreement to amend Koshi hydroelectric project and the terms of the new treaties were made more amenable to Nepal.

The political parties and Nepali intellectual unequivocally condemned the secret arms agreement on reorganization and modernization of the Nepalese Army signed between Nepal and India on 30 January 1965. It is argued that the secret agreement entrusted the Government of India for supplying arms, ammunition and equipment to Nepal army and train army personnel as per the latter's requirement (Thapliyal 1998:96-99). The political parties considered this agreement against the national interest of Nepal. Therefore, PM Kritinidhi Bista soon announced that the agreement had been annulled as it could not work out as expected (Thapliyal 1998:99).

The cordial relation between the two countries started to worsen again in 1969 due to Susta border dispute and India's assertion of special relationship with Nepal. In Susta dispute, both the countries agreed to resolve the problem by setting up a boundary working commission. During his Nepal visit in June 1969, Indian External Affairs Minister Dinesh Singh raised the issue of special relationship between the two countries and stated that Nepal and India are bound by defence relations. He also stated that India was concerned with the security of Nepal as it affected India's security too (Sharma 2006: 201). Through an interview with *The Rising Nepal*, PM Kritinidhi Bista reacted by requesting Indian government to withdraw Indian military personnel and wireless operators stationed in the northern border of Nepal. He also stated that the theory of special relations outside geographical, social and economic realities was out of step with modern development in Nepal-India relations (Sharma 2006: 202). However, Singh stated that India would adopt a firm attitude toward Nepal where its vital interests were concerned but the Indian military personnel would be recalled from the northern border of Nepal. However, on 1 January 1970, the Indian military personnel were recalled and were replaced by Nepali forces (Sharma 2006:202-203). Whenever India asserts its special relationships with Nepal, the sentiments of the citizens and the leaders are hurt as the 'special relationship' during King Tribhuvan era was the direct interference of India and Indian ambassador in the domestic politics of Nepal. It undermined the sovereignty, autonomy and independent identity of Nepal.

The relation between Nepal and India was further strained due to the expiry of the Trade and Transit between Nepal and India on 31 October 1970. The Indian government,

fumed by the pressure of Nepal government to withdraw Indian military personnel from the northern border points of Nepal, was adamant to renew the treaty on existing provisions. The negotiations between two countries were held in Kathmandu and New Delhi but they could not produce any output due to the firmer attitude of India towards Nepal. Nepal demanded for just, adequate and unrestricted transit facilities as per the international law whereas India demanded on the basis of bilateral negotiations. Due to the hard attitude of the India Government, King Mahendra was compelled to raise the transit right issue of landlocked countries in the international forum like the Third Non alignment Summit Conference held in Lusaka, Zambia in September 1970 (Jha 1975: 281-282). However, on the last day of its expiry, Nepal and India agreed to continue the old treaty for another two months with all the restrictions India had already imposed remaining intact (Sharma 2006: 206). The Nepalese economy was facing hardship due to shortage of essential goods like kerosene and petrol. Therefore, Nepal also tried to internationalize the issue of hardship faced by people due to non renewal of the treaty. The Commerce and Industry minister Navaraj Subedi even called it an '*economic blockade*' (Jha 1975: 285). While on his visit to Afghanistan and Soviet Union, in June 1971, King Mahendra visited Delhi and held a talk with Indian Prime Minister Indira Gandhi and both side agreed to start fresh negotiation in Kathmandu in the month of July 1971. Accordingly, a bilateral talk was held in Kathmandu from 12 July 1971 and on 16 July 1971, ministers of both the countries signed agreement to renew the trade and transit for five years with effect from 13 August 1971. Earlier, it used to be renewed for a period of 10 years and Nepal's demand for separate treaties on trade and transit was not accepted by the Indian side. The growing influx of Bangladeshi refugees into India and New Delhi's involvement in the Bangladesh crisis made India particularly desirable to keep Nepal on friendly terms and it stood for accommodating Nepal's interest in the treaty (Jha 1975: 283-290).

King Mahendra induced dynamic changes in the foreign policy orientation of Nepal which can be analyzed as his twin objectives. The first and foremost objective was to strengthen and institutionalize his direct rule over the country. He used nationalism as means of inducing rally round the flag emotions in people to garner their support in favour of the rule. His second objective was to provide an independent national identity

to Nepal sans Indian interference. To meet these objectives, he used diversification of Nepal's foreign policy as means and also Nepal's participation in the international conferences and summits were increased. During King Mahendra's rule, India used trade and transit obstruction as a mean to assert its sphere of influence in Nepal. However, the regional and global political development motivated India to adopt a conciliatory approach towards Nepal. As means to diversify its foreign trade, Nepal opened Kodari highway with Chinese assistance to link Kathmandu with Tibet.

The emergence of Bangladesh as a new nation State in December 1971 after a war between India and Pakistan affected the regional power balance in favour of India as China could not substantively support Pakistan in the war. Nepal had been demanding India to allow its trade with former East Pakistan through Indian territory of Radhikapur which was not met by India due to its straining of relation with Pakistan. However, after the formation of Bangladesh, Nepal was tempted to reconcile its relation with India in the national interest of diversifying Nepal's international trade through Bangladesh via Radhikapur route. Therefore, Nepal became the first country to recognize Bangladesh as an independent country (Jha 1975:305-306).

The goodwill visit of Indian PM Indira Gandhi to Nepal on 7 February 1973 further accelerated the friendly relationship between the two countries. PM Gandhi assured the Nepali leadership that India would not interfere in the domestic matters of Nepal and also would not permit or encourage anti-regime element to launch hostile activities from Indian territories. She also tried to convince Nepali leaders for revitalizing the provisions of 1950 treaty (Jha 1975: 309-310). However, Nepal didn't react to this overture but focussed on developing strong economic cooperation (Sharma 2006: 215-216). King Birendra also visited India in October 1973 and talked about remodelling the Nepal-India relations on a more mature and sober basis and the *joint communiqué* issued at the end of the King's visit reaffirmed faith in principles of peaceful coexistence, respect for territorial integrity of each other and non interference in each other's internal matters among others (Jha 1975: 311). However, Nepal was also equally balancing its relationship with China. Prime Minister Kritinidhi Bista visited China in December 1972

and assured its continuity in the policy of friendship towards China. Similarly, King Birendra visited China in October 1973.

The amalgamation of Sikkim into India in 1974 instilled a sense of fear among the general public and the ruling elites. They expressed their apprehension on India's intention to curtail Nepal's sovereignty and independence comparable to Sikkim episode. Demonstrations, public outcry and newspaper articles denouncing the Indian action were common phenomenon in Kathmandu (Singh 2009: 203-204). However, the visit of Nepali PM Nagendra Prasad Rijal to India at the end of 1974 eased the tension between the two countries. PM Rijal held free and frank discussions with his Indian counterpart which helped to clear the misunderstanding and suspicion between the two countries (Sharma 2006:237).

King Birendra was contemplating an innovation in Nepal's foreign policy by adopting the concept of zone of peace which he hinted in different occasions in his speeches by linking peace and development for Nepal's prosperity and independence. Finally, he proposed to declare Nepal as a zone of peace on 25 February 1975. He said,

“We adhere to the policy of non-alignment because we believe that it brightens the prospects of peace. We need peace for our security, we need peace for our independence, and we need peace for our development. As a matter of fact, Nepal in the past had signed formal peace and friendship treaties with both our friendly neighbours. And if today, peace is an overriding concern with us, it is only because our people genuinely desire peace in our country, in our region and everywhere in the world. It is with this earnest desire to institutionalize peace that I stand to make a proposition—a proposition that my country, Nepal, be declared a Zone of Peace” (HMG 1982:96).

Security, peace and stability were the three components of this proposal. The, “Zone of Peace” proposal was supported by 116 countries of the world and China was the first country to support followed by Pakistan (Pokharel et al. 2009:94). However, India did not accept it on the ground that it was not clear to India as which country posed a threat to Nepal's security (Sharma et al. 2006:39). The change of government in New Delhi in March 1977 and the new government of Janata Dal under Morarji Desai was welcomed by the Nepali media and elites expecting that this would further improve Nepal India relations. However, Prime Minister Desai and External Affairs Minister Atal Bihari Vajpayee rejected to recognize zone of peace proposal (Singh 2009:228).

The Trade and Transit Treaty between the two countries was expiring on 14 August 1976, therefore, the two governments initiated the negotiations for renewing the same. Nepal government reiterated its earlier position of signing two separate treaties for trade and transit separately. Nepalese delegation visited New Delhi on 22 June 1976 to negotiate the treaty but India was adamant in its position of signing single treaty to regulate trade and transit together. Therefore, the negotiation didn't produce any result. King visited New Delhi in an unofficial visit to attend the World conference on Religion, Philosophy and Culture in the first week of April 1977. He held talk with PM Desai and External Affairs Minister Vajpayee on various issues of mutual interest, including the need to conclude separate treaties of trade and transit as early as possible. He got positive response from the India government which had assumed office just a week ago (Singh 2009: 228-237). Therefore, on 17 March 1978, Nepal and India signed two separate treaties on Trade and Transit and a third agreement to control unauthorised trade. India also agreed to provide overland transit facilities to Nepal through Radhikapur via Bangladesh (Thapliyal 1998: 127).

After the return of the Congress (I) government in India in January 1980, King Birendra visited New Delhi and met Indian President Neelam Sanjiva Reddy and PM Indira Gandhi. The two sides held discussions on political, economic and technical cooperation between the two countries. They also agreed to increase contacts and expand cooperation in mutually beneficial areas (Bhasin 1994: 390). The visit was reciprocated by Indian President in December 1981. As the Indian head of the State was visiting Nepal after one and a half decade, high importance was accorded to the visit by Nepal government (Singh 2009: 238-244). Simultaneously, Nepal also maintained a balanced relationship with China. Chinese Vice- Premier Deng Xiaoping visited Nepal in February 1978 and he endorsed Zone of peace proposal and praised Nepal's effort to maintain its independence and sovereignty. Similarly, King Birendra visited China in May 1978 and August 1979 and PM Kirti Nidhi Bista in September 1978 (Singh 2009: 240:248).

PM Lokendra Bahadur Chand visited India on 4 November 1984 soon after the formation of a new government under Rajiv Gandhi after the brutal assassination of his mother, Indira Gandhi. The two PMs discussed the matters of mutual interest. King

Birendra also visited New Delhi and met President Zail Singh which was reciprocated by President Singh's visit to Nepal in July 1988. However, Nepal's decision to purchase arms from China in March 1988 infuriated India. India claimed that the act was a serious violation of the 1950 Treaty and was also against the spirit of 1965 Arms agreement (Thapliyal 1998:132-135). PM Gandhi sent a special envoy to Nepal to talk with King Birendra and seek his assurances that the arms were purchased on one time basis, would not be purchased in the future and would not be used against India. However, King insisted on Nepal's sovereign right to buy arms for its internal defence purpose. Nepal was also firm on its position that the arm purchase didn't violate the 1950 Treaty as arms were not transported via or through India as per the treaty provision. Further, India was the first country contacted for the arm purchase in early 1980s which went unanswered for years (Garver 2001:152-153). This incident strained the relationship between two countries.

The Nepal-India Treaties on Trade and Transit expired in March 1988 and were extended twice for a period of six months each till 23 March 1989. The negotiations between two countries could not bring result as India refused to renew two separate treaties on trade and transit and insisted on a single treaty. India was miffed by the issue of arms purchase from China and application of work permit system to the Indian nationals working in Nepal. The supply of essential items like petrol, kerosene, basic consumer items, raw materials for industries etc. were obstructed due to the closure of 13 out of 15 border points which crippled the daily life of the people (Singh 2009: 258-260). Meanwhile, political parties in Nepal launched people's movement against the partyless Panchayat system and demanded restoration of democracy. On request of the King Birendra, China ferried some 300 tons of gasoline and kerosene into Nepal but the transportation cost increased the market price of these commodities. Later on China informed Kathmandu about its inability to provide enough support to overcome the Indian trade and transit embargo due to transportation difficulties coupled with its own constraints (Upadhyaya 2012:115). On the other hand, India submitted a draft of a new treaty to Nepal reaffirming latter's commitment to security arrangement as per the 1950 Treaty. However, Birendra vehemently rejected the proposal and chose to make

concessions at home by restoring democracy (Whelpton 2005: 115). Ultimately, a popular uprising uprooted the 30 year-old partyless Panchayat system.

During Panchayat system, the King was the undisputed key figure in foreign policy decision making. He was at the same time a *power seeker, innovator, communicator* and *moderator* in the sphere of foreign policy and his individual personality traits were projected in Nepal's external relations (Balakrishnan 1986: 279). The elites and bureaucrats near to palace played a prominent role in foreign policy making. Nepal's foreign policy was directed towards projecting Nepal's independent identity with the aim of mobilizing international support for monarchy and the Panchayat system.

V. Restored Parliamentary Democracy (1990-2002)

After the success of Jana Andolan I, the ban on political parties was lifted and multi party democracy was restored. On 18 April 1990, Nepali Congress leader Krishna Prasad Bhattarai was appointed as the PM of the interim coalition government with 3 ministers each from Nepali Congress and ULF as well as two from independent human rights activists with two royal nominees (*The Rising Nepal*, Kathmandu 19 April 1990). The interim coalition government was tasked with the drafting of the new Constitution with sovereignty vested in Nepali people, run day to day administrations and conduct general elections. A new Constitution Recommendation Commission was formed under the convenorship of Justice Biswa Nath Upadhaya with members representing political parties and independent members. The Constitution of the Kingdom of Nepal, 1990 was promulgated on 9 November 1990 (*Gorkhapatra*, Kathmandu, 10 November 1990). The General election was held on 12 May 1991 for the 205 members of Parliament. The final results of the elections were as follows:

Table 4.2: Seats won by Parties in the General Elections, 1991

Name of the Parties	Seats won	% of votes
Nepali Congress	110	37.75
CPN (UML)	69	27.98
Rashtriya Prajatantra Party (RPP)	4	11.94
Nepal Sadbhavana Party	6	4.1
Nepal Workers' and Peasants' Party	2	1.25
United People's Front	9	4.35
Communist Party of Nepal (Democratic)	2	2.43
Independents	3	4.176
Other parties	0	6.04
Total	205	100

Source: *Election Commission, House of Representative Elections, 1991.*

As Nepali Congress secured clear majority with 110 seats, a majority government was formed under Girija Prasad Koirala. The Koirala Government lasted for 3 years. However, due to intra party conflict within Nepali Congress between Koirala faction and Krishna Prasad Bhattarai-Ganesh Man Singh faction, PM Koirala was unable to garner sufficient votes in the Parliament for his annual programs and policies held on 10 July 1994. Thirty six Congress MPs from Bhattarai faction were absent during the voting procedure. Infuriated by the defection of MPs from his own party, PM Koirala resigned from his post and recommended to the King to dissolve the Parliament (*The Rising Nepal*, Kathmandu 11 July 1994). The King, after the legal and political consultations, dissolved the Parliament and announced that the midterm election would be held on 15 November 1994 (*The Rising Nepal*, Kathmandu 12 July 1994) and the final results were as follows:

Table 4.3: Seats won by Parties in the General Elections, 1994

Name of the Parties	Seats Won	% of votes
CPN (UML)	88	30.85
Nepali Congress	83	33.38
Rashtriya Prajatantra Party (RPP)	20	17.93
Nepal Sadbhavana Party	3	3.49
Nepal Workers' and Peasants' Party	4	0.98
United People's Front	0	1.32
Communist Party of Nepal (Democratic)	0	0.38
Independents	7	6.18
Other parties	0	5.49
Total	205	100

Source: *Election Commission, House of Representative Elections, 1994.*

As no single party could secure majority, the King invited CPN-UML, the largest party in the Parliament, to form a minority government within the constitutional provision of garnering majority support within 30 days of the formation of the government. The first minority government in the history of Nepal was formed under the premiership of Man Mohan Adhikari with its Secretary General Madhav Kumar Nepal as Deputy Prime Minister and Minister for Foreign Affairs on 29 November 1994 with indirect support from other left parties like the Nepal Workers' and Peasants' Party and other fringe leftist parties (*Gorkhapatra*, Kathmandu, 30 November 1994). This was also the first Communist government of Nepal which lasted for nine months. On 8 June 1995, Nepali Congress, with the support of Rastriya Prajatantra Party (RPP) and Nepal Sadbhavana Party (NSP), requested King to summon a special session of the Parliament with an objective of bringing a no-confidence motion against the Adhikari government (*Gorkhapatra*, Kathmandu, 9 June 1995). The Adhikari government, with an intention of pre-empting the defeat in the no-confidence motion, recommended the King for the dissolution of the House and announcement of fresh elections for the House of Representatives. The King, as per the recommendation of the government, dissolved the House and announced date for the new elections.

However, miffed by the move of the government, Nepali Congress with the support of other political parties filed a writ petition in the Supreme Court charging the

dissolution of the House as unconstitutional as the opposition parties had already registered their request for summoning a special session of the House. The Supreme Court, on 28 August 1995, recommended the reversal of the House dissolution stating that unlike the previous year, there was a possibility of forming a new government from within the Parliament. It also stated that the right to bring a vote of no-confidence in a special session took precedence over the Prime Minister's right to seek dissolution (Whelpton 1999:2). A special session of the restored Parliament was summoned by the King and Nepali Congress introduced no-confidence motion against the government. As the government was defeated in the no-confidence motion against it, PM Adhikari resigned from his post on 9 September 1995 (*The Rising Nepal*, Kathmandu, 10 September 2010). The failure of the Adhikari government opened avenues for the formation of coalition governments. This was the first time in the history of Nepal that a coalition government was being elected by the Parliament.

On 12 September 1995, a majority coalition government was formed under Sher Bahadur Deuba, leader of NC with the support of Rashtriya Prajatantra Party and Nepal Sadbhavana Party. The coalition government was under continuous pressure of collapse due to factionalism within Rashtriya Prajatantra Party, a coalition partner. Therefore, PM Deuba was forced to concentrate his energies on sustaining his fragile coalition by adopting number of legitimate and illegitimate strategies (Pandey 2002: 106-108). In the meantime, in February 1996, Maoist party initiated people's war in the mid western hills of Nepal. Three no-confidence motions were introduced against the Deuba government during this time. However, it sustained two of them in March and December 1996 but succumbed to the third one in March 1997 due to defection of two MPs from PM Deuba's own party, Nepali Congress.

After Deuba's resignation, a new coalition government was formed on 12 March 1997 under the premiership of Lokendra Bahadur Chand, leader of Rashtriya Prajatantra Party by the support of CPN-UML, RPP, Nepal Sadbhavana Party and NWPP. Bamdev Gautam from CPN-UML became Deputy Prime Minister and held the portfolio of Home Affairs and Water Resources and Prakash Chandra Lohani of RPP continued as Foreign Affairs Minister in this coalition also, which was later transferred to Kamal Thapa after

the former's resignation from the cabinet. This government was defeated in the no-confidence vote in September 1997 and the PM resigned from his post due to non-cooperation of the MPs from his own party.

The President of NC, Girija Prasad Koirala and the President of RPP, Surya Bahadur Thapa held consultation on replacing the government with a coalition of NC and RPP and go together for the remaining period of the Parliament. They also agreed that Thapa would head the coalition at the beginning which would be subsequently transferred to Koirala. As per the understanding, a new coalition government of RPP, NC and NSP, headed by Surya Bahadur Thapa was formed on 7 October 1997 (*Kantipur*, Kathmandu, 8 October 1997). Meanwhile, Chand faction of the RPP was planning to register a new party under Lokendra Bahadur Chand and opposition party CPN -UML was demanding for a mid-term election. Therefore, PM Thapa on 08 January 1998, after consultation with coalition partners, recommended to the King to dissolve the House and announce dates for the fresh elections (*Gorkhapatra*, Kathmandu, 9 January 1998). However, on the same day, CPN-UML along with some rebel MPs from RPP requested the King to summon a special session of the House. King asked the Supreme Court for its opinion on whether to dissolve the House or summon a special session of the House. The Supreme Court suggested summoning a special session (*The Kathmandu Post*, Kathmandu, 4 February 1998), which was summoned on 6 February 1998 and a no-confidence motion was introduced on 20 February 1998. However, the coalition survived due to the unity among the coalition partners and support of the other smaller parties (*Kantipur*, Kathmandu 21 February 1998). The unwillingness of PM Thapa to transfer the leadership of the government to Koirala as per their previous understanding compelled Nepali Congress to look for alternatives to form a new government under its leadership. PM Thapa finally resigned on 10 April 1998 (*The Kathmandu Post*, Kathmandu, 11 April 1998).

As no party was able to form a majority coalition government, King invited Girija Prasad Koirala-leader of the largest party in the Parliament to form a new minority government that took over on 12 April 1998. Koirala sought the confidence of the Parliament and a voting was held on 28 April 1998 in which he got the support of the

CPN-UML and RPP (Chand)-a new party formed under Lokendra Bahadur Chand by splitting RPP. However, Surya Bahadur Thapa led RPP abstained from the voting procedure (*Gorkhapatra*, Kathmandu, 29 April 1998). Though CPN-UML supported Koirala government in the confidence voting, it decided to vote against the annual policies and program of the government in the Parliament. Therefore, PM Koirala sought the support of the CPN (ML) which was formed under Bamdev Gautam by splitting from the CPN-UML. CPN (ML) joined the government after the passage of the annual policies and program of the government. However, CPN (ML) resigned due to disagreement over portfolio distribution and power sharing in the government. PM Koirala asked for dissolution of the Parliament but the King reacted by summoning the Parliament. CPN (ML) introduced no-confidence motion against the Koirala government. Koirala was able to garner the support of CPN-UML, a rival of CPN (ML), and the government defeated the no-confidence motion. PM Koirala resigned on 21 December 1998 as per the understanding reached with the CPN- UML (*Kantipur*, Kathmandu, 22 December 1998).

Again a new coalition government was formed again under Girija Prasad Koirala on 24 December 1998 with the support of the CPN- UML and NSP. On 14 January 1999, PM Koirala recommended to the King for the dissolution of the Parliament and this time the King dissolved the Parliament and recommended for a new election. The new elections for the Parliament were held on 3 to 17 May 1999 and following were the final results:

Table 4.4: Seats won by Parties in the General Elections, 1999

Name of the Parties	Seats won	% of Votes
Nepali Congress	112	36.14
CPN –UML	70	30.74
Rashtriya Prajatantra Party (RPP)	11	13.46
Nepal Sadbhavana Party	5	3.13
National People’s Front	5	1.36
Nepal Workers’ and Peasants’ Party	1	0.54
United People’s Front	1	0.83
Communist Party of Nepal (Democratic)	0	0.06
Independents	0	2.83
Other parties	0	10.91
Total	205	100

Source: *Election Commission, House of Representative Elections, 1999.*

As the NC secured majority with 112 seats, the new single party majority government was formed under Bhattarai on 31 May 1999. Due to intraparty factionalism and bickering, PM Bhattarai stepped down and a new majority government was formed under Girija Prasad Koirala on 10 March 2000. (*Gorkhapatra*, Kathmandu, 11 March 2001). During this time, King Birendra and his family members were killed in a massacre on 1 June 2001. The dying crown prince Dipendra was declared King for few days who after his death was replaced by his uncle King Gyanendra. Again intraparty factionalism within NC led GP Koirala to resign and a new majority government was formed by NC leader Sher Bahadur Deuba on 23 July 2001 (Hachhethu and Gellner 2010: 137). Due to differences within his own party over continuing state of emergency against the rebellious group, Deuba requested the King for dissolving the Parliament and holding fresh elections. The NC was officially split with the formation of Nepali Congress (Democratic) under the leadership of Deuba. King Gyanendra dismissed the Deuba government on 4 October 2002 charging failure to hold the election and invited political parties to nominate for a caretaker government (*Kantipur*, Kathmandu, 5 October 2002).

Nepal India Relations during this period (1990-2002)

The interim coalition government tried to reorient Nepal's foreign policy by improving relation with India. On 15 April 1990 the ULF forwarded ten points demands, including abrogation of Nepal India 1950 treaty and conclusion of new treaty based on Panchasheel. For its participation in the new coalition, ULF developed a fifteen point common minimum understanding on 17 April 1990 which stated that Nepal's foreign policy would be based on true spirit of non alignment, peaceful coexistence and friendship with all countries (*Gorkhapatra*, Kathmandu, 18 April 1990). On 19 April 1990, after taking the oath for the office, PM Bhattarai stated that Nepal's foreign policy will be guided by its national interests. Sahana Pradhan, Minister for Industry and Commerce and a ULF leader in the government, in a program on 17 May 1990, stated that Nepal should strengthen its ties with the socialist countries of the world (*Gorkhapatra*, Kathmandu, 18 May 1990). Similarly, supreme leader of NC Ganesh Man Singh, in an interview, stated that the Nepal India relations in the changed context would

be reviewed and developed on the basis of equality. The political parties who participated in the Jana Andolan I repeatedly emphasized on the need to improve relations with India. Nepal focussed on improving economic and trade relations with India whereas the Indian government was more concerned about its security interest and the issue of work permit to Indian nationals. Inder Kumar Gujral, Indian External Affairs Minister, in an interview, said that India was disturbed about security concerns and work permit system to Indian nationals in Nepal. He hinted that if those two issues were sorted out, India would be willing to accommodate the economic aspirations of Nepalese people (*The Rising Nepal*, Kathmandu, 8 June 1990). PM Bhattarai visited India from 8 to 10 June 1990 to normalize the relations between the two countries. In the *joint communiqué* issued at the end of PM Bhattarai's visit, both the countries agreed to restore status quo ante to 1 April 1987 in the relations between the two countries. By agreeing to this date, Nepal accepted to withdraw previous government's decision to impose work permit on Indian nationals. The security issue again figured out in the bilateral talk which was clearly stated in the *joint communiqué*. The two countries agreed to respect each other's security concerns, not allow activities in their territory that were prejudicial to the other's interest and hold prior consultations with a view of reaching mutual agreement on defence related matters (IFA 2009: 62-63). It could be inferred that, through *joint communiqué*, India made Nepal agree to its security concern in lieu of lifting economic blockade. It can also be inferred that the Bhattarai government went an extra mile to assure India of its security concern by agreeing to hold mutual consultations on defence related matters and not to purchase arms from China or any third country without prior consultation and mutual understanding with India.

The outcome of the visit were appreciated by the leaders of NC and NSP as a success but the leftist forces criticized the PM by saying that he had surrendered Nepalese rivers to India and had compromised in the issues of national interest (*Gorkhapatra*, Kathmandu, 12 June 1990). The leftist forces were referring to points in the *joint communiqué* which talked about mutual consultation on defence matters and harnessing of the water of the common rivers for the benefit of the two countries and for the protection of the environment. The government repudiated the *zone of peace* proposal as

irrelevant in the changed context and reaffirmed the validity of 1950 treaty (Upadhyaya 2012:119). As a gesture of goodwill, Bhattarai, before leaving to New Delhi, requested Chinese government to withhold the consignment of the arms purchased by the previous regime (Koirala 1991:138). During a press conference in New Delhi, PM Bhattarai explained that previous government decided to purchase arms from China as prices quoted for those items by India were five times higher than that of China (Bhasin 1994: 711). PM Bhattarai's visit was reciprocated by Indian Prime Minister Chandrasekhar who visited Nepal from 13-15 February 1991.

PM Bhattarai also tried to balance Nepal's relation with China. Immediately after his appointment, PM Bhattarai, praised China for its neutral role during pro-democracy movement and assured that Nepal China relations would remain unaffected by their relations with third countries (Garver 2001: 163). In a program on 23 September 1990, PM Bhattarai said, "Nepal-China friendship is as very deep as the pacific ocean, as high as the *Sagarmatha*[Mount Everest] and as vast as the universe" (Bhasin 2005: 712).

PM Girija Prasad Koirala in his first press conference stated that democracy, sovereignty and commitment to human rights were the major foundations of Nepal's foreign policy. He further stated that the new government would provide moral support to all peaceful movement for national emancipation and promotion of human rights and democracy. His government was in favour of the freedom and independence of all countries of the world. He also stated that the government would support effective role of the UN in international issues, adopt non-aligned foreign policy and endeavour to end the arms race and nuclear proliferation. On neighbourhood policy of the democratic government, PM Koirala emphasized on maintaining good relations with India and China as his government's first foreign policy priority (*Gorkhapatra*, Kathmandu, 17 June 1991). PM Koirala further stated that in spite of having broad economic and trade relations with India, China was also not less valuable to Nepal. Further, he added that the basic premises of Nepal's neighbourly relations were respect for each other's sovereignty, territorial integrity, non-interference in each other's internal affairs and recognition and understanding of each other's sensitivities on a reciprocal basis (Bhasin 1994: 717).

PM Koirala paid his first State visit to India from 5 to 10 December 1991. Two separate treaties on Trade and Transit and a third agreement on cooperation in controlling cross border unauthorised trade were concluded. An agreement was also reached to develop hydro power from Tanakpur barrage on Mahakali River. Koirala also expressed his sensitivity towards the security concern of India and assured that Nepal would not purchase arms from China in the future. He said that “such things would not be allowed to vitiate the atmosphere in the future” (Thapliyal 1998: 154). The Tanakpur agreement with India was highly criticized by the opposition party CPN-UML with allegation of compromising Nepal’s national interest without the consent of the Parliament and demanded its ratification by two-third majority of the Parliament. Whereas, government maintained that it was merely an understanding between two governments not requiring Parliamentary ratification. In the mean time, a petition was filed in the Supreme Court of Nepal challenging the agreement and the court gave its verdict in favour of the petitioner recommending the ratification of the agreement by the Parliament. The opposition parties started agitation against the government demanding resignation of Koirala alleging selling out of Nepali territory to India by undermining the Parliament.

Indian Prime Minister, P.V. Narasimha Rao visited Nepal on 19-21 October 1992. Both sides agreed to improve and simplify the regime for export of Nepali products to India. Government of India agreed to enhance the revolving stand-by-credit facility extended to Nepal from the level of IRs 35 crores to IRs 50 crores. During the visit, PM Rao requested for Nepal’s support for stationing Indian security and intelligence agents along the Nepal’s northern border (Sharma 1998: 199). However, Nepal didn’t respond to this request.

PM Koirala wanted to maintain a balanced relation with China. In a statement to the Parliament, PM Koirala affirmed his government’s commitment to maintain cordial relations with China (Upadhyay 2012:121). Similarly, PM Koirala, in a program at Institute of Foreign Affairs (IFA) on 14 December 1993, said, “We cherish the best of relationship with our contiguous neighbors, India and China, both of which are long-standing and best friends (Bhasin 2005: 204).” He visited China from 16 to 22 March 1992 as the first Nepalese Prime Minister to do so after the restoration of democracy.

During the visit, PM Koirala assured his Chinese counterpart Li Peng that the newly elected government of Nepal was determined to strengthen its ties with both the neighbours. Further, he reiterated the essence of the five principles of peaceful co-existence and agreed to promote further cooperation in the economic, trade, cultural, educational and other fields (Bhasin 1994: 722).

Deputy Prime Minister and Minister for Defence and Foreign Affairs, Madhav Kumar Nepal visited India on 6-10 February 1995. He proposed for the review of the 1950 treaty, a packaged deal on the Mahakali River and alternative transit route to Bangladesh via Radhikapur Phulbari route among others (Hachhethu 1999: 231). Before visiting India, PM Adhikari organised an all-party consultation meeting in Kathmandu to seek the views and support of other political parties regarding his visit. At the meeting, Adhikari stated that “the Mahakali is a common river, the Tanakpur agreement is against the Constitution. The 1950 Treaty of Peace and Friendship can be repealed. We do not want to remain under the security umbrella of any nation. For this reason, the 1950 Treaty must be reviewed in the light of the present situation” (Poudyal 1996: 214).

PM Adhikari paid an official goodwill visit to India on 10-14 April 1995 at the invitation of the Indian PM P.V. Narsimha Rao. At a program in the India International Centre, New Delhi on 10 April 1995, PM Adhikari reiterated his government’s position to update the friendship Treaty of 1950 and expressed total commitment for strengthening India’s security concern. He also said that there could be no harm on India from Nepal but the concept of security umbrella was outdated (*The Hindustan Times*, New Delhi, 11 April 1995). Speaking with the media persons in New Delhi, PM Adhikari said, “With India our relations are more intimate at the peoples’ level. As such, it will not be proper to link our relations with China to our relations with India” (*Gorkhapatra*, Kathmandu, 12 April 1995). Similarly, on the question of the arms import, unlike his two predecessors, PM Adhikari, asserted Nepal’s right to buy arms wherever from the cheaper party. Nevertheless, he carefully added that India, being a close neighbour, would be kept informed (Sharma 1999: 264-265). During bilateral meeting, PM Adhikari made tepid assertion of Nepal’s desire for more equal treatment (Upadhyaya 2012:124). The *joint communiqué* stated that, “Their discussions also covered different aspects of

bilateral relations, including review of the Treaty of Peace and Friendship of 1950” (IFA 2009:48). This was the first time when Nepal had clearly expressed its desire for reviewing the treaty.

In order to maintain the equality of relations with both the neighbours, PM Adhikari, immediately after a week of returning from India visit, went to China from 17 to 21 April 1995. The two sides agreed to further strengthen the bilateral relations on the basis of the five principles of peaceful co-existence. Nepalese side expressed gratefulness to Chinese side for its cooperation to Nepal in her developmental efforts. Chinese Premier Li Peng appreciated Nepalese government for its support to the People’s Republic of China on the issues of Tibet, Taiwan and also on the issue of human rights. He also hinted China’s policy shift by appreciating the growing cordiality of relations between Nepal and India (Upadhyaya 2012:124). Premier Li also stated that ‘no matter what type of government is in power in Nepal, China will view the country in the same way’ (Bhasin 2005: 3236). He was expressing Chinese desire to maintain State-to-State relationship between Nepal and China which would not be affected by the type and actors in the government.

Contrary to the expectations that the Communist government would reverse the foreign policy adopted by the democratic Nepali Congress government, Nepal’s foreign policy did not change substantially (Poudyal 1996: 214) during Adhikari’s tenure. Opposition parties alleged that the UML also tried to prove that it is closer to India than other parties (Sharma 2011a:22-23). DPM Madhav Nepal had rightly said that “...the party’s ideology will not stand in the way of developing our relations with countries around the world. Nepal’s geo-political realities demand the strengthening of friendship and understanding with all countries” (*The Rising Nepal*, Kathmandu, 4 January 1995). Therefore, it can be implied that there was continuity in Nepal’s foreign policy towards India and China despite a Communist government in Nepal and was guided by geographical compulsions rather than ideological ones.

Adhikari Minority government was replaced by Deuba’s coalition government. Unlike his predecessors, Deuba solicited the opposition’s viewpoints too on major domestic and foreign policy issues (Hachchethu 1997:151). Indian External Affairs

Minister Pranab Mukherjee visited Nepal in January 1996 where both the government initialed the Mahakali treaty at the Foreign Ministers level and agreed to sign at the Prime Minister level during India visit of PM Deuba. Both sides also agreed to revise the 1950 Nepal-India treaty; provide an additional transit route for Nepal to Bangladesh through Phulbari route and abolish the material-cum-labour content requirement for the preferential entry of Nepalese products into Indian markets among other issues (Hachhethu 1997: 153).

PM Deuba paid an official good will visit to India from 11 to 17 February 1996 at the invitation of the Indian Prime Minister P.V. Narasimha Rao. PM Deuba, in a press conference, reiterated Nepal's demand of reviewing the 1950 Treaty of Peace and Friendship and stated that the concept of security pact and security umbrella was outdated and the treaty needed to be amended according to new realities (*TheHindustan Times*, New Delhi, 14 February 1996). He also told that Nepal, although bound by the 1950 treaty, had the right to purchase arms from wherever it wanted, at cheaper rates (*The Times of India*, New Delhi, 14 February 1996). The Mahakali treaty between Nepal and India was signed at the prime ministerial level (*Gorkhapatra*, Kathmandu, 14 February 1996). In the *joint communiqué*, a new issue of fighting terrorism was included as Maoist party had recently started their civil war in the hills of the mid-western part of Nepal.

PM Deuba succeeded in ratifying the treaty on 20 September 1996 by two third majority of the joint session of both Houses of the Parliament with the cooperation of the main opposition party CPN-UML even at the cost of intense intraparty conflicts within CPN-UML (Hachhethu 1997:153). Water Resources Minister Pashupati Shumsher Rana and Foreign Minister PC Lohani both from RPP were actively involved to emphasize the reciprocal benefits from the Mahakali agreement and helped in its ratification (Khanal 1997: 149). The ratification of the Mahakali treaty shows that the coalition government requires not only the support of the coalition partners but also that of the opposition in its foreign policy agenda.

PM Deuba went to China on 21 April 1996 and reiterated Nepal's one-China policy and committed not to allow any anti-China activities on Nepal's soil (*Gorkhapatra*, Kathmandu, 23 April 1996). During the visit, PM Deuba signed

agreements to promote trade and commerce, and set up joint-venture industries and exchange of visits of academics and scholars (Upadhyaya 2012: 125). President Jiang Zemin paid State visit to Nepal on 4 December 1996 as a part of a South Asian Journey. He was the highest-ranking Chinese leader to visit Kathmandu after the restoration of the democracy. President Zemin reiterated China's strong support for Nepal's independence, sovereignty and territorial integrity and pledged to provide NRs. 500 million in economic assistance (*The Kathmandu Post*, Kathmandu, 5 December 1996).

Indian Prime Minister Inder Kumar Gujral paid an official good will visit to Nepal on 5-7 June 1997 at the invitation of Nepali PM Lokendra Bahadur Chand. The landmark achievement of the visit was the magnanimity of the Indian government to provide Nepal an additional transit route to Bangladesh through Indian Territory. The transit facility was to be opened on a trial basis for six months and would be reviewed after the expiry of the stipulated period. The power trade agreement was concluded to promote the participation of the private sectors in the development of the hydropower projects in Nepal. Foreign Minister Kamal Thapa of Chand coalition visited India in February 1997. During the visit Minister Thapa went beyond Nepal's periodic demand for a review or rewording of the 1950 Treaty and demanded total abrogation of the Treaty. Speaking with the media persons in New Delhi, Minister Thapa said, "There has been a sea-change in the regional and international situation in the last 47 years. We, therefore, seek a new treaty with India to make it compatible with the present-day challenges" (*The Times of India*, New Delhi, 14 April 1997). During Chand coalition, Nepal submitted a draft of the new treaty to India which was prepared after intense political deliberations in the Parliament and also among the political parties (Thapa 2016).

Indian President K.R. Narayana came to Nepal on 29 May 1998 and within days of his visit, Kalapani issue crept up in Nepali politics. National attention was focused on the Indian Military posts stationed in Kalapani- a 35 square kilometer disputed tri-junction among Nepal, India and China. It is speculated that India might have occupied that area after the 1962 Indo-China war considering its importance as a potential strategic route from Tibet into northern India (Upadhyaya 2012: 126). The Kalapani issue was virtually

ignored by Nepal from 1961 to 1997 but for domestic political reasons it became a convenient Nepal-India controversy in 1998 (Rose 1999:157). Opposition parties and students unions held protest and demonstrations against India and Girija Prasad Koirala government to resolve the issue considering Nepal's national interest. PM Koirala, at the sidelines talks during the Tenth SAARC Summit in Colombo, raised the Kalapani issue with his Indian counterpart PM Atal Bihari Vajpayee. After his return to Kathmandu, speaking with media persons, PM Koirala said he told Indian PM that Nepal possessed some historical documents which proved that Kalapani was located in Nepal and PM Vajpayee assured him to study the matter to resolve the problem (*Kantipur*, Kathmandu, 4 August 1998). Some Nepalese Communist factions were considering of drawing China into the dispute to batter both the Nepali Congress and the monarchy. However, China maintained that the Kalapani dispute was a bilateral issue and Nepal and India would have to resolve through bilateral consultations (Upadhya 2012:127). In September 1998, the Nepali Congress and Bamdev Gautam led CPN (ML) coalition government agreed to resolve all border disputes, including Kalapani, through bilateral negotiations with India (Rose 1999:157).

On 24 December 1999, an Indian Airlines flight IC- 814 flying from Kathmandu to New Delhi was hijacked by some militants and taken to Kandahar, Afghanistan. India accused Nepal for its laxity in the security system at the airport. Indian Prime Minister Vajpayee wrote a letter to his counterpart PM Bhattarai expressing India's unhappiness over the security lapses (*The Times of India*, New Delhi, 7 January 2000). Despite Nepal's repeated assurances that it would curb anti-India elements operating within its borders, the hijacking reinforced Indian suspicions. Indian government responded by halting all Kathmandu bound flights for a few months until it was fully satisfied with the security situation at Kathmandu airport (Baral 2001: 140).

Prime Minister Girija Prasad Koirala paid an official goodwill visit to India from 31 July to 6 August 2000. He attempted to convince India to review Indo-Nepal relations in entirety within a new framework of a cooperative relationship and convinced his Indian counterpart to address contentious issues, such as the construction of the Laxmanpur barrage in India which had potential of causing inundations in Nepal (Baral

2001: 140-141). The Kalapani issue was still alive. Therefore, the two Prime Ministers directed the Joint Working Group of the Technical-Level Boundary Committee to expeditiously complete its examination of the facts relating to the alignment of the boundary in the western sector, including the Kalapani area, and other pockets, where there were differences in perception of the two sides and prepare final strip maps by 2003.

Foreign minister Chakra Prasad Banstolavisited China from 20 to 27 August 2000. After his visit, Minister Banstola told that Nepal and China had agreed in principle to add two more routes in Nepal Tibet border-Kimathanka and Lizi, besides the existing Tatopani, Yari, Kerong and Olanchungola-to facilitate increased trade between the two countries. He also raised the issue of trade imbalance between Nepal and China. The Chinese side also showed interest to cooperate in Nepal's hydropower resources and trade expansion through avoidance of double taxation system (*Kantipur*, Kathmandu, 28 August 2000).

Chinese Premier Zhu Rongji visited Nepal from 14 to 16 May 2001. During the visit, six different agreements on road construction, agriculture, poly technique institute, a hospital, economic and technology cooperation were signed. China also provided a grant assistance of 80 million Yuan under economic and technical cooperation for infrastructural development in Nepal (Bhasin 2005: 3318). Earlier, in a program in Kathmandu on the eve of the visit, PM Koirala had said, "Nepal has to be sensitive towards the interests of its big neighbors. We need to exploit the economic and other opportunities available from our both neighbours" (Poudel 2001:10). Appreciating Nepal's one-China policy, Premier Zhu expressed his confidence of establishing Nepal-China generation to generation relation of the 21st century.

PM Sher Bahadur Deuba paid a goodwill visit to India from 20 to 25 March 2002 and was successful in garnering the support of the Indian government in his fight against the Maoist rebels as the Indian side condemned the widespread attacks by the Maoists in Nepal and reiterated its support for the steps to be taken by the Nepal government to maintain peace and security within the country. They also agreed to expedite

consultations for the early conclusion of Agreement for Mutual Legal Assistance and updating the Extradition Treaty.

VI. King Gyanendra's Rule (2002-2005)

King Gyanendra dissolved the Deuba government on 4 October 2001 and experimented several governments under his rule. The King nominated Lokendra Bahadur Chand as the new Prime Minister on 11 October 2002. Chand resigned on 30 May 2003 after consistent protests from political parties demanding revival of Parliament or formation of government with their nominees. After Chand's resignation, King invited RPP leader Surya Bahadur Thapa to form the government on 4 June 2003. The political parties continued their protests against the King's move. Amid political pressure, PM Thapa resigned on 7 May 2004. Due to constant political opposition and pressure from international community to respect democracy and rule of people, King Gyanendra reinstated Sher Bahadur Deuba as the Prime Minister on 2 June 2004. King again dismissed Deuba government on 1 February 2005 and declared a state of emergency and took total control and ruled till the end of Jana Andolan II. It can be argued that following three factors had motivated King Gyanendra to usurp political power and rule country first indirectly and then directly:

a. Political Instability

The first reason was political instability created by the power hungry politicians. After the restoration of democracy in 1990, Nepal experienced different governments formed solely on the basis of contextual power sharing among the political parties or different factions within the parties. The majority government as well as coalition government could not last longer due to intra-party factionalism and clash of ambition between leaders within the parties. In Nepali Congress, there was a feud between Krishna Prasad Bhattarai/Deuba faction and Girija Prasad Koirala faction, between Madhav Kumar Nepal and Bamdev Gautam factions in CPN-UML and between Surya Bahadur Thapa and Lokendra Bahadur Chand factions in RPP. The majority government of Girija Prasad Koirala faced vigorous opposition from the main opposition party CPN-UML and other smaller Communist parties. They adopted the strategies of continuous street

protests, vandalism of the public properties and blocking of the parliamentary functioning, among others. The opposition focussed firstly on Tanakpur agreement with India and secondly accused government's involvement in the deaths of CPN-UML leaders Madan Bhandari and Jivraj Ashrit in May 1993. Similarly, the Koirala government also faced dissension within its ranks and files and serious opposition from the Congress President Krishna Prasad Bhattarai, and senior leader Ganesh Man Singh. Finally, Koirala had to resign after three years in office due to the defection of the MPs from his own party during the voting in the Parliament for the policies and programs of his government. After the general elections of the 1994, a minority government was formed by CPN-UML under its senior leader Man Mohan Adhikari but after nine months it was voted out in the no-confidence motion.

The period after Adhikari's resignation from September 1995 to 1999 general elections saw the ugly faces of coalition politics and horse-trading of the politicians. Different coalition governments were formed on the basis of permutations and combinations for sharing political powers and resources. The coalitions between and among rightists, leftists and centrists parties indicated that the political ideologies of the parties and policy congruency did not play any role in government formations. The political parties split up for the formation or termination of the coalition governments. The period saw six governments, out of which 3 were headed by Girija Prasad Koirala alone under different coalition of parties.

Again, after the 1999 elections, a majority government was formed under Krishna Prasad Bhattarai, but Girija Prasad Koirala's ambition forced him to resign in nine months. After 16 months, Koirala was again replaced by another leader from his own party, Sher Bahadur Deuba, due to the continuous opposition from the Bhattarai faction and also from the main opposition party CPN-UML. However, Sher Bahadur Deuba government was sacked by the King on the charge of '*incompetence*' to hold elections. Therefore, the twelve years period, from April 1990 to sacking of Deuba Government in October 2002, saw altogether twelve governments. This political instability created a sense of frustration among the general public, intellectuals and elites, which fuelled King Gyanendra's ambition to rule the country.

b. Escalating Maoist Insurgency

Baburam Bhattarai, a leader of the CPN (Maoists), submitted a 40 point demand, related to “nationalism, democracy and livelihood” of the people of Nepal, to Sher Bahadur Deuba led coalition on 4 February 1996 giving an ultimatum to fulfil these demands by 17 February 1996 or else they would resort to an armed struggle against the existing state. However, when PM Deuba was on an official visit to India, the CPN (Maoists) launched its peoples’ war on 13 February 1996. There were different causes which tempted Maoist to launch the historic peoples’ war. The socio-economic factors like social inequality and exclusion of large sections of the population from the structures of political power, lack of inclusive political representation and sharing of resources by the traditional ruling elites among themselves were some of the causes of the conflict. Similarly, the caste based discrimination prevalent in the Hindu religion-culture and discrimination based on geographical regions also fuelled the peoples’ war. Moreover, rampant poverty and unemployment, lack of economic opportunities, widespread corruption, and political instability too motivated people to revolt against the current system to establish a new democracy based on Chinese model.

Friedman (2005: 2) explained that the state of ‘direct violence’ (peoples’ war) was the result both of ‘structural violence’ (i.e. the failure to provide equal rights and opportunities to its population) and ‘socio-cultural violence’ (i.e. regional, caste, ethnic and gender based discrimination) carried out by the State of Nepal. The support base of the Maoists conflict was quickly enlarged by exploiting ethnic, religious, socio-political and economic variables according to the situation. For their success, the Maoists had systematically structured, ideologically cultivated and consistently mobilized the diversified social support (Muni 2003: 18). The law and order in the country was worsening due to escalation of the violent activities of the Maoists in different parts of the country.

DPM Bam Dev Gautam had floated an anti-terrorism law which received negative response from other political parties, including leaders from his own party CPN-UML and the move was finally aborted (Khanal 1998:151). As the Maoist violence was escalating, PM Koirala, in 2001, wanted to mobilize Nepal Army to contain their

activities. However non cooperative attitude of the army and King compelled him to resign from his post in July 2001.

After three rounds of failed negotiations between Deuba's government and the Maoists, a state of emergency was declared on 26 November 2001 (Baral 2002:200) and the Army was mobilized against the Maoists. This led to huge loss of lives at both sides and the continuing conflict was ruining the economy, democracy and human rights situations in Nepal. Since Deuba was unable to get an extension for the emergency rule, he recommended dissolution of the Parliament for holding new polls on 13 November 2002. The House was dissolved. Unfortunately elections could not be held given the violent situation and Deuba was dismissed by the King (Krämer 2003: 209-211). Therefore, escalating violence in the country due to peoples' war also motivated King Gyanendra to usurp power.

c. Growing International Support against Maoist Insurgency

Fight against terrorism was incorporated in Nepal's foreign policy dispensation after the launch of the peoples' war in order to persuade international community to label the rebel group as an anti-social element and a terrorist group. Since 1996, terrorism was incorporated in every joint communiqué issued at the end of the visits of the Prime Ministers to India or from India till 2006 when Maoists joined the peaceful multi-party democratic system. The issue also figured in the bilateral discussions with other countries at various levels. The paragraph 5 of the joint communiqué issued on 17 February 1996, at the end of the official visit of PM Sher Bahadur Deuba, for the first time mentioned that "both India and Nepal expressed their determination to fight terrorism. To this end, both sides reiterated their commitment not to allow any activities on the territory of either country prejudicial to the security of the other" (IFA 2009: 43). When Indian PM Inder Kumar Gujral visited Nepal in 1997, through the joint communiqué, both the Prime Ministers reiterated the determination of the two countries to work closely and fight the scourge of terrorism. Similarly, during the India visit of PM Girija Prasad Koirala in 2000, both the PMs reiterated their determination to work closely to fight the scourge of terrorism. They also renewed the commitment of the two countries not to allow their respective territories to be used for activities directed against or prejudicial to the security

of the other. During India visit of PM Deuba in 2002, the issue of terrorism was considered not only a national problem but also a regional problem. To support the Deuba government, the Indian side condemned the widespread attacks by the Maoists in Nepal and reiterated its support for the steps to be taken by the Nepal government to maintain peace and security within the country. The government was gradually persuading international community, including India, for their support in its fight against the Maoist.

i. Indian Support: Since the launching of peoples' war in 1996 to 23 November 2001 when Maoist attacked selected targets across the country and killed more than 60 security personnel, India's approach towards Maoist problem was very casual treating it as an internal law and order problem of the country. Therefore, Indian government absolved itself of any responsibility in restraining and containing the activities of the Maoists along the Indo-Nepal border. However, in response to November 2001 escalation, Indian government declared the Maoists as terrorists even before Nepal and also promised all possible support to Nepal Government (Muni 2003: 58). Earlier, India might have failed to foresee that an insurgency started by a small group of revolutionaries with crude-home-made guns and Khukaries in four hill districts would expand so dramatically and become security threat for both Nepal and India within a short period of time (Shrestha 2006:177). However, after November 2001 attack India might have speculated that the possibility of involvement of separatist movements in the northeast with that of Maoist would endanger Indian security, especially in the sensitive 'chicken's neck' area near Siliguri in India where a narrow strip of Indian territory links the northeast with the rest of India (Raj 2002:4). Pandey (2005: 97) mentions that "India was concerned about impact of the Maoist insurgency in Nepal because of its spill over to Uttaranchal State in India. There also appeared to be a nexus between the Maoist in Nepal with similar outfits as People's War Group in Andhra Pradesh, Jharkhand, Bihar and Orissa...India is linked with its north-eastern part by 'Chicken's Neck', a narrow strip of territory between Nepal and Bangladesh. It was also feared that if insurgency in Jhapa district of Nepal were to spread to chicken's neck, India's control of the entire Northeast might be endangered".

- ii. Chinese Support:** The Maoists launched the civil war with an objective of establishing peoples' republic in Nepal in line with the ideas of Chinese leader Mao Zedong. Therefore, it was a widespread perception in the Western countries that China was behind the Maoist insurgency in Nepal. But throughout the decade-long violence, there was little evidence of Chinese support (Upadhyaya 2012: 136). A week before Chinese Premier Zhu Rongji's Nepal visit in May 2001, Wu Congyong, Chinese ambassador in Kathmandu, made the first official and exhaustive comment on the insurgency, criticizing the rebels for dishonoring Chairman Mao's name (Upadhyaya 2012: 131). There could be two reasons for China not supporting the Maoists. First, since establishment of diplomatic relations between Nepal and China in 1955, China has been continuously maintaining that Nepal China relation is based on 'Panchasheel'. Therefore, China considered it to be domestic issue and took a policy of not interfering in the internal politics of Nepal. Second, China was also concerned about the spillover effect of the Maoists insurgency and it being used as a source of inspiration by pro-Tibetan and anti-Chinese activist (Pandey 2005: 150-51). After the imposition of emergency in Nepal, Chinese Foreign Minister Tang Jiaxuan expressed Chinese government's support in hitting back against the anti-government forces and maintaining peace and stability in Nepal (Pandey 2005: 156). Chinese Ambassador Wu Congyong again reiterated that China labels the insurgents as 'anti government outfits' and never call them 'Maoists' (*The Kathmandu Post*, Kathmandu, 30 September 2002). Similarly, during King Gyanendra's China visit in July 2002, Chinese President Jiang Zemin expressed Chinese firm support to Nepalese government in fighting against the Maoists (Bhasin 2005: 3333). Chinese considered Maoists as 'armed anti-government forces' and a threat to peace and stability in Nepal which could spur similar movement in favour of Tibet.
- iii. International Support:** After the 11 September 2001 attacks on the World Trade Centre in New York, the world was fighting terrorism. After the November 2001 escalation of peoples' war, international community started pouring in their support for Nepal Government. The most notable supporters were US and UK who were also a driving force in organising the donors' conference in London in 2002. The London conference decided to pool joint effort for helping Nepal get out of the Maoists

insurgency (Muni 2003: 50-52). In February 2002, US Secretary of State Colin Powell visited Kathmandu who had earlier told reporters that the Maoist insurgency really was the kind of things US government was fighting against throughout the world. In mid-May 2001, PM Deuba visited Washington and London for meetings with President George W. Bush and Prime Minister Tony Blair respectively where Bush pledged US \$ 20 million support for Nepalese forces and Blair also pledged to support Nepal in its efforts to restore political stability (Upadhyaya 2012: 135). Both UK and USA saw the Maoist insurgency as an integral part of global terrorism as defined by American President Bush after the World Trade Centre attack (Krämer 2003: 209).

All these factors motivated king Gyanendra to dissolve the democratically elected Deuba government and usurp political power. However, unlike other western countries, India didn't support royal takeover whereas China described it as an internal affair of Nepal (Upadhyaya 2012: 139). King Gyanendra focused his foreign policy in garnering international support for his direct authoritarian rule and also for fight against the Maoist insurgency. The Panchayat policy of diversifying Nepal's foreign engagements with other countries to protect Nepal's sovereignty and independent identity without the interference of external forces [India] was revived and royal representatives were sent to China, Russia and Pakistan to seek their support (Hutt 2006:121 In this endeavor, King visited several countries himself and also participated in Boa Forum in China and Asian-African Summit held in Jakarta on 22 April 2005. However, in the meantime, the Seven Party Alliance (SPA) reached an understanding with the rebel Maoist group in New Delhi which was mediated by India. As per the understanding, the SPA launched the peoples' movement against the royal regime and the King had to reinstate the Parliament as per the demand of the SPA leaders.

VII. Conclusion

The period from 1951 to 2005 saw different developments ranging from absolute monarchy to parliamentary democracy, King nominated governments to democratically elected governments and a coalition of Rana and Nepali Congress to coalitions of the

parliamentary parties. Except for the 30 years of partyless Panchayat system, each passing year saw lots of political changes and political competition. Nepal's relations with India also saw changes according to political changes in Nepal.

a. Democratic Changes bring Nepal closer to India

India has been an important factor in catalyzing the democratic changes in Nepal. It facilitated the 'Tripartite Delhi Settlement' among King Tribhuvan, ruling Ranas and Nepali Congress to introduce democracy in Nepal in 1951. It also helped the leaders of Nepali Congress exiled in India during Panchayat era to organize their armed and peaceful movement against royal regime from India. It also imposed indirect obstruction of supplies to Nepal in 1961 to express its displeasure at the royal coup. It also helped political parties to restore multi party democracy in Nepal in 1990. After the democratic changes in 1951 and 1990, the governments formed immediately after the political changes were perceived having India-tilt. The era from 1951 to 1955 saw involvement of India in every sphere of politics in the name of consolidating and strengthening democracy and democratic institutions in Nepal. Similarly, the joint communiqué signed after the India visit of Prime Minister Krishna Prasad Bhattarai in 1990 is criticized for accommodating Indian interests at the cost of Nepali interests. It brings us to the conclusion that every successful democratic change brings Nepal closer to India.

b. 'Special Relationship' is not so special

After the advent of democracy in Nepal in 1951, King Tribhuvan was highly indebted to India for its mediatory role. The relationship between the two countries had been defined as a 'special relationship'. During King Tribhuvan's rule, India supported Nepal in every political, administrative and economic matter. The Indian ambassador was highly active in Nepali politics and took part in Cabinet meetings too. The political parties strongly criticized this sort of micromanaging of Nepal's internal affairs. Therefore, the connotation of 'special relationship' has left a negative, dominating and interventionist image of India in memory of citizens and political leaders of Nepal. For instance, the cordial relation between both the countries suddenly worsened when Indian External Affairs Minister Dinesh Singh raised the issue of special relationship between the two countries during his Nepal visit in June 1969. Therefore, whenever India asserts

its 'special relationships' with Nepal, the sentiments of the citizens and the leaders are hurt. It is perceived to undermine the sovereignty, autonomy and independent identity of Nepal. Therefore, the Nepalese do not want to use the phrase 'special relationship'. Nepalese are more comfortable with other phrases representing similar meaning to express close socio-economic and cultural relationships and political engagements between the two countries.

c. Tussle between Indian conception of Security and Nepali conception of sovereignty

The 1950 treaty of Peace and Friendship is interpreted differently by two countries. India time and again asserts that it is a defence pact and mutual security arrangement between the two countries. However, Nepal advocates for interpreting the treaty as a treaty of mutual friendship to respect territorial integrity, sovereignty and non interference in each others' domestic affairs. India always advocates that the Himalayas of Nepal are its northern frontiers for its security from Chinese aggression. However, Nepal believes that the Indian 'Himalayan frontier policy' undermines its independent identity and sovereignty. As Nepal has enshrined non-alignment policy in its Constitution, it advocates for 'mutual interest arrangement' instead of 'mutual security arrangement'. Nepal considers 1950 Treaty as an unequal treaty and demands its revision or updation as per the current context.

d. China factor

Nepali leaders have understood that Nepal's national interest can only be protected and promoted by maintaining balanced relations with its neighbour though socio-cultural and economic interdependence between Nepal and India is unavoidable and incomparable with China. Nepal's policy since history is to develop itself as a trade transit point between its neighbours. For this purpose, it has been developing its infrastructure to its north-south borders. It wants to accord prominence to geo-economics instead of geo-politics. It is sensitive about the security concerns of its neighbours and expects reciprocal sensitivity on its security interest. Therefore, it wants to balance the interest of its neighbours. However, when its leaders perceive its sovereignty and independence being undermined by India, they increase their political engagements with China to assert Nepal's independent identity and international

personality. However, India perceives Nepal's increased political engagement with China as a 'China card' against it and develops a hostile attitude towards Nepal.

e. Trade embargoes- a tool to tame Nepal

Nepal is a landlocked country and depends on its neighbours especially on India for its international trade and supply of fuels. However, India has been successfully using this compulsion of Nepal to serve its interest. It has imposed direct or indirect embargoes against Nepal in 1961, 1970-71, 1988-89 and 2015-16. In 1961, trade was obstructed on the pretext of poor security situations in the bordering areas due to armed movement initiated by Suvarna Shumsher of Nepali Congress against the royal coup. In 1970-71, the expired trade and transit treaty was not renewed as retaliation when Nepal denied recognizing having special relationship between Nepal and India. In 1988-89, it again refused to renew Trade and Transit Treaty in the pretext of purchase of armaments from China. However, in 2015-16, the embargo was again imposed on the Madhes issue. Therefore, India uses trade embargoes as a tool to bring Nepal to its terms.

f. Changes in Political parties' role in Foreign Policy

Since 1951, the political parties have been asserting their proactive roles on the issues of foreign policy and national interest. The different political parties have defined Nepal's national interest differently. During King Tribhuvan's rule, they played a role of the watchdog for national interest criticizing government for maintaining 'special relationship' with India. They also demanded establishing diplomatic relationship with China and other friendly countries of the world. The democratically elected BP Koirala government tried to maintain a balanced relation with both the neighbours. This was the first time a political party (Nepali Congress) was involved in deciding the foreign policy of Nepal. However, King alleged the Koirala Government for having India-tilt. During partyless Panchayat system, they again played the role of the opposition to guard the issue of national interest. However, the restoration of democracy in 1990 increased their role in directing the foreign policy orientation of Nepal. The government was free to decide on the foreign policy issue by consulting the King and other political parties in the Parliament. However, each political party's definition of national interest was different from each other. The conflicting perspectives on national interest on the issue

of Mahakali treaty signed between Nepal and India even led to the split in the CPN-UML party and formation of a new party CPN (ML). The political parties successfully sensitized the issues of national interest as per their conception and mobilized their supporters accordingly. However, the royal coup in 2005 again limited their role.

Chapter 5

Coalition Politics of Nepal:2006-2014

After the Royal coup of 1 February 2005, King Gyanendra increased his control in the State mechanisms. The political parties opposed the regressive rule and decided to fight jointly against it. They formed a Seven Party Alliance (SPA) among the parties represented in the dissolved Parliament consisting of Nepali Congress, Nepali Congress (Democratic), Communist Party of Nepal (Unified Marxist-Leninist), Nepal Workers' and Peasants' Party, Nepal Sadbhavana Party (Anandidevi), United Left Front and People's Front. With India's mediation, the SPA and the CPN (Maoist) signed the historic 12 point agreement on 22 November 2005 in New Delhi to launch the second peoples' movement (*Jana Andolan II*) for reinstating democracy in the country. The SPA with the support of the CPN (Maoist) organized a series of demonstrations and strikes defying curfews imposed by royal regime. Meanwhile, the Government of India sent Karan Singh to Nepal as a special envoy of the Indian Prime Minister Manmohan Singh accompanied by Indian Foreign Secretary to mediate the peaceful resolution of the crisis(*The Kathmandu Post*, Kathmandu, 21 April 2006). King Gyanendra succumbed to the domestic and external pressures and finally reinstated the House of Representative through a Royal proclamation on 24 April 2006 (Bhattarai 2016: 23-28).

The following coalition Governments were formed from 2006 to 2014 after the success of Jana Andolan II:

Table 5.1: Major Parties in the Coalition Governments: 2006-2014

S.N.	Prime Ministers	PM's Party	Major Coalition Partners
1	Girija Prasad Koirala	NC	SPA+CPN (Maoists)
2	Pushpa Kamal Dahal	CPN (Maoists)	CPN (Maoists) +UML+ MJF
3	Madhav Kumar Nepal	CPN-UML	UML+NC+TMLP
4	Jhala Nath Khanal	CPN-UML	UCPN (M)+UML+ MJF
5	Baburam Bhattarai	UCPN (M)	UCPN(Maoists)+UML+MJF(L)
6	Sushil Koirala	NC	NC+UML

I. Girija Prasad Koirala Coalition

The SPA unanimously approved Girija Prasad Koirala as the next Prime Minister and also decided to pass a special resolution in the reinstated House on holding elections for the Constituent Assembly. The King appointed Koirala the Prime Minister on 27

April 2006. He was the senior most leader in the alliance and the most 'authoritarian leader' (Whitfield 2012: 158) who steered the movement against King's autocratic rule and it was his idea to reinstate the dissolved House as the only solution to restore democracy and democratic institution. Therefore, he was the only consensual candidate supported by all parties for the post of the Prime Minister.

Though Koirala was appointed as the PM through consensus, political parties could not forge consensus on distribution of ministerial portfolios. The quarrel between NC and CPN-UML over the distribution of the portfolio of deputy prime minister, Home and Defence Ministries delayed the Cabinet formation. However, it was solved by allocating the portfolio of Deputy Prime Minister to senior CPN-UML leader K.P. Sharma Oli. He was also given the second rank in the Cabinet and the portfolios of Home and Defense Ministries were retained by Nepali Congress. The formation of the Cabinet increased intra-party dissension and further fuelled factionalism in all major parties. Dissatisfaction among the party leaders surfaced in Congress following the appointment of three Cabinet ministers by PM Koirala without the Party's official decision and consultation with other leaders of the party. During the Central Committee meeting, Arjun Narsingh K.C., a disgruntled NC Central Committee member, said "It is ridiculous for a democratic party that we were informed about the names of the ministers through radio. If we [party] have to take collective responsibility of the Government should there be institutional decision of the party or not?" (*Kantipur*, Kathmandu, 4 May 2006).

In the same vein, there was dissatisfaction in the CPN-UML too. Its standing committee member Pradip Kumar Nepal who was not satisfied over the distribution of the ministerial portfolio, resigned from the party's standing committee. Nepal was of the view that without the "dignified status" the party should not join the Government and the "dignified status" meant that the party should be allocated the portfolios of Home and Defence Ministries (*The Kathmandu Post*, Kathmandu, 3 May 2006). Similarly, Nepali Congress (Democratic) was also divided internally in proposing the names of the party leaders. During a meeting at its Parliamentary Party office at Singh Durbar, a serious dispute surfaced between its President Sher Bahadur Deuba and disgruntled leader Bijay Kumar Gacchadar in proposing names for the Cabinet berths (Pokharel 2006). In

subsequent expansion of the Cabinet, Amik Sherchan, Chairman of the People's Front Nepal Party, a fringe party in the coalition, was given the post of the Deputy Prime Minister along with Health Ministry portfolio. This created dissension among the coalition partners as CPN-UML and Nepali Congress (Democratic)-second and third largest parties in the coalition respectively-had reservation over his appointment (Khanal 2006). Sherchan had played a key role in bringing the Maoists to the negotiation table, therefore, PM Koirala rewarded him with the post of DPM and third rank in the Cabinet.

The Government had the challenging tasks of bringing a decade long civil war to an end, manage peace process, bring Maoists into the mainstream of the multi-party democratic system and hold elections for the constituent assembly. However, parties and its factions were interested in office-seeking rather than policy-influencing in the coalition. The Parties wanted issue relevant ministries to maintain control or induce their own agenda. As this Cabinet was tasked to conduct election for the Constituent Assembly, NC and CPN-UML competed for Home Ministry portfolio as they perceived that the control over Home Ministry would provide them leverage to increase popular support and subsequently get election results in their favour. Therefore, the dispute was directed more towards future electoral gains.

The first Cabinet meeting declared indefinite cease-fire with the Maoist rebels, scrapped the terrorist tag slapped on them and also decided to initiate the process for withdrawal of Interpol Red Corner Notices issued against rebel leaders. The reinstated House of Representatives made a proclamation dubbed as '*Nepali Magna Carta*' which massively curtailed the King's powers and privileges, brought the army under civilian control, declared Nepal a secular country, renamed His Majesty's Government as Nepal Government and declared itself a sovereign and supreme body. It also renamed Royal Nepalese Army into Nepal Army, stripped the king of the title of Supreme Commander of the Army and transferred the king's power of appointing the Chief of Army to the Council of Ministers (Acharya 2006).

On 16 June 2006, the Government and the Maoists signed historic eight-point agreement in which they agreed to express commitment to competitive multiparty governing system, frame interim Constitution to replace 1990 Constitution, make

decisions through consensus on issues of national importance having far reaching implications, restructure the State in a progressive manner through Constituent Assembly and request the United Nations to help manage the armies and weapons of both sides and monitor elections to the Constituent Assembly (Pokharel and Acharya 2006).

While the Nepalese leaders were discussing to induct the Maoists into the Government, India, America and Japan were not in favour of it. Pankaj Sharan, Joint Secretary of Nepal Division in Indian Ministry of External Affairs said, “The Maoists will have to be brought into the mainstream, however, they will have to abide by certain things” (Luitel 2006). The same concern was raised by the US envoy to Nepal, James F. Moriarty, who said that the US wouldn’t support any government participated in by the Maoists unless they renounced violent actions (*The Kathmandu Post*, Kathmandu, 29 June 2006). Similarly, Senior Vice- Minister for Foreign Affairs of Japan Yasuhisa Shiozaki said that including Maoists in the Government without addressing the arms would be a most controversial issue (*The Kathmandu Post*, Kathmandu, 30 July 2006). Thus, India and other countries wanted to separate arms from the Maoist before they join the Government.

By consensus, the political parties in July 2006 formed a Steering Committee comprising topmost leaders of all the coalition partners to guide the Government’s functioning. The formation of a political mechanism by coalition partners is an important means of increasing consensus and dialogue among coalition partners to sort out their differences on issues of mutual interest and also for defining clear cut national interest on different issues. A Comprehensive Peace Accord (CPA) was signed between Nepal Government and CPN (Maoists) on 21 November 2006 for consensus on arms management, monarchy, interim Parliament, interim Government, and Constituent Assembly elections. The CPA ended the decade-long armed insurgency and promised to chart a peaceful and democratic new Nepal (Gellner 2007:83-84). Subsequently, an interim Constitution was promulgated and interim Parliament was formed. As per the understanding among SPA and CPN (Maoists), following seats were allotted in the interim Legislature-Parliament:

SN	Party	Seats
1	Nepali Congress	133
2	Communist Party of Nepal (UML)	83
3	Communist Party of Nepal (Maoists)	83
4	Rashtriya Prajatantra Party	9
5	Nepal Sadbhavana Party (Anandi Devi)	5
6	Janmorcha Nepal	5
7	Nepal Workers' and Peasants' Party	4
8	Rashtriya Jana Morcha	3
9	United Left Front	3
10	Communist Party of Nepal (Unified)	2
11	Rashtriya Janashakti Party	1
Total		330
Source: Interim Constitution of Nepal-2007		

Again the coalition politics came into prominence as the eight political parties intensified their efforts to form an interim coalition Government with Maoists as a part of CPA agreement. However, all parties claimed their stakes over influential ministries in the future Cabinet. Nepali Congress wanted to retain the ministries considered powerful like Home, Defense and Finance along with a portfolio of deputy prime minister which were also claimed by CPN- UML and Maoist party. CPN-UML leader Jhala Nath Khanal said, “We are for respectful sharing of the ministries among the parties. We believe that democracy cannot be consolidated by giving all the powers to one particular party” (*The Kathmandu Post*, Kathmandu, 18 March 2007). The Maoists party demanded sharing of power as per the spirit of the composition of the Parliament. They even threatened not to join Government if respectful sharing of power is not ensured. PM Koirala proposed that there would be no deputy prime minister in the interim Government and Nepali Congress would retain Home, Defense and Finance portfolios. The Maoists party rejected the proposal stating that the proposal did not reflect the existing power balance among the political parties. Later on, the political parties agreed on the power sharing and dropped the idea of appointing deputy prime minister in the new Government. They also finalized the common minimum program of the new Government and a code of conduct for the ministers and also agreed to form United Coordination Committee (UCC) to assist the Government in implementing common minimum program in a coordinated manner (Ojha and Acharya 2007). Therefore, on 1 April 2007, an interim coalition Government of eight parties headed by Koirala was formed by including Maoists.

The Maoist party wanted to postpone the CA polls for fear of possible setback in the elections. They threatened to even quit the coalition over this issue. Maoist leader Baburam Bhattarai said, “The Indian expansionists and American imperialists have threatened that Nepal would become another Iraq and Afghanistan and we would collapse if we didn’t go to polls. But we want to warn them that we will make Nepal the 21st century Vietnam and drive away all the imperialist and expansionist forces” (Ojha and Bhusal 2007). The outgoing Maoists Minister Krishna Bahadur Mahara also alleged that India and America greatly influenced the Government decisions. He said, “As a minister, I was able to experience for myself how each decision of Government is taken in Delhi and Washington” (ibid).

However, the high-level meeting of the eight party alliance decided to continue mutual dialogues to further strengthen their unity and settle the existing problems and challenges. Ultimately, the Government requested the Election Commission to cancel all election related program as per the decision of the political parties to postpone the elections. After the cancellation of the election programs, the political parties held several consultations and finally on 23 December 2007, they signed a 23 point agreement which included amendment of interim Constitution to declare Nepal a federal democratic republic by the first meeting of the Constituent Assembly, increase the percentage of seats for proportional system, hold CA election in mid April and form an all-party committee to coordinate Government functioning which would be headed by all parties on rotational basis (Acharya 2007). After the deal, Maoist party rejoined the Government on 30 December 2007 and Prime Minister Koirala appointed five Maoist leaders as Cabinet ministers. Finally, the CA polls were successfully held on 10 April 2008.

The Girija Prasad Koirala coalition was different from other coalition where all political parties had nearly compatible political goals of introducing republicanism, ending a decade of conflict and holding CA elections. Though some rightist parties like Rastriya Prajatantra Party and Rastriya Janashakti Party were not represented in the Government, it was a grand coalition government and despite differences among parties on various issues, the Government succeeded in holding CA elections.

II. Pushpa Kamal Dahal ‘Prachanda’ Coalition

Out of the 54 political parties participating in the CA elections CPN (Maoists) secured the highest seats followed by Nepali Congress and CPN-UML. The seats obtained by parties were as follows:

Table 5.3: Constituent Assembly Election Results-2008				
SN	Party	Seats		
		FPTP	Propor tional	Total
1	Communist Party of Nepal (Maoists)	120	100	220
2	Nepali Congress	37	73	110
3	Communist Party of Nepal (Unified Marxist-Leninist)	33	70	103
4	Madhesi Jana Adhikar Forum, Nepal	30	22	52
5	Tarai-Madhesh Loktantrik Party	9	11	20
6	Sadbhavana Party	4	5	9
7	Rastriya Prajatantra Party	0	8	8
8	Communist Party of Nepal (Marxist-Leninist)	0	8	8
9	Janamorcha Nepal	2	5	7
10	Communist Party of Nepal (United)	0	5	5
11	Rastriya Prajatantra Party Nepal	0	4	4
12	Rastriya Janamorcha	1	3	4
13	Nepal Workers’and Peasants’ Party	2	2	4
14	Rastriya Janashakti Party	0	3	3
15	Sanghiya Loktantrik Rastriya Manch	0	2	2
16	Nepal Sadbhavana Party (Anandidevi)	0	2	2
17	Rastriya Janamukti Party	0	2	2
18	Nepali Janata Dal	0	2	2
19	Communist Party of Nepal (Unified)	0	2	2
20	Dalit Janajati Party	0	1	1
21	Nepa Rastriya Party	0	1	1
22	Samajbadi Prajatantrik Janata Party	0	1	1
23	Chure Bhawar Rastriya Ekta Party	0	1	1
24	Nepal Loktantrik Samajbadi Dal	0	1	1
25	Nepal Parivar Dal	0	1	1
26	Independents	2	0	2
27	Nominated	0	0	26
Total		240	335	601
Source: Election Commission of Nepal				

As the results of the CA elections were being gradually revealed, the political scenario was also changing simultaneously and the pre-election unity of SPA with CPN (Maoists) was gradually crumbling. Before the CA election, CPN (Maoists) Chairman Prachanda had assured PM Koirala to elect him as the first President of the Republic. However, after their sweeping victory in the elections, CPN (Maoists) defected from their earlier commitment, and along with MJF decided not to elect Koirala for the post (Mishra 2008). The first meeting of the CA on 29 May 2008 made the 4th amendment to the Interim Constitution to introduce the post of constitutional President and Vice President by abolishing monarchy and declaring Nepal a republic. However, the formation of government headed by the Maoist party was delayed due to lack of two-third majority for which it constitutionally required the support of NC and CPN-UML. Annoyed by the delay, Prachanda threatened to quit the interim government and launch street protest if CPN (Maoists) was not allowed to form a new government as per the people's mandate. He also said that it was a mockery of democracy to claim the post of President by parties defeated in the elections and accused that losers were acting like victorious parties (Magar and Pokharel 2008). Nepali Congress and CPN-UML parties responded by agreeing to give seven day deadline to the Maoists to prove their constitutional eligibility to form the new government (*The Kathmandu Post*, Kathmandu, 3 June 2008). The constitutional provision required two-third majority for forming and removing the government. However, they were afraid of the amendment as the government formed by them could be easily toppled down any time by other parties through simple majority. As Maoist could not prove their two-third majority for the formation of the government within the given deadline, dialogues were held among major political parties for amending the Constitution. Finally, on 25 June 2008, the political parties signed a 22-point agreement to clear the stalemate for the formation of the new government and the election of the President and Vice-President through simple majority by making the 5th amendment to the Interim Constitution.

After the amendment, series of negotiations were held among major political parties on different models of power sharing among them. Separate dialogues were held between CPN (Maoists) and CPN-UML to divide the portfolio of the President and Prime Minister among themselves. They even decided to nominate CPM-UML leader Madhav

Kumar Nepal as the President and Prachanda as the Prime Minister. However, the CPN (Maoists) party was divided internally to accept Madhav Nepal as the first President of the republican Nepal. One faction led by Mohan Baidya suggested that Nepal was defeated by people in the CA election so he didn't have moral right to become the head of the state, whereas, the other faction led by Prachanda was in favour of Nepal. Nepali Congress and CPN-UML proposed the names of Girija Prasad Koirala and Madhav Kumar Nepal respectively for the post of the President. However, CPN (Maoists) was reluctant to accept them fearing that it would create an alternative power centre. Baburam Bhattarai, leader of the CPN (Maoists) said, "We do not accept Girija Prasad Koirala and Madhav Nepal as the President because they are the chief leaders of their parties. How can powerful leaders stay in the ceremonial post?" (*Kantipur*, Kathmandu, 15 July 2008).

Later on, CPN (Maoists) and CPN-UML, in principle, agreed to divide power between two parties so that the President would be elected from CPN-UML and CPN (Maoists) would head the new government. However, CPN (Maoists) defected from its understanding with CPN-UML and decided to nominate Ram Raja Prasad Singh as its Presidential candidate. They also decided not to support Parmananda Jha of MJF for the post of Vice President (Gautam 2008). These decisions of the CPN (Maoists) irritated CPN-UML and MJF which ultimately led to the breaking of understanding among three parties. CPN-UML and MJF responded by forming an alliance with Nepali Congress for sharing portfolios of President, Vice President and Chairperson of the Constituent Assembly among them. The three parties signed a 4-point agreement to take forward the politics of consensus. Prachanda termed this alliance as "*unholy and unethical alliance*" (*The Kathmandu Post*, Kathmandu, 23 July 2008). As per the understanding reached among NC, CPN-UML and MJF, Ram Baran Yadav of Nepali Congress was elected as the President, Parmananda Jha of MJF as Vice President and Subash Chandra Nembang of CPN-UML as the Chairperson of the Constituent Assembly.

On 29 July 2008, the newly elected President Yadav invited CPN (Maoists) to form a new government through political consensus by giving a 7 day notice which was later extended by 3 more days on the request of CPN (Maoists). The Central Committee meeting of CPN (Maoists) decided to take the leadership of the new government under

three conditions- first, it would try to form a government of national consensus; second, it might form a majority coalition government by making alliance with a few parties if the formation of the consensus government failed; and lastly, if neither of the options succeeded it would form a minority government but on the condition that other parties commit not to bring no-confidence motion against the minority government until the new Constitution is drafted (Ojha 2008a). NC and CPN-UML rejected the conditions laid down by CPN (Maoists) and suggested the latter to forge consensus among major political parties to form new government instead of putting unconstitutional condition. The Interim Constitution had no provision of forming minority government; therefore, they termed this condition of the CPN (Maoists) as unconstitutional.

Three parties held discussions for forming a national consensus government. Meanwhile, CPN (Maoists) proposed a minimum common program (MCP) among political parties to form a national consensus government and the major political parties formed taskforce to craft the basis of national consensus by agreeing on MCP and policies of the new government. The political parties agreed to distribute ministerial seats according to the proportion of their strength in the Constituent Assembly, nevertheless, they couldn't agree on the distribution of important portfolios. NC was adamant on holding Defense portfolio as it wanted to play the decisive role in the integration of Maoist militants in Nepal Army. However, CPN (Maoists) rejected the idea of giving Defense portfolio to NC (Ojha and Acharya 2008). The NC thus decided to remain outside of the government as the main opposition party which ended the possibility of formation of the National Unity Government.

Now the avenue was open for the formation of the majority coalition government. Therefore, CPN (Maoists) initiated consultations for probable alliance with CPN-UML, MJF and other small Communist parties in the constituent assembly. CPN (Maoists), CPN-UML and MJF signed a 7-point agreement to form a coalition government headed by Prachanda and also agreed to adopt a code of conduct for the coalition government and form a high level Political Coordination Committee (PCC) to guide the new government (Ojha 2008b). Finally, Pushpa Kamal Dahal 'Prachanda' was elected as the

first Prime Minister of republic Nepal on 14 August 2008 with the support of 21 political parties represented in the CA.

PM Dahal faced tough situation in face of intra-party rivalry and over portfolio distribution with CPN-UML. In midst of this, the PM sacked Chief of the Army Rukmangat Katawal due to some differences with the latter. The 18 parties, including the coalition partners, took this move as a step to control State mechanism by weakening the army. Therefore, as per the request of the parties President Yadav reinstated Katawal. Prachanda resigned from his post in May 2009 blaming India for intervention in Nepal's domestic affairs.

III. Madhav Kumar Nepal Coalition

After the resignation of PM Pushpa Kamal Dahal, President Ram Baran Yadav invited political parties represented in the Parliament to form a government as per the article 38 (1) of the interim Constitution giving a five day deadline⁴. Twenty-two political parties, including Nepali Congress and CPN-UML, took initiative to form national consensus government by including UCPN (Maoists). Nepali Congress asked CPN-UML to take initiative to lead the consensus government. Three days after his resignation, Prime Minister Prachanda told the reporters that there was a possibility of formation of government under his leadership. He himself initiated dialogue with CPN-UML to seek consensus on government formation. Prachanda met CPN-UML General Secretary Jhala Nath Khanal and requested him to help Maoist form a Government with the support of Leftist alliance. On the contrary, Khanal proposed Prachanda to join new government headed by CPN-UML.

Nepali Congress President Girija Prasad Koirala also asked UCPN (Maoists) chairman Prachanda to join national unity government led by CPN-UML but Maoist wanted President Ram Baran Yadav to rectify his move to retain the Army Chief. The

⁴ Article 38 (1) of The Interim Constitution of Nepal 2007 reads as, “(1) The Prime Minister shall be selected by political consensus and the Council of Ministers shall be formed under the chairpersonship of the Prime Minister.”

Standing Committee meeting of the CPN-UML decided to lead the new government and unanimously decided to propose Madhav Kumar Nepal to head the new coalition government. It also requested Nepali Congress, UCPN (Maoists), MJF and other fringe parties to join the government (Basnet 2009). Maoists were obstructing the House demanding correction of the President's 'unconstitutional' move. Meanwhile, President Yadav invited political parties to form a majority government as per article 38(2) of the interim government⁵.

All Political parties including Nepali Congress, CPN-UML and MJF were on series of talks on forming national consensus government, whereas, UCPN (Maoists) was planning to declare protest against President's move. Meanwhile, Madhesh based political parties namely Madhesi People's Right Forum, Tarai-Madhesh Democratic Party and Sadbhawana Party formed an alliance known as Samyukta Loktantrik Madhesi Morcha (SLMM). The Morcha became active and organized a joint meeting which proposed the formation of national consensus government. MJF, the largest party in the alliance, was in favour of Maoist-led government as it believed that coalition with Maoists would be helpful to address Madhesi demands. Therefore, its Central Committee decided to support Maoist party to form a coalition government. However, MJF Chairman Upendra Yadav was compelled to reverse the central committee's decision after the parliamentary party leader Bijaya Gachhadhar handed him signatures of thirty-two MJF lawmakers in favour of CPN-UML led government (Phuyal and Neupane 2009). Here a faction led by Gachhadhar changed the course of the coalition politics. If MJF with 52 parliamentary seats had supported UCPN (Maoists), the latter could have easily managed majority votes for government formation. However, due to intra-party dynamics, MJF decided to support CPN-UML to form a coalition led by Madhav Kumar Nepal. The Parliament elected Madhav Kumar Nepal as the Prime Minister of Nepal on the 23 May 2009 with the support of 22 parties out of 25 political parties. Out of total 601 members of Parliament, 358 members voted in favour of Madhav Kumar Nepal. Unified CPN (Maoists) and Nepali Janata Dal boycotted the election process whereas CPN (Unified)

⁵ Article 38 (1) of The Interim Constitution of Nepal 2007 reads as, "If consensus could not be reached pursuant to clause (1), the Prime Minister shall be elected by a majority of the total number of existing members of the Legislature-Parliament."

walked out of the parliamentary proceedings as a part of protesting President Ram Baran Yadav's move to reinstate Chief of the Army Staff. UCPN (Maoists) decided to boycott the election process and took the government formation procedures as a wrong step (Phuyal 2009).

Madhesi Janadhikar Forum, one of the major coalition partners, got deeply divided over who should lead the party in the new coalition government. Both the leaders, party Chairman Upendra Yadav and parliamentary party leader Bijaya Kumar Gachhadar were vying for ministerial berths. Gachhadar claimed the Home-Ministry portfolio whereas Yadav warned of dire consequences if the Prime Minister accepted anyone from MJF without party's consent. Gachhadar had the majority in the parliamentary party so he made a decision to join government under his leadership whereas Chairman Yadav had hold over the Central Committee of the party and was willing to lead the government. Chairman Yadav and Co-Chairman JP Gupta met PM Nepal and requested him not to make Gachhadar minister until the intra-party conflict was settled (Neupane and Jha 2009). Principally, decision of the party's central committee prevails over the decision of other organs of the party.

The portfolios division got unduly delayed as coalition partners were divided internally. In CPN-UML, Jhala Nath Khanal faction and Oli-Nepal faction were vying for sending their supporter to the Cabinet whereas MJF was at the verge of split. Despite different disputes within his own party over distribution of ministerial berth, the Prime Minister inducted Bidhya Bhandari as Defense Minister and Surendra Pandey as Finance Minister in the Cabinet. After twelve days of his election, Madhav Kumar Nepal introduced eight more ministers into the Cabinet from Nepali Congress, MJF and CPN-ML. Gachhadar was given the post of Deputy Prime Minister and Home Minister and Sujata Koirala of NC was allocated the foreign ministry. The decision of party President Koirala to join government under the leadership of her daughter Sujata Koirala created dissenting voices in NC. Acting President of NC Sushil Koirala requested President Koirala to correct his decision of sending Sujata to government (Thapa 2009). MJF Chairman Upendra Yadav had attempted to lead the party in the government but his attempt was foiled by his colleague Gachhadar. Therefore, miffed by Gachhadar's

appointment as DPM without consulting the Party, the Central Committee of the MJF decided to expel Gachhadar and other six dissenting central committee leaders from the party membership. It also withdrew its support to the Nepal led government (Mishra and Jha 2009). However, the coalition government had still comfortable majority despite the withdrawal of Yadav faction as Deputy Prime Minister Gachhadhar had majority of lawmakers with him. This rift finally led to the split of the party into Madhesi Janaadhikar Forum-Nepal led by Upendra Yadav and Madhasi Janaadhikar Forum-Loktantrik led by Gachhadhar.

The Maoists had been obstructing the Parliament demanding correction of President's move. The parties worked on different models to address Maoists concern and finally the UCPN (Maoist) decided to let the House resume. In January 2010, the UCPN (Maoists) Central Committee meeting decided to start a fourth phase of protests on issues of 'national independence' a shift from its earlier stance of restoration of 'civilian supremacy' (Satgainya 2010). They also launched an indefinite nationwide general strike in May 2010 demanding resignation of PM Nepal but due to non cooperation from the general public it called off its indefinite general strike within a week and declared to continue peaceful movement for PM's resignation.

On 28 May 2010, when the two-year tenure of the CA was expiring, the political parties averted constitutional crisis by signing a 3 point deal to extend the term of the CA by one year. They also agreed to form a national consensus government for which PM Nepal would resign without delay. However, the coalition partners said that the PM would resign only after the parties reached agreement on major issues of the peace process and Constitution writing whereas the UCPN (Maoists) demanded immediate resignation of the PM. The Standing Committee of UCPN (Maoists) decided to intensify protest against the government for its immediate dissolution to begin the consensual politics (*The Kathmandu Post*, Kathmandu, 3 June 2010). Leaders from PM's own Party CPN-UML Jhala Nath Khanal and KP Oli and coalition partner Nepali Congress also suggested PM Nepal to step down to pave the way for national consensus government. Ultimately PM Nepal resigned from his post on 30 June 2010.

IV. Jhala Nath Khanal Coalition

The Legislature-Parliament initiated the process of selecting a new PM by majority vote and scheduled the election for 21 July 2010. Pushpa Kamal Dahal from UCPN (Maoists), Ram Chandra Poudel from NC and Jhala Nath Khanal from CPN-UML filed their nominations for the election, but CPN-UML Chairman Khanal withdrew his candidacy in support of forming national unity government. Poudel and Dahal ran for the elections but were unable to secure majority votes. The 16 rounds of elections were held which lasted for 7 months but a new PM could not be selected as the third largest party CPN-UML remained neutral in all the election processes. Therefore, the political parties decided to start a new process by withdrawing the nomination of Poudel as Dahal had already withdrawn his candidature after the sixth round of the election. Poudel withdrew his candidacy to allow Parliament to start a new process for electing a PM as per the understanding reached among major political parties (Bhattarai 2016: 100-101).

The Speaker of the House Subash Chandra Nembang decided to hold the election for PM on 03 February 2011. Pushpa Kamal Dahal from UCPN (Maoists), Ramchandra Poudel from Nepali Congress, Jhala Nath Khanal from CPN-UML and Bijay Kumar Gachhadar from MJF-Loktantrik contested for the post. An hour before the vote was due UCPN (Maoists) decided to withdraw the candidacy to support Jhala Nath Khanal. Finally, Khanal was elected as the PM of Nepal ending seven months of political stalemate. He secured support of 368 out of 557 votes to form a majority coalition government while defeating two contenders Ram Chandra Poudel who secured 122 votes and Bijay Kumar Gachhadar who secured 67 votes (Dahal 2011a). The NWPP Party rejected the election process while Upendra Yadav led MJF-Nepal didn't participate in the process. The Co-Chairman of the MJF-Nepal Jaya Prakash Gupta protested the decision of the MJF to abstain in the voting process. He alleged that Yadav's decision had worked in favour of leftist coalition. 51 MPs of the UCPN (Maoists) led by Vice Chairman Baburam Bhattarai including Party Spokesman Dina Nath Sharma expressed their written disagreement against the decision to support Jhala Nath Khanal (*The Kathmandu Post*, Kathmandu, 04 February 2011).

UCPN (Maoists) Chairman Prachanda and CPN-UML Chairman Jhala Nath Khanal had signed a secret seven point pre-coalition agreement on 03 February 2011 to form a new government under Khanal. In the seven point agreement, both the leaders had agreed to distribute portfolio of Home Affairs and Defence Ministries on respectful manner, form a high level political mechanism to help in functioning of the government on various issues, lead government on rotational basis, form a separate force for Maoist combatants, protect national independence among others (Bhattarai 2011). While withdrawing his nomination at the last hour to support Khanal, Prachanda said that the coalition between the left parties was a proof that Nepalese people were able to form a new government without any external [Indian] pressure. He also said that Nepali citizens were capable of deciding their future and would not succumb to any kind of pressure or intervention (B.C. 2011). Dahal believed that the pressure to Nepalese political parties from India prevented him from becoming the prime minister despite having the highest number of the parliamentary seats. Therefore, he decided to support Khanal who was not a natural choice for India.

Khanal and Dahal also formed an eight member task force comprising of four leaders from each party to forge consensus on power sharing and finalizing minimum common program. PM Khanal was sworn in on 6 February 2011 and his effort to announce a moderate size Cabinet failed due to differences between UCPN (Maoists) and CPN-UML over the portfolio of the Home Ministry as both parties claimed their stake on it. The Nepali Congress Party opposed the secret deal and claimed that the deal was against the CPA and the interim Constitution. A faction of the CPN-UML party led by senior party leader KP Sharma Oli also voiced reservation on the substance of the agreement as well as the manner in which the deal was signed without taking the larger party leadership into confidence (B.C. and Khanal 2011). However, after intense discussion the CPN-UML standing committee decided to endorse the seven point deal with some amendments. The Oli-Nepal faction of the CPN-UML mounted pressure on PM Khanal to appoint party secretary Bishnu Paudel as the Home Minister of the new government but on the other hand UCPN (Maoists) made it a prestige issue. The Home Ministry portfolio row even led CPN (Maoists) to announce that they would not join the newly formed government. The standing committee meeting of UCPN (Maoists) decided

to support Khanal government without joining it. UCPN (Maoists) also charged Khanal for not taking stand on the agreement signed between two leaders and accused him of breaching the fourth point of the agreement which directed both parties to make “appropriate and dignified” portfolio allocation(*The Kathmandu Post*, Kathmandu, 12 February 2011). Again on 25 February 2011, the standing committee of the UCPN (Maoists) re-decided not to join the CPN-UML led government but support it from outside as the PM failed to stick to the spirit and letter of the 7-point agreement.

On 11 February 2011, Khanal appointed 3 ministers from his own party CPN-UML which included Bharat Mohan Adhikari, Deputy Minister and Minister of Finance, Bishnu Poudel and Ganga Lal Tuladhar Ministers without portfolio. The Oli-Nepal faction was strictly against allocating Home Ministry portfolio to UCPN (Maoists). This delayed the expansion of the Cabinet for more than a month. Finally, after one month of formation of government, PM inducted some ministers from UCPN (Maoists) with portfolio of Deputy Prime Minister and Information and Communication Ministry to Maoist leader Krishna Bahadur Mahara. In the mean time, on 23 March 2011, UCPN (Maoists), CPN- UML and Upendra Yadav led Madhesi Janaadhikar Forum signed a four-point deal on power sharing in the coalition government and addressing Madhesi agenda, protection Nepal’s sovereignty, unity and territorial integrity among others (Sharma 2011a).

Even after two months of Khanal’s election as the Prime Minister, row among the major coalition partners CPN-UML, UCPN (Maoists) and MJF over Home portfolio had not been solved. On 4 May, the Prime Minister expanded Cabinet by inducting ministers from UCPN (Maoists) and MJF. He also handed over the coveted Home Ministry portfolio to the UCPN (Maoists) and Krishna Bahadur Mahara was sworn in as Deputy Prime Minister and Minister for Home Affairs. MJF-Nepal Chairman Upendra Yadav who was demanding Home Ministry portfolio was given the post of Deputy Prime Minister and Minister for Foreign Affairs. The leaders close to Oli - Nepal camp opined that such unilateral decision of the Prime Minister would have adverse effect on completing the peace and Constitutionwriting process and would jeopardize the existing coalition.

Internal conflict over allocation of Home Portfolio was not confined only in the Prime Minister's Party; it was also a subject of conflict in UCPN (Maoists). Chairman Dahal's decision to recommend Krishna Bahadur Mahara as the minister for Home irked the hardliner faction led by Vice-chairman Mohan Baidhya. The Baidhya faction had been mounting pressure on Dahal to nominate Dev Gurung as Home Minister. Similarly, the other vice-chairman Baburam Bhattarai was also unhappy with the decision. Bhattarai faction had demanded at least four ministers but was allocated only two ministers. The dissatisfaction was not limited in Baidhya and Bhattarai factions; it was in Dahal faction itself. Minister for Peace and Reconstruction Barsha Man Pun resigned after Mahara's appointment as the former was promised Home ministry portfolio by Dahal (Kharel 2011a). The MJF-Nepal was also divided over the inclusion of new ministers in the Cabinet as its co-chair JayaPrakash Gupta opposed the move.

The special bench of the Supreme Court led by Justice Balram KC, in November 2010, reacting to a writ petition had said that CA cannot be dissolved until it comes up with a new Constitution. However, the full bench of the Supreme Court headed by the Chief Justice Khil Raj Regmi, on 25 May 2011, overruled this decision and said that the CA term could not be extended for an infinite number of times as it was against the spirit of the Interim Constitution. The decision further said that every time the term was extended, it would be under judicial review of the Supreme Court and issued order that term of the CA could be extended only for six months (Kharel 2011b). Article 64 of the Interim Constitution stated that the term of the CA would be of 4 years from the day of its first meeting provided that the term may be extended for up to six months by a CA resolution in the event that the task of drafting the Constitution was not completed due to the proclamation of a State of Emergency in the country. It created constitutional pressure on the parties not to extend the term of the CA for more than six months. The extended term of the Constituent Assembly was expiring on 28 May 2011; therefore, political parties increased consultation for its extension. However, they were unable to reach agreement on issues of managing arms of Maoists' combatant, number and modality of integration and timeline for regrouping combatants. Internal politics within the three parties also played major roles in all these negotiations. Finally on the last day, the political parties signed a five point deal to extend the term of Constituent Assembly

by another three months. The deal contained completion of fundamentals of the peace process and preparation of the first draft of the new Constitution within three months, and PM's resignation to pave the way for the formation of a national consensus government (Phuyal and Khanal 2011).

The Central Committee meeting of the UCPN (Maoists), on 24 July 2011, decided to reshuffle their team in the Khanal coalition as a part of the internal power sharing deal among various factions of the party. It was decided that a new team led by Vice-chairman Narayan Kaji Shrestha would replace the Maoist team led by Krishna Bahadur Mahara. Subsequently, Krishna Bahadur Mahara and other ministers resigned from their posts to pave the way for a new team to hold the ministerial portfolios. However, PM Khanal was reluctant to reshuffle the Cabinet without the acquiescence of the big three parties. He had repeatedly urged Maoist Chairman Pushpa Kamal Dahal not to take any decision on reshuffling party's ministers in the Cabinet. Meanwhile, the Standing Committee of the CPN-UML decided to reject the Maoist decision of reshuffling the Cabinet whereas the main opposition party Nepali Congress obstructed the House to oppose any reshuffling of the Cabinet. His own party CPN-UML and main opposition party Nepali Congress were pressing him to resign in favour of forming national consensus government to complete the remaining tasks of peace and statute writing processes. Maoist chairman Dahal even submitted the combined resignation of the Ministers from his party to PM Khanal. These mounted pressure on PM Khanal and he decided to resign (Sharma and Bhattarai 2011). Finally, PM Khanal inducted nine new Ministers from the CPN (Maoists) party in the government on 1 August 2011 following an agreement between him and Chairman Dahal. This irked the rival faction led by KP Sharma Oli and Madhav Kumar Nepal who called for a meeting of the Central Committee of CPN-UML to suspend PM Khanal from the post of Party Chairmanship. PM Khanal was asked to undertake self-criticism to evade suspension. The Central Disciplinary Commissioner issued a warning letter to Khanal asking him not to commit mistake by defying the decision of the party. His rivals in his own party had been criticizing Khanal alleging that he sacrificed party's ideologies in favour of the Maoists (Khanal 2011). Due to intense pressure from opposition parties, his own party CPN-UML and non cooperation from coalition partner-Maoist party, PM

Khanal resigned from his post on 14 August 2011 becoming the shortest ruling Prime Minister with a tenure of nearly seven and a half months.

V. Baburam Bhattarai Coalition

The extended term of the CA was due to expire on 31 August 2011. Therefore, the political parties were under pressure to forge consensus on major issues to form a national unity government and extend the CA tenure once again. They again intensified their efforts to forge political consensus. UCPN (Maoists) decided to nominate Baburam Bhattarai for heading the consensus government whereas Nepali Congress endorsed the candidacy of the former Prime Minister Sher Bahadur Deuba. Due to differences over the peace process and the leadership of the new government, parties were unsuccessful in forming a consensus government by the given deadline. Therefore, President Ram Baran Yadav extended the deadline for the second time. However, the intra-party rifts and dynamics in three major parties were hindering the process of formation of national coalition government. UCPN (Maoists) Chairman Dahal openly admitted that the intra-party dynamics were forestalling the formation of unity government (Bhattarai 2011).

As understanding on forming national consensus among political parties could not be reached, the President requested the Parliament to initiate the process for electing a new PM by majority. This time Sher Bahadur Deuba withdrew his candidacy and Nepali Congress decided to nominate Ram Chandra Poudel to compete with Baburam Bhattarai. On 26 August 2011, Maoist vice chairman Baburam Bhattarai and Nepali Congress parliamentary Party leader Ram Chandra Poudel filed their nomination. Madhesi Morcha again revived their alliance- Samyukta Loktantrik Madhesi Morcha (SLMM) and decided to support UCPN (Maoists). Finally, Baburam Bhattarai was elected as the new Prime Minister on 28 August 2011. He secured 340 votes, whereas, Nepali Congress leader Ram Chandra Poudel secured 235 votes with the support of CPN-UML. UCPN (Maoists) and SLMM had signed a four- point agreement on the issues of peace process, Constitution writing and Madhes. Maoists had also agreed to give lucrative ministries to SLMM (Phuyal and Miyan 2011).

The outgoing government, on 23 August 2011, had registered a Bill in the House to extend the CA term by another three months, but the Maoists wanted it to be extended by at least six months. However, after Bhattarai's election, the parties agreed to extend the tenure of the CA by three more months (Dahal 2011b).

As usual, Bhattarai could not expand his Cabinet due to inter-party and intra-party wrangling for lucrative ministerial berths. PM Bhattarai and chairman of Madhesi Janadhikar Forum -Loktantrik Gachhadhar were sworn in by the President Ram Baran Yadav on 29 August 2011. Gachhadhar was sworn in as Deputy Prime Minister and Minister for Home Affairs (Bhattarai and Kharel 2011). Cabinet expansion was further delayed as the standing committee of the UCPN (Maoists) could not choose names of party leader who would join Bhattarai government. Finally, the standing committee mandated its top leaders to select the names of probable Maoists ministers. All the leaders had their own interests. Hardliner faction led by party vice chairman Mohan Baidhya was demanding powerful portfolios such as Foreign Affairs, Finance and Deputy Premiership for CP Gajurel. Party Chairperson Pushpa Kamal Dahal wanted his supporters to be appointed in powerful ministries, including Posta Bahadur Bogati as Deputy Prime Minister. On the other hand, another vice-chairman of the party Narayan Kaji Shrestha demanded the post of Deputy Prime Minister for himself. Prime Minister Bhattarai himself wanted powerful portfolios, including Finance *ibid*). In previous government expansions, Home portfolio used to be the bone of contention, however, this time the post of Deputy Prime Minister was the main issue.

On the 4 September 2011, Bhattarai's expanded the Cabinet by inducting 13 new ministers in his team. Narayan Kaji Shrestha was sworn in as the Deputy Prime Minister and Minister for Foreign Affairs. This expansion of the Cabinet could not resolve the bickering within the Maoist Party as Baidhya faction did not send its candidates to the Cabinet though it was requested for the same. Contrary to his own pledge not to appoint any state minister, PM inducted 18 state ministers due to pressure from the coalition partners. The Cabinet was expanded a number of times to reach 49 members which is the largest Cabinet in the history of Nepal.

A full bench of the Supreme Court on 25 November 2011 gave its judgment that the tenure of the Constituent Assembly could only be extended for the last time for a maximum period of six months. It also maintained that the CA would be automatically dissolved after the end of the last extension even if the parties failed to draft a Constitution within that period (Sigdel 2011). Following the verdict of the Supreme Court, the political parties, on 29 November 2011, signed a six point deal and agreed to extend the tenure of the CA one last time by six months.

The two opposition Parties, Nepali Congress and CPN-UML were planning to introduce no confidence motion against PM Bhattarai accusing delay in forming a new consensus government and promulgation of the Constitution. However, on 3 May 2012, the major political parties signed a five point power sharing deal to form a consensus government under PM Baburam Bhattarai and hand over the leadership of the next national unity government to Nepali Congress before the promulgation of the new Constitution on 27 May 2012. The parties also agreed that the NC led national unity government would hold the next general elections and top leaders would hold regular meetings to expedite the Constitution drafting procedure (Dahal 2012). On 5 May 2012, PM Bhattarai was able to induct 12 ministers from UCPN (Maoists), Nepali Congress and SLMM. Despite its commitment, CPN-UML had been refusing to join Bhattarai led government. Nevertheless, it joined the Bhattarai led government on 16 May 2012 which transformed the incumbent government into a national unity government. This was the first consensus government formed joined by major political parties after the 2008 elections. However, constitutionally, this was a majority government as PM Bhattarai was elected under the Article 38 (2) of the Interim Constitution. But this consensus was short lived and differences arose among the political parties over extension of the CA tenure, State restructuring and draft of the Constitution. The Government registered a bill in the Parliament to extend the tenure of the CA by another three months, which NC and CPN-UML opposed vehemently.

The Supreme Court also, on 24 May 2012, stayed the government's decision to amend the Constitution for extending the tenure of the CA. As no consensus could be reached among political parties, the CA was automatically dissolved on 27 May 2012 and

PM Bhattarai unilaterally declared the date for fresh election to the second Constituent Assembly. Expressing their dissent, Nepali Congress and CPN-UML ministers resigned from the Cabinet. They along with other fringe parties demanded resignation of PM Bhattarai. President Ram Baran Yadav, on 23 November 2012, invited political parties to form a national unity government in the absence of a functioning Parliament. Though the deadline was extended several times, parties were unable to reach consensus. Therefore, they finally formed an interim government under the sitting Chief Justice Khil Raj Regmi on March 2013 with a sole mandate of holding elections of the second Constituent Assembly (CA II). Khil Raj Regmi led government conducted the elections of the Constituent Assembly on 19 November 2013.

VI. Sushil Koirala Coalition

After the completion of CA II elections held on 19 November 2013, Nepali Congress emerged as the largest party followed by the CPN-UML and UCPN (Maoists) as the second and the third largest parties respectively. The comparative positions of the parties in the CA II elections are as follows:

Table 5.4: Constituent Assembly Elections Results, 2013				
SN	Party	Seats		
		FPTP	Proportional	Seats
1	Nepali Congress	105	91	196
2	Communist Party of Nepal (Unified Marxist–Leninist)	91	84	175
3	Unified Communist Party of Nepal (Maoists)	26	54	80
4	Rastriya Prajatantra Party Nepal	0	24	24
5	Madhesi Jana Adhikar Forum, Nepal (Loktantrik)	4	10	14
6	Rastriya Prajatantra Party	3	10	13
7	Madhesi Jana Adhikar Forum, Nepal	2	8	10
8	Tarai-Madhesh Loktantrik Party	4	7	11
9	Sadbhavana Party	1	5	6
10	Communist Party of Nepal (Marxist–Leninist)	0	5	5
11	Federal Socialist Party	0	5	5
12	Nepal Workers Peasants Party	1	3	4
13	Rastriya Janamorcha	0	3	3
14	Communist Party of Nepal (United)	0	3	3
15	Rashtriya Madhesh Samajwadi Party	0	3	3
16	Tarai Madhes Sadbhavana Party	1	2	3
17	Rastriya Janamukti Party	0	2	2
18	Tharuhat Tarai Party Nepal	0	2	2
19	Nepal Pariwar Dal	0	2	2
20	Dalit Janajati Party	0	2	2
21	Akhanda Nepal Party	0	1	1
22	Madeshi Janadikar Forum (Gantantrik)	0	1	1
23	Nepali Janata Dal	0	1	1
24	Khambuwan Rashtriya Morcha Nepal	0	1	1
25	Nepa Rastriya Party	0	1	1
26	Jana Jagaran Party Nepal	0	1	1
27	Sanghiya Sadbhawana Party	0	1	1
28	Madhesh Samata Party Nepal	0	1	1
29	Samajwadi Janata Party	0	1	1
30	Sanghiya Loktantrik Rastriya Manch (Tharuhat)	0	1	1
31	Independents	2	-	2
32	Nominated	-	-	26
	Total	240	335	601

Source: Election Commission of Nepal

After the first meeting of the newly elected Legislative Parliament, President Ram Baran Yadav invited parties to form a consensual government as per the Article 38(1) of the Interim Constitution. As the efforts made by parties to form consensus government could not succeed, President Yadav called the parties to initiate the process of forming a majority government. NC and CPN-UML intensified the negotiations for power sharing. The two parties had fundamental differences over the election of the President, vice President, Chairman of the Constituent Assembly and control over the ministries of home, finance and local development. However, on 9 February 2014, they signed a seven point deal to form a new government under the premiership of NC President Sushil Koirala. The deal also included endorsing of the incumbent President and Vice President from the House, holding of fresh election for President, Vice President and PM after the promulgation of new Constitution within one year and taking ownership of the progress made by previous CA (Bhattarai 2014a). The election for the post of Prime Minister was held on the 10 February 2014 and Nepali Congress President Sushil Koirala was the sole candidate for the post. He was elected as the Prime Minister of the nation garnering more than two-thirds majority in the Parliament. Nepali Congress, CPN (UML) and some fringe parties voted for Koirala, whereas, the third largest party UCPN (Maoists), Madhesh based parties, Rastriya Prajantantra Party-Nepal and few other parties voted against Koirala (Bhattarai 2014b).

Though the Prime Minister elect was administered the oath of office and secrecy on February 11, PM Koirala's plan to form a moderate sized Cabinet inducting ministers from his own party and CPN-UML could not materialize as both the parties staked their claim for the Home Ministry. CPN-UML denied joining the coalition without being allotted the Home ministry portfolio (Bhattarai 2014c). Similarly, Nepali Congress General Secretary Prakash Man Singh also rejected taking oath without being ensured the post of Deputy Prime Minister. Due to the dispute, Koirala could induct only Ram Sharan Mahat as Minister without portfolio after his own oath taking from the President. Earlier, both NC and CPN-UML had agreed to share equal number of ministries in the new government. Meanwhile, a meeting of the Standing Committee of CPN-UML officially

resolved to boycott the coalition. After the meeting, CPN-UML Secretary Bishnu Poudel said, “We have decided not to join the government as the NC failed to implement the agreement reached between the two parties” (Bhattarai 2014c).

The allocation of Home portfolio was further complicated due to intraparty disputes within NC and CPN-UML. Some NC leaders opposed the allocation of the Home Ministry to CPN-UML whereas CPN-UML leaders blamed the Prime Minister for deviating from the seven-point agreement reached between the two parties. PM Koirala also denied any agreement reached with CPN-UML to allocate the Home Ministry portfolio to the latter and was adamant on not allowing CPN-UML lead the Home Ministry (Neupane 2014). PM Koirala even reached out to UCPN (Maoists) Party Chairman Pushpa Kamal Dahal ‘Prachanda’ for support if CPN-UML didn’t join the government over the Home Ministry row (Neupane and B.C. 2014). NC leader Sher Bahadur Deuba was also bargaining with PM Koirala to induct more ministers from his faction. Internal tussle in his party with Deuba faction and continuous pressure from CPN-UML forced PM Koirala to allocate Home portfolio to CPN-UML. Finally, after the two weeks of his election as the Prime Minister, Koirala was able to bring disgruntled CPN-UML on board his coalition. The major bone of contention ‘Home Portfolio’ was finally allocated to the CPN-UML and its vice-chairman Bam Dev Gautam was accorded second protocol in the Cabinet as a Deputy Prime Minister and Home Minister. However, other likely coalition partners Rastriya Prajatantra (RPP) and Nepal Communist Party - Marxist and Leninist (NCP-ML) did not join the government because of difference over the portfolio allocation. Koirala added five new ministers from his own camp and three Cabinet rank ministers and one state minister from camp of senior leader Sher Bahadur Deuba. But new Cabinet formation could not solve the problem within PM’s own party Nepali Congress as many other hopeful for ministerial berths were not included. Likewise, the new team of ministers from CPN- UML drew flank as non-member of the Parliament were selected as ministers.

After the promulgation of the New Constitution by President Ram Baran Yadav which was passed by the Constituent Assembly by high majority, PM Koirala resigned from his post. Again the process of government formation, first through consensus

followed by majority system, was repeated. Finally CPN-UML's chairman KP Sharma Oli formed a new majority coalition government with the support of UCPN (Maoist), RPP-N, RPP, MJF-Loktantrik etc.

VII. Conclusion

The political parties established before the movements of 1950, 1990 and 2006 fought for systemic changes and promoting multiparty democracy in Nepal. However, many political parties were also established after the success of these movements with twin objectives of institutionalizing the new changes and also for increasing their roles in multiparty democratic system. Similarly, many regional and identity based parties sprung up after the success of Jana Andolan II with an objective of bringing systemic change in the governance structures for ensuring inclusive democracy, for instance, the Madhes based parties formed post 2006 movement succeeded in changing the unitary structure of governance into federal one. Since 1990 to royal takeover in 2005, Nepali political system was more or less like a two-party system with Nepali Congress and CPN-UML as the main players. However, successful transformation of the Maoist party and formations of several Madhes based parties post 2006 movement have changed Nepali politics into real multi party democratic system. There is a relationship of consensus and competition among these parties as there is always a potential of consensus in competition and potential of competition in consensus among all political parties.

Before the formation of every coalition government, political parties tried to form government of national consensus but with little success due to personal ambitions of leaders. After their failure to form national consensus government, political parties struggled to form a coalition government under their own leadership. The coalition building processes were built around communication, consultation, consensus and compromise among political parties. Moreover, in most cases, context influenced the coalition formation and choice of the political leader to lead the new coalition. Different permutations and combinations were tried to form new government every time and the common points of agreement were mostly contextual instead of ideological. Therefore, no government was able to prove its uniqueness from its predecessors in terms of its national policy orientation.

There were internal rifts and factionalism within all major parties. Nepali Congress was divided into Koirala and Deuba factions; Maoist Party into Dahal, Baidhya and Bhattarai factions; CPN-UML into Khanal, Nepal and Oli factions and Tarai based Madhesi parties split into smaller parties during and after the government formations. Every Prime Minister faced twin challenges of forging consensus with other political parties which included coalition partners and opposition parties as well as taking its own party faction/s into confidence on issues of power sharing, governance, policy formulation, peace process and Constitution making by managing their diverse political interests.

Many times, factions within the parties changed the course of coalition politics. During the formation of Madhav Kumar Nepal coalition, support of the Gachhadar faction of MJF had catalyzed the formation of the coalition under CPN-UML in spite of its Chairman Upendra Yadav's willingness to support UCPN (Maoists). If MJF with 52 parliamentary seats had supported UCPN (Maoists), the latter could have easily managed majority votes for government formation. However, due to the intra-party dynamics, MJF decided to support CPN-UML to form a coalition led by Madhav Kumar Nepal. Similarly, after the resignation of Madhav Kumar Nepal, a faction of CPN-UML was in favour of supporting Nepali Congress-a coalition partner in Madhav Nepal Government-to lead the new coalition. However, other faction didn't support the idea and CPN-UML remained neutral without voting in sixteen rounds of elections. In the same vein, though Nepali Congress was in opposition, some of its leaders were in favour of joining Prachanda, Khanal and Bhattarai led governments. The compulsion of the political parties to balance the intra-party power relations also led to the reshuffling of the existing Cabinet. Therefore, it can be concluded that the ideological and policy differences among parties were not the hindrance in coalition formation and leaders' personal ambition and future gain calculations affected coalition formations. Furthermore, coalitions were formed mainly on contextual basis based on the principle of immediate necessity and power equation among and within parties. The very definition of the political party proposed by Downs (1957:25) as a "team seeking to control the governing apparatus by gaining office in a duly constituted election" can be redefined in the context of Nepali

coalition politics as “a conglomeration of competing factions with different ideational aspirations”.

After the formation of every coalition, there were always inter-party and intra-party disputes related to distribution of portfolio of the powerful ministries, especially the Ministry of Home Affairs. The control over the Home Ministry was crucial due to three reasons. First, Home Ministry is the only ministry having its presence all over the country with command over all District Administration Offices, Armed Police Force and Nepal Police. These institutions can be easily mobilized for the benefits of the party and ministers. Second, Home Ministry has the first hand access to the classified information and Minister can use/misuse State resources for collecting information and also for recruiting party cadres. And lastly, they perceived that the control over Home Ministry would provide them leverage to increase popular support and subsequently influence upcoming local or general elections in their favour. Therefore, though the dispute over the ministerial portfolio distribution looked like an office seeking behaviour of the parties, it was more directed towards future electoral gains and also to influence the policy of the ministry under their control.

Every coalition formation was facilitated by the pre-coalition agreement among the coalition partners. They also finalized minimum common programs of the coalition and formed a high level political mechanism to guide the Government’s functioning. However, it worked as a tool of power sharing among the coalition partners and consisted of topmost leaders of all the coalition partners. The high level political mechanism is an important means of increasing consensus and dialogue among coalition partners to sort out their differences on issues of mutual interest and also for defining clear cut national interest on different issues.

The major issues of the decade were the integration of Maoist combatants in to Nepal Army, logical conclusion of the peace process and the promulgation of a new Constitution. Therefore, the tenure of every government formed after Prachanda Government was determined by the terms of the Constituent Assembly and promulgation of the new Constitution. The negotiations between big three parties on peace process, integration and weapons transfer and consensus for national unity government decided

the terms of the CA after its tenure of 2 years. The CPA was interpreted differently by Nepali Congress, CPN-UML and Maoist party according to their convenience. However, all parties believed in continuation of consultations and negotiations as means of narrowing down the differences. Madhav Kumar Nepal had to resign as a condition of extending the CA term; Jhala Nath Khanal had to promise to resign for extending the terms of CA by 3 months and the differences over the extension of the CA term during the premiership of Baburam Bhattarai led to its dissolution without delivering a new Constitution. The political parties were so suspicious of each other extracting electoral benefits by heading the interim government mandated to hold CA II election that they decided to form government under the sitting Chief Justice of the Supreme. Similarly, Sushil Koirala resigned after the promulgation of the new Constitution as per the pre-coalition agreement signed with CPN-UML, a coalition partner in his government.

During their formation stage, each political party projected its ideological line which was different from the other political parties. Nepali Congress adopted democratic socialism, CPN-UML, UCPN (Maoists) and other left parties professed one party ruled authoritarian system and rightist parties like RPP and RPP-N upheld constitutional monarchy. However, in due course of political developments, all parties have adopted multi party democratic system. There seems to be no ideological difference among Nepali political parties except in structure and slogans; and their effort to project their own image on some forms of democratic pretences (Baral 2000: vii).

As a political power which recently transformed itself from a rebellious armed party to a party accepting multiparty democracy, the Maoist party tried to project itself as a nationalist force. UCPN (Maoists) party and Madhes based regional parties split many times during the period of 2006 to 2014. The fragmentation of the Maoist party was more or less due to differences over ideology whereas splitting of Madhes based parties were on the issues of participation in new coalition governments. But overall the political parties were successful in narrowing down their differences and reaching consensus on pressing issues of national importance at the last hour each time.

It can be summed up that the Nepali coalition politics has been dominated by inter-party and intra-party conflicts for power sharing. The crux of all drama in the

coalition politics was three folds: first, gaining immediate political power; second, playing leading role on the issues of political change and transformation to project a good image of leaders and that of the party as a whole; and last, for future electoral gains.

Chapter 6

Nepal India Relations during Coalition Governments: 2006-2014

This chapter explores Nepal India relations during six coalition governments formed after the success of Jana Andolan II and compares their approaches in their relationship with India. It also explores the role of political parties on issues related to the foreign policy and how have they influenced or tried to influence such issues. It also explores how the command over issue relevant ministry empowers the political parties to influence issues related to foreign policy. During the study period, six coalitions were formed and for the sake of clarity, each coalition is explored separately.

I. Nepal India Relations during Girija Prasad Koirala Coalition

After the reinstatement of democratic institutions and adoption of multiparty democratic system, the international community was curious about the foreign policy orientation of new Nepal. The monarchical system was gradually being transformed in to republicanism which symbolized disappearance of the King from the power structure and his power in shaping policies, including the foreign policy. After the formation of the coalition Government, Deputy Prime Minister and Foreign Minister K.P. Sharma Oli organized a briefing session for the diplomatic corps on 19 May 2006 in which he said that Nepal would continue its foreign policy based on principles of Panchasheel and its territory would not be allowed to be used against any friendly country. He further said that unlike in the past when foreign policies were conducted by a handful of people, the foreign policy of new Nepal would be democratized by ensuring the participation of all people (*Kantipur*, Kathmandu, 20 May 2006). He was trying to indicate that the foreign policy of new Nepal would be a mix of continuity and changes. The policies and programs of the Government presented in the Parliament by Prime Minister Koirala on 9 July 2006 stated,

“The foreign policy of maintaining friendly relations with neighbours and all the friendly countries of the world based on the principles of sovereign equality and peaceful co-existence will be continued” (GON 2006:7).

PM Koirala also reaffirmed that Nepal would continue its foreign policy based on the principles of sovereign equality and principles of Panchasheel. Similarly, DPM Oli, at the Nepal Council of World Affairs, on 12 June 2006 said,

“Our friendly relations with our neighbours will further be consolidated in days ahead on the basis of sovereign equality and mutual interest... The democratic Government of Nepal is committed to pursue relations with our neighbours and all friendly countries of the world on the basis of mutual benefit and mutual respect.” (NCWA 2007:8).

DPM Oli explored the principles which would guide Nepal’s relations with neighbouring countries in the changed context. He stated that it would be based on sovereign equality, mutual interest and benefits, mutual respects and democratic participation of Nepalese people focusing on the interests of the country and people. Therefore, the Government time and again reaffirmed that the foreign policy of new Nepal would be more of continuity with some democratic changes.

India had played a proactive mediatory role between SPA and Maoist party as well as between SPA and King for reinstating democracy and democratic institutions in Nepal. Its role was also important in creating understanding among the seven political parties and Maoists to fight jointly against the royal regime. In other words, as in the popular movements of 1950 and 1990, India played a role of midwife for the restoration of democracy in 2006 too. As a tradition, India is the first official destination for every successive Prime Minister of Nepal. PM Koirala also decided to continue the tradition by visiting India on 6-9 June 2006 even postponing his medical visit to Bangkok (Regmi 2006). His visit can be interpreted as a gesture of expressing thankfulness to India on behalf of Nepalese people and also for further consolidating Nepal India relations in the changed context.

The CPN-UML and CPN (Maoists) parties expressed their suspicion at the haste with which PM Koirala had announced his visit without consulting them (Upadhyaya 2012:147). PM Koirala organized a consultation meeting with the leaders of the SPA and informed them that as it was a goodwill visit, no agreement, having long term consequences, would be signed with India. He further said that Nepal would request Indian Government to help in the economic and infrastructure development of Nepal (Gorkhapatra, Kathmandu, 6 June 2006). However, many leaders expressed their

dissatisfaction for not being consulted in the agenda setting of the visit (*Kantipur*, Kathmandu, 6 June 2006).

On his arrival in New Delhi, PM Koirala was welcomed by Indian Prime Minister Manmohan Singh himself at the Indira Gandhi International Airport against the conventional protocol (Bagchi 2006). During the visit, the two Governments agreed to revive bilateral initiatives and mechanisms which were stalled after the royal coup. The visit was intended for garnering India's support in the political development and also for social economic development. Therefore, no discussions were held on bilateral contentious issues like 1950 Treaty, border disputes and inundation of Nepali farmland due to border road constructions carried out by bordering Indian States. The meetings of the Nepal India bilateral mechanisms on border management and security; trade and commerce; transit; water resources and economic cooperation, which were halted after the royal takeover of 1 February 2005, were revived and reinvigorated after the visit (MEA 2007:15).

After the 'Jana Andolan II', there were series of high level visits between Nepal and India which were aimed at further strengthening Nepal India relation and also for garnering Indian support in narrowing down the differences among the political parties on the issues of monarchy, peace process, presence of UN mission in Nepal and management of arms and Maoist combatants.

In September 2006, news of land areas of Susta being encroached by Border Security Force (SSB) of India surfaced in Nepali media. A team from Parliament's Foreign Relations and Human Rights Committee visited Susta for field inspection and appealed to the government to settle the border dispute through diplomatic negotiations. In the meantime, Sahana Pradhan, a senior leader from CPN-UML, was appointed the Foreign Minister in the subsequent cabinet reshuffle. During her visit to India for attending the ministerial meeting of SAARC in early December 2007, she raised the issue of Susta with her Indian counterpart External Affairs Minister Pranab Mukherjee. However, Mukherjee requested Minister Pradhan to keep the issue at 'status quo' for some time (*Kantipur*, Kathmandu, 7 December 2007). Due to pressure from political parties and their sister organizations, Minister Pradhan, in December 2007, tabled the

Susta issue in the Cabinet for discussion and requested a political initiative from the Prime Minister's level to find a permanent solution to the issue. Therefore, the cabinet decided to start diplomatic and technical initiation with Indian Government regarding the issue (*Kantipur*, Kathmandu, 25 December 2007). Similarly, on 6 January 2008, PM Koirala informed the cabinet that a high level diplomatic effort had been initiated to solve the border issues, including Susta. He further said that sensitive issues like border disputes could not be solved by emotions only and emphasized to maintain restraints while dealing with such issues (*Kantipur*, Kathmandu, 7 January 2008).

Meanwhile, General Secretary of CPN-UML, Madhav Kumar Nepal drew the attention of Indian Ambassador Shiv Shankar Mukherjee on the Susta issue (*Kantipur*, Kathmandu, 6 January 2008). As the chief of the second largest party in the coalition Government, Madhav Nepal should have drawn the attention of Nepal Government or that of the Foreign Minister Pradhan who was also a senior leader from his own party. But he expressed his concern about border dispute to the Indian ambassador directly. It shows that political parties were preparing themselves to assert more proactive roles in foreign policy issues in democratic Nepal.

On 6 January 2008, a team from the Natural Resource Committee of the Parliament inspected Susta area. After the inspection visit, the team concluded that the borders was encroached at Susta and requested Government to understand the sensitivity of the issue (*Kantipur*, Kathmandu, 7 January 2008). Meanwhile, in the 31st meeting of Nepal India Joint Technical Level Border Committee on 18-19 December 2007, experts from Nepal and India signed strip maps which cover 98 percent of boundary delimitation between the two countries, excluding Susta and Kalapani (Shrestha 2008). After the media raked the matter, three parliamentary Committees visited Susta for field inspection. The issue was highly politicized and every political party and leader expressed their concern over the issue. Despite all these efforts and a lot of hue and cry, the problem was never solved and people are not informed of the initiatives taken by the Government to solve the dispute. Even after 10 years, the issue is still alive and people of Susta are still hopeful that the issue will soon be resolved peacefully by both the countries.

Another issue which drew the attention of the political parties was that of updating of the extradition treaty between Nepal and India. Two countries had signed the existing Extradition Treaty on 2 October 1953. Due to changes in security dynamics, India is willing to change this old treaty with a new one. The draft of the proposed extradition treaty was initialled by the Home Secretaries of the two countries on 20 January 2005 during the royal regime (*The Kathmandu Post*, Kathmandu, 27 September 2006). Earlier, former PM Sher Bahadur Deuba during his official visit to India in March 2002 had agreed with his Indian counterpart Atal Bihari Vajpayee to revise the extradition treaty (IFA 2009:23). Since then, the Government officials of the two countries had been working closely to suggest changes and amendment in the existing treaty. The Cabinet meeting on 26 September 2006 decided to send Home Minister Krishna Prasad Sitaula to India to finalize the revision of the treaty. The Home Minister was also tasked to hold meetings with all political parties and incorporate their suggestions while revising the treaty. However, the Maoist party demanded the revision of treaty after forging political consensus as they were also an equal stakeholder on the issue. The Spokesperson of the CPN (Maoists) Krishna Bahadur Mahara said the extradition treaty was of national importance and it was directed towards their party during the insurgency period. Therefore, he demanded the signing of the revised treaty after their consensus and participation. Therefore, Sitaula requested his Indian counterpart Shivraj Chouhan to postpone the meeting (*Kantipur*, Kathmandu, 5 October 2006). This shows that the Government alone is not the sole decision maker in the foreign policy issues. It has to seek the consensus of all the political parties whether inside or outside of the Government. The foreign policy decision making demands consultation and consensus of all the stakeholders and it is no more a prerogative of the ruling parties only.

Nepal formally proposed India to use the Nepali land route for Sino-Indian trade during a meeting of Commerce Secretaries held in New Delhi in August 2006 (*The Kathmandu Post*, Kathmandu, 25 August 2006). This was the first time that Nepal had officially proposed India to develop a trade corridor via Nepalese territory to facilitate India- China trade. The Koirala Government in its first policies and programs had vowed to start the construction of the Trishuli-Syphrubesi-Rasuwegadhi road to link its north

south borders via this route (GoN 2006:3). This is an alternative route to the existing Kathmandu-Tatopani road which connects Kathmandu with Tibetan border. China took this decision of Nepal Government as Nepal's gesture of maintaining friendly relations with its immediate neighbours (Upadhyaya 2012:146). Earlier, Finance Minister Ram Sharan Mahat, speaking at a program in Kathmandu on 27 May 2006, had announced that Nepal was soon initiating the construction of Dhunche-Syaphrubesi road to link Kathmandu with Tibet (*Gorkhapatra*, Kathmandu 28 May 2006). Similarly, DPM and FM KP Sharma Oli, during his official visit to China from 26 August to 2 September 2006, met Qiangba Puncog, Chairman of the Tibet Autonomous Region of China and requested Chinese government to expand Qinghai-Tibet railway line to Nepal Border. Chairman Puncog expressed his commitment to extend the newly built railway line to Nepal to tap potential markets of South Asia (*The Kathmandu Post*, Kathmandu, 4 September 2006).

A Chinese delegation led by Minister of International Department of the Central Committee of Communist Party of China Wang Jiarui visited Nepal in the last week of November 2007. During the visit, the delegation met leaders of various parties, including NC acting President Sushil Koirala, former PM Sher Bahadur Deuba, and CPN-UML General Secretary Madhav Kumar Nepal separately. During the meetings, issues related to election, peace process and continuing dialogue among political parties were discussed (*The Kathmandu Post*, Kathmandu, 3 December 2007). It shows that the Chinese were developing their relations with Nepalese political parties as their important ally in Nepal after monarchy was being removed from the power structure. During a meeting, Foreign Minister Sahana Pradhan requested Wang Jiarui to link Nepal with the Chinese rail network through Lhasa which is expected to facilitate the import of petroleum products from China. She also sought Nepal's observer status in the Shanghai Cooperation Organization (FES 2007).

A Chinese delegation led by vice minister of the United Front Work Department of the Communist Party of China met PM Koirala in December 2007. Koirala requested the Chinese Government to extend its roads and railways networks up to the Nepal border and also urged to immediately start the construction of Rasuwagadhi-Syaphrubesi

road as per the bilateral agreement (*Kantipur*, Kathmandu, 20 December 2007). Similarly, annoyed by the disturbance in fuel supply by Indain Oil Corpration citing payment failure by Nepal, PM Koirala in December 2007, publicly urged China to expedite the extension of the Qinghai-Tibet railway to the Nepalese border (Upadhya 2012:151). This shows that the Koirala coalition wanted to maintain a balanced relation with its neighbours. It was also interested in developing Nepal as a transit country between two neighbours and was developing its infrastructure accordingly. All the political parties supported the idea of becoming a link country to facilitate the trade between neighbouring countries.

II. Nepal India Relations during Pushpa Kamal Dahal Coalition

As CPN (Maoists) emerged as the largest party after the CA elections, there were national and international speculations about the foreign policy of the new government, especially its policy towards India. Many issues of the 40 point demands submitted before launching the peoples' war in 1996 were directed towards India, basically abrogation of 1950 Treaty and Mahakali Treaty, controlling of open border between two countries, closing of Gorkha recruitment and banning of Indian movies, newspapers etc. Senior leader of the CPN (Maoists) Baburam Bhattarai, in a program in May 2008, said,

“The open border with India is a hindrance for the development of Nepal. We should keep the controlled border if we want to be an independent State. We must think about it. All the policies and programs of Nepal fail due to open border. Therefore, it needs to be regulated and monitored”(*Kantipur*, Kathmandu, 11 May 2008).

Therefore, it seemed that the new government would follow a foreign policy different from the previous governments. In his first address to the nation, PM Dahal laid heavy emphasis on promotion and consolidation of nationalism, republicanism and socio-economic transformations. He said that nationalism and republicanism were strongly interrelated and indivisible and high emphasis would be given to protect sovereignty and autonomy by balancing nationalism and republicanism. He further underscored that efforts would be made to maintain friendly relationships with all countries, including neighbouring countries based on principles of Panchasheel (*Gorkhapatra*, Kathmandu,

24 August 2008). He was trying to connect the protection and promotion of Nepal's sovereignty, national unity, autonomy and territorial integrity with nationalism and republicanism. It can be inferred that to protect Nepal's sovereignty, independence and autonomy, he focussed on two strategies: domestically, he wanted to strengthen and further institutionalize newly achieved republicanism whereas in external front he was focussing on idea of nationalism to assert Nepal's independent identity.

Foreign Minister of the coalition Government Upendra Yadav, in a program after his appointment, said that the new government would work towards maintaining equidistance between the two giant neighbours - India and China. He further added that the dynamics of diplomatic ties would change in the new context and that government would maintain balanced relations with the neighbours (*Gorkhapatra*, Kathmandu, 25 August 2008). The predecessor government talked about friendly and balanced relations with neighbours whereas minister Yadav stressed on policy of equidistance.

Both minimum common program and policies and program presented in the Parliament vowed to protect Nepal's sovereignty, national unity, freedom, integrity and autonomy as well as to protect national dignity by giving special emphasis on national interest. Moreover, they mentioned that the unequal treaties and agreements which were not in tune with national interest would be reviewed and updated accordingly. Similarly, they also stated that the foreign policy would be conducted on the basis of national interest, UN Charter, non alignment and principles of Panchasheel whereas special emphasis would be given to the relations with the neighbouring countries (*Gorkhapatra*, Kathmandu, 22 August and 11 September 2008). The Maoist party repeatedly tried to down play the speculation that its foreign policy would be pro-Chinese and insisted on maintaining a foreign policy of equidistance with its neighbours.

The first official visit of the newly elected Prime Minister is carefully observed by the political scientist and international community to predict the foreign policy orientation of the new government. It is believed that it symbolizes the priority accorded to the visiting country. Moreover, the first official visit is so important that a change even in the sequence of visits can suggest or may be interpreted as indication of change in the foreign policy orientation of a country (Taner, 2004: 215). After his election as the Prime

Minister of Nepal, Prachanda was invited by both India and China for official visits. However, PM Dahal decided to visit China to attend the closing ceremony of the Beijing Olympics. India openly expressed its suspicion and unhappiness as it saw the visit as a violation of an unwritten tradition of newly elected Nepalese Prime Minister visiting India first. Responding to India's unhappiness, Foreign Minister Upendra Yadav, in a program, said that no one should be unhappy with PM Dahal's first official visit to China as Nepal's foreign policy is based on non-alignment and Panchasheel (*Kantipur*, Kathmandu, 24 August 2008). Foreign Minister Yadav was indicating that the foreign policy of the coalition accorded equal importance to both the neighbours without being aligned or tilted towards any one of them. Therefore, the sequence of the visit was purely based on convenience and context instead of change in foreign policy orientation.

Dahal travelled to India from 14 to 18 September 2008. Earlier, he had organized a consultation with political parties regarding his upcoming visit to India where he assured them that no agreement or treaty would be signed with India during his goodwill visit. On 14 September 2008, PM Dahal, in the Legislature-Parliament, reiterated Government's commitment to review all unequal treaties of the past. He said that the Government would review the past unequal treaties which were against the national interest after garnering national consensus. He also reiterated that Government would not allow Nepal's soil to be used for the activities targeted against Nepal's friendly countries (*Kantipur*, Kathmandu, 15 September 2008). On the same day, the council of Ministers decided not to conclude any new treaty with India during the visit.

After returning from India, at the airport, PM Dahal said that he expected end of continuity in Nepal India relation and beginning of a new continuity. He said, "The establishment of republic in Nepal is a break of continuity in Nepal's political development. Therefore, there should be no continuity in Nepal India relation, continuity should be broken. New continuity should be initiated. It can only express the true interest of the two countries and their people in a historical manner." In a question by a reporter that the ideology of the PM's party looked India differently and if the approach of his party's policy had changed after his India visit, the PM said the principles were in their own place and he hadn't visited India to teach Maoism. PM Dahal further added that he

visited India representing the country not his party to improve the bilateral relations in order to promote Nepal's legitimate interest (*Kantipur*, Kathmandu, 18 September 2008). During the press conference, PM Dahal was indicating two things: first he wanted to start a new course in Nepal India relation by breaking the old continuity which means he wanted a more balanced relationship with India not a 'special relationship'. Earlier, he had broken the continuity of tradition of Nepalese PM going to India for his/her first official foreign visit by visiting China first. Secondly, he was saying that party ideology had nothing to do with Nepal India relations. He also hinted that party's principles and ideology would not direct the government in its foreign policy. A series of high level visits were exchanged to increase the engagement of the new coalition with India thereafter.

Within a week of PM's appointment, the embankment of the Koshi River collapsed on 18 August 2008, which brought unprecedented loss of human lives and property at both sides of the border. President Ram Baran Yadav and PM Dahal separately visited the affected areas to inspect the damage caused by the collapse of Koshi embankment. During the visit, the local representatives of 10 political parties submitted statements to the President and also to PM separately demanding review of Koshi Agreement. After inspecting the Koshi dam, Defence Minister Ram Bahadur Thapa said that Nepal would no longer depend on India for the repair of the embankment. It would be repaired permanently by using domestic resources (*Kantipur*, Kathmandu, 27 August 2008). However, another Maoist leader Krishna Bahadur Mahara, Minister for Information and Communication, said that Nepal and India should jointly solve the Koshi problem without blaming each other (*The Kathmandu Post*, 8 September 2008). The views of Maoist Ministers Thapa and Mahara regarding the Koshi problems were contradictory as Thapa sounded nationalistic whereas Mahara was expressing reconciliatory approach for resolving the issue.

PM Dahal talked to his Indian counterpart during his official visit to India in September 2008 and both sides agreed to set up a camp office in Biratnagar for facilitating movement of Nepali vehicular traffic through Bihar for improved access to other parts of Nepal until the Mahendra Highway, destroyed by Koshi River, was

repaired (IFA 2009:10). During his India visit for BIMSTEC meeting, speaking at a press conference at Embassy of Nepal New Delhi, Foreign Minister Yadav said that according to Koshi agreement the relief and rehabilitations of the victims of Koshi floods were the responsibility of the Government of India. He further said that the agreement clearly mentioned that the repair of the embankment and responsibility of loss rested with India. Earlier, PM Dahal had said Koshi Agreement was a historical mistake. In a question by media about PM Dahal's statement, he defended the statement by saying that,

“Yes, Koshi agreement was a mistake because our citizens are drowning and we cannot throw stones and bricks to save them but we have to see them drowning. The agreement has tied our hand.” (Kantipur, Kathmandu, 4 September 2008).

The issue was highly politicized in Nepal and different political parties and citizens were expressing their concerns. Later on, the embankment was repaired by India as per the terms of Koshi Agreement signed in 1954 between Nepal and India. The CPN (Maoists) considers Koshi Agreement as unequal treaty and has been continuously demanding for its revision. Though, within the country, Prachanda government tried to give nationalistic touch to the issue, however, officially it didn't talk with India regarding the revision of the Koshi Agreement. PM Dahal instead discussed about relief and rehabilitation measures and reconstruction of the damaged infrastructures as per the Koshi Agreement (IFA 2009: 10). His party's position of considering Koshi Agreement as an unequal treaty requiring revision didn't affect his Government's policy towards India as he followed the continuity of the previous governments' position.

Revision of 1950 Treaty of Peace and Friendship was the first demand of the Maoist party when they launched the civil war. Therefore, after coming to the peaceful democratic process, from very beginning they demanded for the revision of all unequal treaties with other countries, including 1950 treaty with India. During PM Dahal's official visit to India, Nepal's demand to replace various controversial treaties, including 1950 Peace and Friendship Treaty, with new ones on the basis of equal and mutual interest was addressed by forming a bilateral committee tasked to review, adjust and update the treaty and other agreements. The Joint Communiqué issued at the end of the visit stated,

“...the two Prime Ministers agreed to review, adjust and update the 1950 Treaty of Peace and Friendship and other agreements, while giving due recognition to the special features of the bilateral relationship. A High-Level Committee at the level of Foreign Secretaries will be set up for this purpose”(IFA 2009: 9-10).

It must be noted that the Foreign Secretaries level mechanism between the two countries focussing on 1950 Treaty was first established on 7 June 1997 by the Joint Statement issued at the end of Nepal visit of Indian PM Inder Kumar Gujral. The two Foreign Secretaries even held some meetings but without any conclusion. The last meeting was held in Kathmandu 2004 and since then no meetings were held in this regard. Therefore, the formation of the Foreign Secretary Level Committee during PM Dahal's visit was not an innovative step for solving the issue of 1950 Treaty. The Committee has not convened its first meeting till today (August 2016).

Nepal needs to work seriously on what type and kind of treaty it wants between the two countries. It should also come up with a solid blue print for bilateral negotiations. The new treaty, instead of being a document of compromise, should open new areas of cooperation and engagement between the two countries. Nepal had submitted a blue print of the new treaty to India in 1997 during Lokendra Bahadur Chand coalition government. However, no successive governments took the ownership and it was never discussed in any bilateral talks. Nepal's Foreign Secretary Gyan Chandra Acharya rightly pointed out that the first precondition for revising any bilateral treaty is to forge consensus among all the political parties without which it is impossible to finalize a treaty with any country as the constitutional provision demands its ratification by two-third majority. Nepal should also come up with clear popular mandate by consulting the relevant stakeholders and develop a guideline for negotiation with other countries with whom it wants to review any treaty. The Madhesis people are the direct beneficiary of the 1950 Treaty as it facilitates their movement and socio-cultural relations across the border. Their opinion should also be sought while updating or reviewing the treaty. The treaty's updation or review should ensure more benefits for Nepalese people as well as mutual benefit for both the countries.

The stated policy of CPN (Maoists) is to solve all the border disputes with India, including Kalapani and Susta, and regulate the open border between the two countries.

Their election manifestos also clarify their position on these issues. However, going against the anticipation of scholars and general public, PM Dahal, during his official visit to India, didn't discuss the issue of border disputes in Susta and Kalapani and issue of regulating or systematizing open borders which was one of the reasons for launching people's war. There could be two possible reasons for his silence on the issues during the visit; first, he didn't want to antagonize his relationship with India which was already strained due to his first official visit to China and second he accepted that party ideology and position should not hinder the pragmatic solution to any foreign policy matter which needed national consensus respecting popular sentiments.

During his visit to New Delhi to attend BIMSTEC ministerial meeting, Foreign Minister Upendra Yadav called on his counterpart Pranab Mukherjee and both side agreed to immediately initiate dialogues to solve the border problems at Kalapani and Susta through bilateral consultations (*Kantipur*, Kathmandu, 13 November 2008). In earlier discussions, Nepal and India used to talk about achieving consensus among Nepal, India and China to resolve the Kalapani issue, but this time EAM Mukherjee stressed on bilateral discussions and to solve it bilaterally.

A Chinese delegation led by I Hujeng, Major General of PLA met Deputy Prime Minister and Home Minister Bamdev Gautam on 20 November 2008. During the meeting DPM Gautam stated that the problem of Kalapani should be solved through consensus among Nepal, China and India as it is a tri-junction among three countries (*Kantipur*, Kathmandu, 21 November, 2008). Subsequently, Indian External Affairs Minister Pranab Mukherjee visited Nepal and met his counterpart Upendra Yadav on 25 November, 2008 and both side agreed to solve the Susta - Kalapani border dispute through negotiation (*The Kathmandu Post*, Kathmandu, 26 November 2008). However, Minister Mukherjee, signalling India's displeasure, did not meet with DPM Gautam for his effort to involve China in Kalapani issue (Upadhyaya 2012:154). Again a visiting Chinese delegation led by Lt. General Ma Xiatian, Deputy Chief of Chinese People Liberation Army (PLA) met Defense Minister Ram Bahadur Thapa on 6 December 2008 and discussed possible involvement of the Chinese government in the resolution of the Kalapani border dispute with India. However, Minister Thapa rejected any involvement of Chinese side in the

issue stating that the border dispute would be solved through bilateral consultations between Nepal and India (*Kantipur*, Kathmandu, 9 December 2008). This was a policy deviation on the part of Nepal government.

During bilateral meetings, Indian side frequently reiterated India's request to sign border strip maps which contained 98 percent demarcation of border between two countries, excluding Susta and Kalapani. However, Prachanda coalition maintained that it should be signed after completing the border demarcation of the remaining bordering areas. In December 2008, news of Nepali territory in Ilam, Susta and Kalapani being encroached by the Indian side erupted in the media. After pressures from political parties and civil societies, PM Dahal promised to table a proposal in the cabinet regarding Susta and Kalapani and also expressed the seriousness of his coalition in resolving border problems (*Kantipur*, Kathmandu, 22 December 2008). The International Relations and Human Rights Committee of the Parliament formed three different parliamentary teams to conduct field visits to those areas. The parliamentary team visiting Ilam and Susta concluded that border had been encroached at those points; however, the third team didn't go to Kalapani. No official efforts were found to be initiated by the government to address these issues as government didn't want to deal with any controversial issues with India during the transition period.

During bilateral visits, the Indian government requested Nepal government to sign extradition treaty as early as possible as they were concerned with their security interests. However, Nepali side informed that it needed more time to thoroughly study the treaty (*Kantipur*, Kathmandu, 27 November 2008 and *Kantipur*, Kathmandu, 19 February 2009). As stated earlier, the issue of the Extradition Treaty was put off at the last minute by Koirala government. But the Prachanda coalition had the full leverage to work on the issue and revise it as per its position and convenience. The issue of Extradition falls within the scope of the Home Ministry which was headed by CPN-UML leader Bam Dev Gautam. Prime Minister should have worked in consonance with Home Ministry and Foreign Ministry for finalizing the treaty as per the national interests. However, the Prachanda coalition too could not forge consensus on the issue.

After the hijack of an Indian airlines' plane by Kashmiri militants on 24 December 1999, India has been sceptical about the security situation at the Tribhuvan International Airports in Kathmandu. Therefore, it wanted to deploy sky marshals in its India bound flights. It had been continuously pursuing with the Government of Nepal to provide necessary permission for the same after the hijack episode. After the formation of the Prachanda coalition, Indian Government wrote to Ministry of Tourism and Civil Aviation (MoTCA) headed by Maoist leader Hisila Yami seeking permission to deploy sky marshals in its flights. Minister Yami tabled a proposal at the cabinet to allow India to deploy its sky marshals. However, the proposal could not be passed as the MoHA headed by CPN-UML leader Bamdev Gautam didn't give its consent required for the passage of proposal by the Cabinet (*Kantipur*, Kathmandu, 28 January 2010). There seems a lack of coordination and differences of perception on the issue between two ministries headed by leaders from two different parties. MOTCA might have perceived the deployment issue as a security issue; however, MoHA might have seen the issue as the lack of Indian Government's trust on the capability of Nepal to ensure security within its own territory. The presence of Indian force in the flight might have been perceived as infringement to Nepal's sovereignty and independence. In addition, the Indian side also demanded access to tarmac zone at TIA, which was perceived anti-national by the public. Minister Yami, had, however, reportedly given consent from her ministry to allow both the flying of air marshals and use of tarmac area. This subsequently raised doubts about Prachanda government's real intentions.

In the meantime, the Central Committee of the Maoists party concluded that India and USA had been continuously intervening in the issues of protection of autonomy and other political issues. The political document issued at the end of the Central Committee meeting stated that "Indian expansionists are shamelessly intervening in the economic, political and cultural matters with great speed. American imperialism is also intervening in the political matters of Nepal." The document further stated that America had a policy of hedging China by using India. So, due to its special geopolitical situation, Nepal should maintain a relationship of equidistance with India and China and relationship should be mobilized by keeping Nepal's national interest in centre. Its Spokesperson Dinanath Sharma said, "America and India have not abandoned their policies of

Imperialism and expansionism respectively, and so, there is no change in our policy” (B.C. 2009). Therefore, the Maoists party still considered India as an expansionist force and a threat to Nepal’s sovereignty despite its peaceful transformation and adoption of the multi party democracy system. It experienced intervention from India in the domestic political issues. In the same line, the leaders of CPN-UML, another coalition partner also expressed that Nepal’s sovereignty and national integrity were being infringed by external intervention without naming any country. In a mass gathering in Kathmandu, CPN-UML General Secretary JN Khanal said that the activities of the national and international reactionary forces created danger in Nepal’s nationalism and efforts were being made to disintegrate the country. Similarly, its senior leader who was also the Home Minister of the coalition, Bam Dev Gautam, stated that country’s sovereignty and national integrity were in danger and the sovereignty and integrity of the country should be protected (Adhikari 2009). Two coalition partners agreed that Nepal’s sovereignty and integrity was in danger and urged their supporters to unite to strengthen the nationalism. However, the parties in government acted as parties in opposition. The PM and the Home Minister have all the authority and responsibility to protect and promote Nepal’s sovereignty and territorial integrity. It seems that the coalition was struggling hard to maintain a good relation with India. The Maoist party had openly blamed India for intervening in the internal issues of Nepal.

In January 2009, the Prachanda led government decided to relieve Indian priests working in Pashupatinath temple for centuries and appointed new Nepali priests (Adhikari 2009). It tried to break the centuries old tradition at Pashupatinath temple which symbolized special cultural relationship between Nepal and India. This action can be interpreted as a bid to assert nationalism and cultural autonomy. However, after intense opposition from other political parties and religious organizations, it had to revert back from its decision and reinstate the sacked Indian priests.

In April 2009, Prachanda Government decided to sack Chief of the Army Staff General Rukmangat Katwal due to the differences over new recruitment in Nepal Army. General Katwal had violated the Government’s direction of halting new recruitment. Maoist leader Barsha Man Pun argued that the government was taking action against the

army chief to prevent possible military takeover and Home Minister Bamdev Gautam also supported the Maoist version stating that Katwal deserved action for violating the government orders (*The Kathmandu Post*, Kathmandu, 26 April, 2009). Nepali Congress and other political parties interpreted the Maoist action of relieving Katwal as a plan to capture State power. They perceived that the Maoists party was motivated to increase its penetration and influence in the State Mechanisms.

Maoist party accused that there was an intervention from India not to sack Katwal and linked the issue with nationalism and autonomy. Maoist leader and Law Minister Deb Gurung said, “There has been an external interference in the Chief of Army case. As this incidence is linked with nationalism, there is no way of compromising on it” (B.C. 2009). However, in an interview with *The Hindu*, Prachanda said that he had tried to take Indian leadership on board before taking action against Katwal which could not be materialized as Indian leaders were busy in their general elections and Indian bureaucracy didn’t cooperate with him. He said, “I wanted to settle this issue through interaction and discussion with high-level officials from Delhi. But unfortunately, the ambassador informed me that this cannot happen now because the election campaign is going on, that nobody is there, that it is very difficult” (Varadarajan 2009a). Prachanda’s statement contradicted his party’s views. On the one hand, his party had linked the issue with the nationalism and autonomy and on the other hand he wanted concurrence of India in removing Katwal. Finally, on 3 May 2009, the Cabinet decided to relieve Katwal from his post but considering the request of 18 political parties, including main opposition party Nepal Congress and coalition partners CPN-UML and other partners of the Prachanda Government, President Ram Baran Yadav stayed dismissal of the Army Chief. Miffed by President’s decision, PM Prachanda resigned from his post saying that his resignation was intended to save democracy, nationalism and peace process as well as to end a dual regime created by the President (Lawoti 2010:166). In an address to the nation to announce his resignation, Prachanda promised to fight for civilian supremacy and to free Nepal from the clutches of “foreign masters [India]” (Upadhyaya 2012:155). Maoist party accused India for supporting Katwal as well as other parties against government’s decision and its relation with India soured for a couple of years until the formation of a new coalition Government in 2011 under its leader Baburam Bhattarai. However, former

Indian Foreign Secretary and Ambassador to Nepal accepted that India had actually intervened to prevent Prime Minister Dahal from sacking Army Chief Katwal (Acharya 2012).

As per its stated “equidistance policy”, the Prachanda coalition also maintained a close relationship with its northern neighbour. PM Prachanda, during his China visit in August 2008, expressed Nepal’s willingness to further strengthen its cooperation with China. He also reiterated Nepal’s commitment to one China Policy and assured that Nepal would not allow any anti-China activities from its soil (*Kantipur*, Kathmandu, 25 August 2008). On 2 December 2008, Chinese Foreign Minister Yang Zeichi visited Nepal to develop bilateral relations based on “real equality” so that it could become a “role model” for relationships between big and small countries (Upadhyaya 2012:154). He inaugurated Syphrubesi-Rasuwegadhi road and also expressed that Nepal-China relation would remain as good friends, good neighbours and good partners (*Kantipur*, Kathmandu, 4 December 2008). In 2006, China had provided a grant assistance of Rs 780 million to Nepal for the construction of 18 Kilometre Syphrubeshi-Rasuwegadhi road linking Timure post in Nepal with Tibetan border (*The Himalayan Times*, Kathmandu, 12 July 2006). The road project was initiated by the predecessor Koirala government. Maoist election manifesto of 2008 had vowed to develop Nepal as a “vibrant bridge” between its emerging economies-India and China. Like Koirala government, Prachanda government also wanted to develop infrastructure to connect its north south borders with its neighbours in order to develop Nepal as a bridge between two countries for reaping benefits from their growing economies.

During his visit to Nepal, special envoy of the Chinese Government and Assistant Foreign Minister, Hu Zhengyue, on 26 February 2009, submitted a draft treaty of peace and friendship to the officiating Foreign Secretary to replace the 1960 treaty of peace and friendship between Nepal and China as per the changed context. The Chinese side also proposed to sign the new treaty during the upcoming visit of PM Prachanda to China in the near future (Upadhyaya 2012: 154). The Chinese side had also discussed about replacing the old treaty with Foreign Secretary Gyan Chandra Acharya during a bilateral consultation meeting held in Beijing in February 2008. The existing treaty of Peace and

Friendship was signed in 1960 between Nepali Prime Minister BP Koirala and Chinese Premier Zhou En Lai. During his meeting with PM Dahal, Assistant Minister Zhengyue requested to control the anti-china activities and Tibetan movements from Nepali soil. PM Dahal expressed Nepal's commitment to 'One China' policy and assured him that Nepal's soil would not be allowed to be used against China (*Kantipur*, Kathmandu, 27 February 2009). The spokesperson of the Chinese Embassy in Kathmandu said that the treaty was aimed at further strengthening the bilateral relations between Nepal and China in the changed context and was not directed against any other country. He also said that the treaty also aimed at further consolidating bilateral economic relations between the two countries (*Kantipur*, Kathmandu, 28 February 2009). The submission of the draft treaty by China indicated the strategic shift in China's Nepal policy.

Earlier, in January 2009, I Ping, head of the International Relations Department of Chinese Communist Party attended the second Convention of Madhesi Janaadhikar Forum and called MJF as 'an important element of the Nepali Politics' (*Kantipur*, Kathmandu, 23 January 2009). MJF had recently established itself as a strong political force after the Madhes Movement and was also an important partner in the incumbent coalition. Its Chairman, Upendra Yadav, was the Foreign Minister. It can be assessed that his visit symbolized two things in Nepali politics; first China was showing its concern in the Madhes issue and second it was interested in building relationship with the political parties-a shift from its earlier position of maintaining State-to-State relationship.

Nepal saw an upsurge in the number of Chinese delegations visiting Nepal during Prachand coalition, which were reciprocated by the frequent China visits of Maoist leaders. However, Prachanda clarified that the Chinese delegations visited Nepal on their own due to their sensitivities on Tibet-related activities being carried out by using Nepali territory. He said "I would like to say clearly that not a single delegation came to Nepal on my invitation. The initiative came solely from the Chinese side" (Varadarajan 2009b). PM Prachand was slated to visit China for the second time in May 2009, but because of political turmoil he had to resign in the same month.

III. Nepal India Relations during Madhav Nepal Coalition

Since Prachanda had quit by blaming external intervention on national issues as the main cause for his resignation, the newly elected Prime Minister Madhav Kumar Nepal had to face the charges of being elected due to external support. Immediately after assuming the premiership, Prime Minister Nepal, in an interview, said that his government would maintain good and balanced relations with both the neighbouring countries (*Kantipur*, Kathmandu, 29 May 2009). In the same vein, the common minimum programs of the Coalition as well as the annual policies and programs of the government mentioned that the relations with neighbouring countries, especially India and China, would be further strengthened on the basis of mutual respect, equality, cooperation and cordiality; and also vowed to review treaties and agreements against the national interest (*Gorkhapatra*, Kathmandu, 4 June 2009 and GoN 2009:13-14). PM Nepal further clarified his Government's Foreign Policy towards neighbours in an address at Nepal Council of World Affairs on 27 July 2009 where he said,

"...At the bilateral level, our relations with our immediate neighbours- India and China-carry great significance for us. Our relations with India are based on mutual respect, goodwill, understanding and cooperation. We have very extensive, close and cordial relations with India at the people's level as well. Likewise, our relation with our Northern neighbour-China has been equally cooperative, close and cordial. Friendship with all and enmity towards none is the fundamental premise of our bilateral relationship. We have been consistent in nurturing our relations with our immediate neighbours and all other friendly countries on that basis" (NCWA 2010: 2).

Foreign Minister Sujata Koirala explained later how the ideas on foreign policy have been changing according to the perceptions of the leaders at different phases of history. Different leaders viewed Nepal's foreign relations with its neighbours differently as per the changing context for securing national interests. Though she focussed on maintaining equal relations with both the countries, she emphasized that socio-cultural similarities with India brings Nepal closer to her as compared to China. She also said that Nepal should capitalize on its strategic locations between two economic giants by promoting Nepal's national interest.

PM Nepal continued the tradition of visiting India first, which was broken by his predecessor. He visited India from 18 to 22 August 2009. Before his visit, he briefed

International Relations and Human Rights Committee of the Parliament about his upcoming visit and assured the Committee that no water resources related treaty with long lasting consequences would be signed. He further committed that political consensus would be the basis for signing any treaty and no hidden agreement would be done. He also assured that there was no plan to sign border strip maps during the visit (*Kantipur*, Kathmandu, 8 August 2009). He also held consultation with CPN (Maoists) Chairman Prachand who suggested to him to replace 1950 Nepal-India Treaty of Peace and Friendship with a new treaty instead of agreeing to review or amend the old treaty. He also suggested not entering into the agenda of extradition treaty, signing border maps and allowing sky marshals in air flights bound to India (*Kantipur*, Kathmandu, 9 August 2009). Prachanda, during his India visit as PM had agreed to set up a Foreign Secretary level committee to *review, adjust and update* the 1950 treaty, however, now as the leader of the opposition, he suggested PM Madhav Nepal replacing the treaty instead of reviewing or amending it. Similarly, during his tenure, Hisila Yami, the Civil Aviation Minister from his party, had forwarded the proposal to allow deployment of sky marshals to India, however, he suggested PM Nepal not to take up this agenda.

In an interview with *The Hindu*, on the eve of his official visit to India, PM Nepal said that the word 'equidistance' would not be good to define Nepal's relation with its neighbouring countries India and China. He added Nepal should take maximum advantage of its geographic location. He further added that as India borders Nepal from three sides, the benefits that could be achieved from India could not be achieved to that extent from China. He also added, "We should not forget that Nepal is an independent, sovereign country and the sentiment and patriotism of the Nepali people should be taken into account while maintaining our relationships with India and China." (*The Hindu*, New Delhi, 18 August 2009). In his views, although geography compels Nepal to reap more benefit from neighbouring India than China, his government would maintain close relations with both the neighbours.

During the visit, Foreign Minister Sujata Koirala didn't accompany him citing health reasons. Girija Prasad Koirala, President of the Nepali Congress Party and FM's father had urged PM Nepal to promote her to the post of Deputy Prime Minister before

the official visit. However, due to pressure from his own party, CPN-UML and another coalition partner, Madhesi Janadhikar Forum-Loktantrik, he couldn't promote Minister Koirala to the post of DPM. Miffed by PM's refusal to induct her as DPM, she decided not to be a part of the entourage to express her dissatisfaction (*Kantipur Daily*, 19 August 2009). However, Minister Koirala was promoted to the post of DPM due to consistent pressure from NC president Koirala. Nepal and India agreed to sign revised Trade treaty and Agreement of Cooperation to Control Unauthorized Trade. India also agreed to allow Nepal utilize its Vishakhapatnam port to facilitate Nepal's foreign trade (IFA 2009:1-7). The PM's India visit was termed "successful" by a meeting of 23 ruling coalition parties, whereas Prachanda called it unsuccessful and humiliating one. Similarly another opposition leader, Upendra Yadav, Chairperson of MJF, said that the visit did not do much to promote national interest (*Kantipur*, Kathmandu, 22-24 August 2009). The statements of the ruling parties and the parties in the opposition were in striking contrast to each other, which clearly shows that the issues and events are interpreted on the basis of which side of the government a political party is.

The request of the Indian government to sign border strip maps was not responded by Nepal coalition maintaining Nepal's position of resolving outstanding border issues before signing them. Meanwhile, news of border encroachments and displacement of around 6,000 Nepalese citizens due to atrocities of Indian Border Security Force (SSB) at 22 border points in Dang district of mid-western Nepal surfaced in the Nepali media (*Kantipur*, Kathmandu, 2 June 2009). Reacting to the news, UCPN (Maoists) issued a press statement stating that the acts of attack on civilians and border encroachment were the intervention on the national sovereignty of Nepal and also requested to the Constituent Assembly to take necessary initiatives to bring back the encroached land and maintain law and order to ensure normalcy (*Kantipur*, Kathmandu, 3 June 2009). Similarly, a meeting of 16 political parties which included PM's party CPN-UML and opposition UCPN (Maoists) among others, condemned the border encroachment and mishandling of Nepalese citizens arguing that the act had seriously attacked nationalism and dignity of Nepali people (*Kantipur*, Kathmandu, 5 June 2009). Therefore, Prime Minister Nepal directed Foreign Secretary Madan Kumar Bhattarai to attract the attention of Indian government regarding the issue. However, the newly appointed Foreign

Minister Sujata Koirala stated that there had been no encroachment of Nepali territory by India (*Kantipur*, Kathmandu, 6 June 2009). Minister Koirala's statement was strongly opposed by the members of the Constituent Assembly's Committee to Protect National Interests and also by 16 political parties.

Two separate teams were formed to inspect the encroached areas. The first team was headed Amik Serchan of the Constituent Assembly's Committee to Protect National Interests and another was headed by Padma Lal Bishwokarma, Chairperson of the International Relation and Human Rights Committee of the Parliament. After their field inspections separately, the teams confirmed encroachment of the Nepali territory and mishandling of Nepalese citizens by SSB (*Kantipur*, Kathmandu, 14 June 2009 and *Kantipur*, Kathmandu, 14 June 2009). In the meantime, Indian Foreign Secretary Shiv Shankar Menon visited Nepal who, during his meeting with PM Nepal, pledged to probe the territorial dispute as well as allegation of harassment of Nepalese by SSB personnel (*The Kathmandu Post*, Kathmandu, 21 June 2009 and *The Kathmandu Post*, Kathmandu, 22 June 2009). Meanwhile, PM Nepal was also summoned by the International Relations and Human Rights Committee of the Parliament to clarify about the border encroachment issue. He said that the matter could be resolved only through political consensus and stressed the need for conducive political atmosphere to achieve the same. He also expressed government's commitment to implement the reports submitted by the two committees (*The Kathmandu Post*, Kathmandu, 21 July 2009). Later on Ministry of Home Affairs decided to establish security camps at different border points of Dang district and the problem was resolved. The opinions of the parliamentary committees and political parties were quite contrasting with the views of the government agencies. The Foreign Minister and Home Secretary dismissed the border encroachment whereas field inspections by two teams of parliamentarians confirmed the encroachment.

Another issue that came up between Nepal and India was awarding of tender of machine readable passport (MRP) contract. The government had cancelled the global tender due to non compliance of technical specifications by the eligible bidders. In the mean time, the Indian External Affairs Minister SM Krishna during his Kathmandu visit expressed India's interest in the production of MRP for Nepal. The Cabinet entrusted the

responsibility to Foreign Minister Koirala to hold bilateral or multilateral discussions to start the distribution of MRPs to citizens as per the deadline provided by International Civil Aviation Organization (ICAO). Foreign Minister Sujata Koirala was in strong favour of awarding the contract to the Indian company even though other Nepali Congress leaders as well as ministers of the coalitions were against it. On 19 March 2010, the Cabinet decided to award the MRP contract to India which was opposed by Public Account Committee of the Parliament, other political parties, civil societies and public. UCPN (Maoists) and CPN-UML also criticised the government's decision. They argued that the deal would jeopardize Nepal's security interest by providing India access to vital information of its citizens (*Kantipur*, Kathmandu, 6 April 2010). However, some lawmakers from Nepal Sadbhavana Party, Madhesi Janaadhikar Forum and Samajbadi Prajatantrik Party supported the deal suggesting that the controversy should not tarnish Nepal- India relations (*The Kathmandu Post*, Kathmandu, 9 April 2010). PM Nepal, at the International Relations and Human Rights Committee of the Parliament defended the decision stating that the MRP deal was in the national interests of Nepal and it posed no risk to national security as perceived by others (*Kantipur*, Kathmandu, 9 April 2010)

The main opposition party UCPN (Maoists) announced a nationwide general strike against the deal. Therefore, on 11 April 2010, the Cabinet, decided to direct MoFA to cancel the MRP supply deal with the Indian entity and initiate a fresh bidding process. The intense pressures from the parliamentary committees, political parties, including the coalition partners, and the direction from PM's own party CPN-UML forced the government to scrap the deal. The coalitional politics influenced Nepal's relation with India as every party perceived that the deal would jeopardize Nepal's security interest by providing India the access to vital information of its citizens.

UCPN (Maoists) Chairman Prachanda, in a party rally on 22 December 2009, accused the Madhav Kumar Nepal government as New Delhi's puppet and parties were remote-controlled by New Delhi. He also said that his party was ready to hold talks with India on issues of civilian supremacy. He offered five key agendas that should feature in the Nepal-India dialogue: scrapping of the 1950 Nepal- India Friendship Treaty and revision of other unequal bilateral treaties; revision of Indian policy to ensure Nepal's right to

international transit; a tripartite agreement between Nepal, India and China on a long term strategy for Nepal's development; resolving Nepal India border disputes, including Susta; and the withdrawal of Indian army from Kalapani (Sigdel 2009). The two major coalition partners-Nepali Congress and CPN-UML -- issued a joint statement condemning UCPN (Maoists) for openly inviting India to intervene in Nepal's internal affairs.

The Nepal coalition also could not forge broad consensus on allowing India to deploy Sky Marshals in its flight and on signing of revised extradition treaty with India despite repeated requests by the latter during bilateral visits and meetings.

PM Nepal visited China from 26 to 31 December 2009. To underscore his government's commitment to 'one China' policy, PM Nepal had begun his visit from China which was well appreciated by the latter as a friendly gesture (Upadhya 2012: 157). Nepal and China decided to establish and develop a Nepal-China Comprehensive Partnership of Cooperation featuring ever-lasting friendship on the basis of the five Principles of Peaceful Co-existence. They signed agreements on four areas of cooperation which included infrastructure development, hydropower, tourism and agro-based industries. Moreover, they agreed to enhance various modes of connectivity such as land route and air services between the two countries to promote proximity and linkages, facilitate bilateral engagement and collaboration as well as enhance other economic opportunities and benefits, including by improving land transportation infrastructure between the two countries (*The Kathmandu Post*, Kathmandu, 31December 2009). Since the formation of this coalition, the UCPN (Maoists) party had been continuously alleging Madhav Nepal government as a 'puppet government' of India. Earlier, PM Nepal had continuously reaffirmed the he didn't intend to play China off against India and instead vowed to pursue a balanced relation with the neighbours. Therefore, he was able to garner the support of the Chinese government and became the first Prime Minister after 2006 movement to officially visit China. His China visit can also be regarded as his answer to his political opponents of his ability to maintain close relations with both neighbours.

IV. Nepal India Relations during Jhala Nath Khanal Coalition

In his first address to the Parliament, Prime Minister Khanal stated that his government would provide special emphasis on further deepening the cordial relationships with neighbouring and emerging economies-India and China-on the basis of mutual benefits. He further said that the government was strongly committed to protect and promote the independence, sovereignty and national unity of the country (*Gorkhapatra*, Kathmandu, 11 February 2011). Similarly, in an interview with *The Hindu*, PM Khanal told that he would work to strengthen relations with the rest of the world in the new context and would begin with the neighbours. He further added that the new government wanted to take Nepal forward independently without copying others in balancing its relationship with close friends -- India and China. In addition, Nepal would chart its own independent course and move forward in that spirit. On Nepal's relations with India, he said that Nepal shares a close relationship with India and his aim would be to develop this relationship and deepen the cooperation with India. PM Khanal further added,

“...we should respect each other's independence, sovereignty and interests. We may be small or big, but we are equal. That has to be the guiding principle and sentiment in building the relationship” (*The Hindu*, New Delhi, 14 February 2011).

Previous Governments of Koirala and Nepal were alleged to have tilted towards India; whereas Prachanda Government was considered pro-China. Therefore, he was hinting that the new coalition would follow a nationalist policy by not tilting to either sides, i.e. a policy of equidistance would be adopted. Newly appointed Deputy Prime Minister and Foreign Minister Upendra Yadav said that Nepal's relations with India and China depended on equality and mutual benefits, but relations with the southern neighbour was somehow different and multi-dimensional. He also reaffirmed that Nepal's soil would not be allowed to be used against any neighbouring countries. He further said, “We should put our national interest first and it should be the corner stone of our foreign policy” (*The Kathmandu Post*, Kathmandu, 6 May 2011). DPM Yadav's position slightly deviated from PM Khanal's opinion. PM was talking about equidistance whereas Foreign Minister was advocating multidimensional relationship with India.

PM Khanal also carried the idea of developing Nepal as transit between two neighbours which was first proposed by King Gyanendra during his direct rule and was later promoted by successive Koirala and Prachanda Governments. On relations with neighbouring countries he said,

“...relations with our immediate neighbours – India and China – are the most important ones in terms of geographical proximity, social and cultural links, historical factors, the level and frequency of interactions at the government and the people’s levels, the extent and scope of trade and economic cooperation, and other aspects of bilateral relations. I am glad to recall that we enjoy very close and cordial relations with both of our immediate neighbours in the South and the North. Our relations are based on friendship, mutual respect, sovereign equality, and cooperation for mutual benefits” (NCWA 2012:3).

PM Khanal adopted a balanced approach towards the neighbouring countries. Unlike his Foreign Minister, PM Khanal equally appreciated Nepal’s extensive engagements with its neighbours conditioned by geographical proximity, socio-cultural links and historical factors. Contrary to the tradition of mentioning government’s policy on its relations with its neighbouring countries, the policies and programs of the coalition government unveiled by President Ram Baran Yadav at the Legislature-Parliament on 3 July 2011 didn’t mention anything specific about policy of the Government towards its neighbours. Instead, it focussed on Nepal’s engagements in multilateral forums (*Gorkhapatra*, Kathmandu, 12 July, 2011).

PM Jhala Nath Khanal was keen to visit India before going to Turkey for participating in the Fourth Conference of Least Developed Countries. Secretary Madam Bhattarai visited India on 25 April 2011 and during bilateral meeting with Indian Foreign Secretary Nirupama Rao, both Secretaries realized the need for more frequent exchange of high level visits between two countries at various levels to further strengthen the relations; however, the date for PM Khanal’s India visit was not discussed (*The Kathmandu Post*, 29 April 2009). Immediately after his appointment as the Deputy Prime Minister and Minister of Foreign Affairs, Upendra Yadav, expressed his commitment to give top priority to PM Khanal’s visit to India (*The Kathmandu Post*, 6 May 2011). However, even after one month of his appointment, DPM Yadav was unable to convince India to extend formal invitation for an official visit. It was perceived that India invested its effort in blocking Prachanda from being elected as the Prime Minister during the

voting for the new Prime Minister and was also thought to be unhappy with the formation of Khanal led coalition of the Leftist parties. Therefore, Khanal government perceived that it was difficult to visit India due to lack of formal invitation and started thinking of an alternative country for the PM's first official visit. PM Khanal thought of visiting China first following the steps of former PM Pushpa Kamal Dahal (*Kantipur*, 10 June 2011). However, he couldn't go to either India or China as India didn't extend formal invitation and in a hope of getting invitation from India, the Government couldn't make adequate preparation for PM's official visit to China. PM Khanal's possibility of visiting neighbouring countries was also limited due to internal politics and his short tenure as PM.

During this time, senior political leaders from major parties expressed their unanimity in describing Indian security concern in Nepal as natural and also asked government to define Nepal's national interests in terms of Nepal-India relations (*Kantipur*, Kathmandu, 20 April 2011). Probably, this was the first time that the political leaders from major political parties had unanimously accepted Indian security concern in Nepal as obvious and held positive views in addressing them. PM Khanal too, in an interview with *The Kathmandu Post*, told that Nepal needs to strengthen its national security system in order to address the security concerns of both Nepal and India. He said, "We should reach a deeper understanding on managing the open border. There should be coordination between security agencies of the two countries" (*The Kathmandu Post*, Kathmandu, 24 April 2011). He, however, didn't specify what is meant by managing open border between Nepal and India. It seems that his government was in favour of regulating the open border through strict control mechanism to check its use by unauthorised elements against the security interests of Nepal and India.

There was no high level visit from Nepal to India because of short tenure of the coalition and due to internal political condition. However, from the Indian side, External Affairs Minister, S M Krishna paid an official visit to Nepal from 20 to 22 April 2011. During a meeting, Prime Minister Khanal assured Minister Krishna that Nepal would further strengthen stability and security in Nepal which in turn would address the Indian security concern in the border areas. PM also assured that Nepali territory would not be

allowed to be used for any anti-India activity (*The Kathmandu Post*, Kathmandu, 21 April 2011 and *Kantipur*, Kathmandu, 22 April 2011). The tradition of raising the issue of extradition treaty, strip maps and air marshal was also continued during the delegation level talk with DPM Bharat Mohan Adhikari. Minister Krishna also expressed India's concern over weak security arrangement at the international airport and reiterated India's demand for allowing the Indian air marshal in India bound flights. Indian side also requested to fix a date to sign the extradition treaty whereas Nepal informed that due to domestic political constraints it would be impossible to sign the extradition treaty with India at that juncture. Nepal also conveyed that Mutual Legal Assistance Treaty was awaiting the Parliament's approval. The visiting minister requested to formalize the boundary strip maps for Nepal India border. However, Nepali side suggested resuming of the bilateral boundary working group before resuming boundary talks to resolve the disputed portions, including Kalapani and Susta

The Jhala Nath Government decided to recall Nepali Ambassador to India Rukma Shumsher Rana alleging that Rana didn't comply with the Government order, and rather acted as per the direction of the Nepali Congress, the opposition party which recommended him for the post. DPM and FM Yadav charged that Rana didn't accompany Indian External Affairs Minister SM Krishna during his visit to Nepal and this move was aimed at spoiling the ties between two countries. He also claimed that Rana carried out anti government activities in India, lobbied against the ruling coalition and did not make necessary arrangements for PM Khanal's official visit to India (*Kantipur*, Kathmandu, 21 July 2011). The coalition government nominated Ram Karki, a leader from UCPN (Maoists), as the new ambassador for India; however, he was unable to receive agrément of the Indian government. This shows that India was not happy with the Khanal coalition.

The Chief of General Staff of the People's Liberation Army Cheng Bingde visited Nepal from 23-25 March 2011, leading a 15 member military delegations. Upon his arrival at the TIA, Bingde said,

“The Chinese government and the Chinese Army attach great importance to developing friendly relations of cooperation between our two countries and armed forces. Carrying out mutually beneficial cooperation between China and

Nepal not only serves the interests of both countries but also benefits the maintenance of peace, stability and development in the region. We are paying this visit for the purpose of further enhancing mutual understanding, promoting friendship, strengthening cooperation and propelling the China-Nepal Comprehensive Partnership of Cooperation featuring everlasting friendship to move ahead constantly” (The Kathmandu Post, Kathmandu, 24 March 2011).

This was the highest military level visit from China since February 2001 when Vice-Chairman of the Central Military Commission and Minister for National Defence of China Chi Haotian visited Nepal (*The Kathmandu Post*, Kathmandu, 23 March 2011). On 24 March 2011, General Bingde separately met President Yadav and Prime Minister Khanal. Talking to the reporters after the meeting with PM Khanal, General Bingde said, “The friendly cooperation between the two countries and two armies is not only conducive to people of both the countries, but also to world peace and Asia-Pacific in particular.” PM Khanal expressed Nepal’s commitment to ‘One-China’ policy and not to allow Nepal’s soil to be used for any anti-China activities (*The Kathmandu Post*, Kathmandu, 25 March 2011). During the visit a memorandum of understanding of assistance worth US\$ 19 million was signed between Nepal’s Chief of Army Staff Gen. Chhatra Man Singh Gurung and the visiting Chinese Army Chief Gen. Chen Bingde (Upadhyya 2012: 158). The visit depicts the increasing importance China attached to Nepal to expand cooperation with Nepalese security agencies for ensuring security of Tibet. General Bingde’s reference to world peace and Asia-Pacific also indicated that China was willing to develop a military-to-military relation with Nepal.

After Cheng’s return, China recalled its ambassador to Nepal, Qiu Guohang due to the rift within the Embassy over the handling of Tibetan issue in Nepal and appointed Yang Houlan, a seasoned diplomat with a clear security affairs background (Upadhyya 2012:159). During his meeting with DPM and Home Minister Krishna Bahadur Mahara, ambassador Yang requested Nepal government to remain vigilant against any possible anti- China activities in its soils and also appealed to stop any activities in Nepal that could fortify the ‘Free Tibet’ movement in Nepal. DPM Mahara, on behalf of the government and his party, expressed commitment to one China policy and not allowing any anti-china activities in Nepali territory. Minister Mahara also praised China’s non-

interference policy in Nepal's internal affairs (*The Kathmandu Post*, Kathmandu 28 June 2011). Though he was a government representative, DPM Mahara used the opportunity to assure China of his party's support to 'One-China' policy. It shows that Nepali political leaders are interested in enhancing their parties' position and relations with other countries instead of promoting State-to State relationships only.

The growing Chinese interest in Nepal's development was also underscored by the visit of a sixty members delegation led by Zhou Yongkang, a powerful member of the Standing Committee of the Chinese Communist Party in August 2011. Zhou said that China hoped to share its prosperity and progress with the people of Nepal and two sides signed a \$ 50 million economic technical cooperation (Giri and Parajuli 2009). Chinese vice-commerce Minister Chen Jian expressed China's readiness to support the construction of an international airport in Pokhara and North South Corridor roads (Humagain 2009). The Chinese side also suggested that Nepal should use the opportunity offered by its two close neighbours-India and China (Giri and Parajuli 2009). The delegation also held meetings with the leaders of the political parties which show their interest in building relationship with Nepalese political parties.

V. Nepal India Relations during Baburam Bhattarai Coalition

Baburam Bhattarai was the second leader from the UCPN (Maoists) to be appointed to the post of Prime Minister. Bhattarai's image as an intellectual and moderate communist was hailed by everyone, especially the Indian scholars who were equally keen to observe his foreign policy. In his first address to the Parliament on 16 September 2011, PM Bhattarai unveiled the foreign policy priorities of his government. He said that the protection and promotion of Nepal's sovereignty, national unity, autonomy and territorial integrity were the top-most priorities of his government and high importance would be given to the close relations with neighbouring countries on the basis of principles of Panchasheel. He further said,

"We would adopt a policy of becoming a 'friendly bridge' between two emerging neighbours India and China by abandoning 'buffer state' policy" (Gorkhapatra, Kathmandu, 17 September 2011).

It seems that PM Bhattarai wanted to give geo-economic connotation to Nepal's geostrategic location by focusing more on economic engagement with both the neighbours. He wanted to develop Nepal as an economic bridge country between two emerging economies instead of becoming a political buffer between rival countries.

DPM and Foreign Minister Narayan Kaji Shrestha, in an interview with *The Kathmandu Post* dated 22 September 2011, said,

"We should be able to conduct our foreign policy keeping in balance Nepal's geopolitical situation. First, we should rise above the traditional concept of Nepal being a yam between two rocks. We can be a bridge between two giant countries....Politically [ideologically]; we can't have a special relationship with one or the other of the two large countries. Socially and culturally, the reality is that we're closer to one. But politically, special relationship is not good for national interest. We should have close relationship with both countries based on the principles of equidistance" (Bhattarai and Adhikari 2011).

DPM Shrestha denied the possibility of having 'special relationship' with India during this coalition and advocated for a balanced relationships with neighbouring countries based on the principles of equidistance-the policy which was advocated during Prachanda coalition. He also hinted that the ideology of his party prevents from developing special relationship with any country in spite of socio-cultural proximity. However, he also supported the PM Bhattarai's idea of developing Nepal as a bridge between two growing economies by abandoning the idea of buffer state.

Unlike his Party Chairman Prachanda, Prime Minister Bhattarai followed the tradition and went to India from 20-23 October 2011 for his first official bilateral visit. On the eve of his visit, PM Bhattarai published an article in *The Hindu* in which he mentioned that,

"When you have more interaction, you have more problems and more friction. At times, there are misgivings and misunderstandings on various issues-some are genuine, while others are born out of scepticism" (Bhattarai 2011).

PM Bhattarai was trying to convey the message that perceptions also do have role in shaping the relations between two countries having good and interactive relations. Furthermore, he also intended to convey that all perceptions are not genuine and genuine concerns should be addressed for further consolidating the relationship.

Before his visit, leaders from various political parties suggested drawing the attention of Indian Government towards escalating trade deficit and using of Bangladeshi port for Nepal's international trade. During the consultation, NC leader suggested to proceed with the pending issues between Nepal and India whereas former PM and a senior leader of CPN-UML Madhav Kumar Nepal suggested raising the issues pertaining to Nepal's national interest (*Gorkhapatra*, Kathmandu, 18 October 2011). The Standing Committee of the UCPN (Maoists) also advised PM Bhattarai not to sign any controversial agreements and nationally significant treaties that may have serious and far reaching consequences. It also instructed PM not to discuss controversial issues like extradition treaty, strip maps, deployment of Indian air marshals and review of 1950 Peace and Friendship Treaty (*Gorkhapatra*, Kathmandu, 19 October 2011). While informing the International Relations and Human Rights Committee of the Parliament about the PM's visit, DPM and Foreign Minister Shrestha said that any agreements against the interest of Nepal and Nepalese would not be signed but some treaties which were in line with Nepal's national interest would be signed. He also informed that the visit would focus on economic cooperation, trade, transit, infrastructure development and investment promotion among other issues (*Gorkhapatra*, Kathmandu, 20 October 2011). The Cabinet authorized PM Bhattarai to sign three agreements with India during his visits-BIPPA, DTAA and \$250 million line of credit. Four Ministers representing UCPN (Maoists) protested and held some reservations on signing these treaties as they were concerned about the liabilities attached with these treaties (Humagain and Giri 2011).

In presence of the two Prime Ministers, the Bilateral Investment Protection and Promotion Agreement (BIPPA) and an agreement for the credit line was signed in New Delhi. Both side also agreed to establish an Eminent Persons Group to look into the totality of Nepal-India relations and suggest measures to further expand and consolidate relations between the two countries. They also directed to revitalize and regularly convene all the bilateral institutional mechanisms (MEA 2012:37). After the PM's visit, the meetings of the bilateral mechanisms were found to have increased drastically as compared to earlier times (Acharya 2012a). It is interesting to note that the issues such as extradition treaty, border strip maps and sky marshals which India used to raise during

high level exchange of visits didn't find space in the joint statement issued at the end of PM Bhattarai's visit. It indicates either PM was unwilling to deal with such controversial issues during his visit or India wanted to wait till the end of transitional phase in Nepal due to the sensitivities of issues in domestic politics of Nepal (Giri 2012a).

It is also interesting to note that the paragraph in the joint statement related to 1950 treaty was a carbon copy of the paragraph included in the joint statement issued at the end of the official visit of former Prime Minister Pushpa Kamal Dahal 'Prachanda'. The duplicity was intentional as during finalizing the communiqué India was not interested to mention anything about 1950 treaty, however, PM Bhattarai insisted on its inclusion (Giri 2011a). Therefore, it seems that the paragraph was copied from the previous statement without any alteration. In the joint statement, they again agreed to set up a high-level Committee at the level of the Foreign Secretaries without realizing that both sides had already agreed to form such a Committee during the visit of Prachanda.

The BIPPA agreement signed during the visit created lots of controversy within Nepal. Nepal and India had been discussing about the issue since 1996 when it was first discussed during the visit of Prime Minister Deuba in 1996. After signing the BIPPA, PM Bhattarai said that the move was a calculated political gamble. He said, "I took the risk. I am well aware of the possible backlash. This was my gamble and it will pay off" (*The Kathmandu Post*, 22 November 2011). At a press conference in New Delhi, PM Bhattarai defended the deal by saying that it was not an anti national deal but it created basis for close economic cooperation between two countries (*Kathmandu Post*, 23 October, 2011). Foreign Minister Shrestha had reservations about BIPPA and he even opposed it at the time of signing of the agreement in Delhi (Koirala and Paudyal 2012). Similarly, the hard-liner faction of the UCPN (Maoists) led by vice-chairman Mohan Baidhya strongly objected the agreement and alleged that PM signed the deal by breaching the instruction of the Standing Committee of the party. Maoist Secretary CP Gajurel, close to Baidhya said BIPPA agreement is against the national interest and it would have negative effects on the national economy. Similarly, General Secretary of UCPN (Maoists) Ram Bahadur Thapa 'Badal' opposed the agreement and questioned the nationalism of PM Bhattarai (*Gorkhapatra*, Kathmandu, 23 October 2011). He even threatened a "revolt" against the

government and the party if BIPPA was not scrapped (*The Kathmandu Post*, Kathmandu, 25 October 2011).

However, Maoist Spokesperson Dina Nath Sharma said that the party had given its consent to sign any deals relating to the national development and foreign investment in Nepal which included BIPPA. He said, “During the Standing Committee meeting that took place on 18 October, the issue of BIPPA was also discussed and the party gave permission to sign the deal as per the national interest” (*Kathmandu Post*, Kathmandu, 23 October 2011). The different factions within the same party defined national interest differently. One faction led by Mohan Baidhya was alleging that the BIPPA was an anti-national agreement whereas another faction supported BIPPA claiming that it was within the interest of the country. The leaders of UCPN (Maoists) trained under the same ideology of the party had different interpretation of the issue. It shows that different factions within a party can define national interests differently and can defend them accordingly.

The BIPPA was opposed not only by a faction of UCPN (Maoists) but also by other parties too. Former PM and Chairman of CPN-UML, Jhala Nath Khanal termed PM Bhattarai’s move as an “anti-national” step. He said, “The BIPPA ... is against national interest. More serious point is that the PM never forged consensus among parties on such an important issue” (*The Kathmandu Post*, Kathmandu, 23 October 2011). He even claimed that the agreement could put Nepal’s nationalism at stake in the name of promoting and protecting foreign investment and his party would openly protest against the pact that would put the national sovereignty and integrity at risk (*The Kathmandu Post*, Kathmandu, 25 October 2011). Former Prime Minister Madhav Nepal termed it a mistake as it was concluded without adequate internal preparations and also claimed that the deal was against the national interest of Nepal (*Gorkhapatra*, Kathmandu, 24 October 2011). Similarly, Chairman of Madhesi Janadhikar Forum-Nepal and former Foreign Minister Upendra Yadav said that PM Bhattarai should have forged consensus before signing the deal with India (*Gorkhapatra*, Kathmandu, 23 October 2011). However, main opposition party Nepali Congress, Madhesi Janadhikar Forum-Loktantrik and other Madhes based parties supported the agreement. The criticisms by CPN-UML and MJF

were more focussed on PM Bhattarai's negligence in forging national consensus before signing the agreement.

The BIPPA deal was interpreted differently by different leaders of the same party. Even in Nepali Congress, some leaders supported it as a part of socialism policy whereas other leaders termed it controversial. Madhes parties had also different views-those in government supported it while those outside the government criticized it. As per the constitutional provision, BIPPA had to be ratified by the Parliament before coming into effect, but it has not been ratified due to lack of political consensus. However, PM Bhattarai succeeded in removing the scepticism of Indian government towards Maoist party. He was also successful in building trust between the two countries. Bhattarai's signing of BIPPA was against the ideology of his party as it promotes capitalism and serves the interests of the investors with control over their capital.

Nepal and India signed Double Taxation Avoidance Agreement (DTAA) on 27 November 2011 replacing the 1987 treaty existing between both the countries. Indian Finance Minister Pranab Mukherjee visited Nepal for to sign it. The DTAA was planned to be signed during the India visit of PM Bhattarai but could not be materialized as it was not endorsed by Indian cabinet at the time. There was no major controversy over the DTAA as parties agreed that the treaty is useful for Nepal for controlling fiscal evasion and facilitating tax collection.

Bhattarai coalition, in principle, agreed to provide transit facility to India for transporting goods via Nepal. Nepal was frequently been requested by India to provide such facility on reciprocal basis as latter has been providing the same to Nepal. The arrangement was agreed during the Commerce Secretary level bilateral Inter-Governmental Committee's meeting held in New Delhi in December 2011 (Shrestha 2012). The arrangement would have provided road use facility to Indian vehicles through Nepal from one part of India to another. However, considering Nepal's poor road infrastructure, Foreign Minister Shrestha was against such agreement. Therefore, it could not materialize. In the same vein, DPM Shrestha wanted to request Indian Embassy to shut down its liaison camp office in Biratnagar which was established during Prachanda

coalition (*New Spotlight* 2013). However, Prime Minister Bhattarai didn't support the idea.

The Government was preparing to hand over the modernization and upgradation of the Tribhuvan International Airport (TIA) Immigration System to India. The proposal was pending at the MOHA and MOFA for one year and was finally taken up by Prime Minister's Office in December 2012 for a final consideration. Earlier, Home Ministry had forwarded the proposal to MOFA and Prime Minister's Office for the final decision. India was concerned about the security situation of TIA since the hijack of Indian Airlines flight in December 1999. Therefore, it had been continuously requesting Nepal Government for handing over its management to it. The coalition Government was divided over the issue as Prime Minister Bhattarai and Home Minister Gachhadar were in favour of handing over the project to India but Foreign Minister Shrestha was against it (Giri 2012b). Foreign Minister Shrestha, in an interview, told,

"... there is no denying that our immigration system needs to be urgently upgraded. This is related to our national security as well. Likewise, it is natural for India to want to keep the international airport of the country with which it shares open border in order. But I still believe that the project should be carried out through internal resources. We should not depend on our neighbour for such a sensitive project. After all, it's not even a large project. We must complete the project but on our own initiative" (Koirala and Paudyal 2012).

The UCPN (Maoists) hardliner faction and leaders from other parties opposed the idea of handing over the project to India. Therefore, the coalition could not take a decision over the issue due to lack of consensus among its coalition partners and opposition of other political parties.

PM Bhattarai also successfully managed his relation with the northern neighbour. The important milestone in Nepal China relations in this coalition was the visit of the Chinese Premier Wen Jiabao to Nepal. Foreign Minister Narayan Kaji Shrestha went to Beijing for a weeklong visit on 22 November 2011 at the invitation of his Chinese counterpart for laying necessary groundwork for the visit of the Chinese Premier. However, on 13 December 2011, Chinese Ambassador to Nepal Yang Houlan informed Shrestha of China's decision to postpone the visit for the time being due to pressing domestic issues. The Chinese side was unhappy over the premature announcement of the

visit by PM Bhattarai who had said that the premier would visit Nepal on 20 December 2011. Earlier, in a meeting with Deputy prime Minister and Minister for Home Affairs Bijaya Kumar Gachhadar, Chinese Ambassador Yang Houlan had expressed displeasure over the government's continued failure to check 'Free Tibet' activities in Kathmandu (Giri 2011b). The postponement of the visit was highly politicized in Nepal. NC leader Ram Chandra Poudel issued a statement stating that it was a serious mistake on the part of the PM to have prematurely disclosed the visit. He stated that "diplomatic deficiency" on part of the government led to the postponement. The statement further demanded the government to inform the people of the truth behind the postponement of the visit (*The Kathmandu Post*, Kathmandu, 15 December 2011). Pashupati SJB Rana, Chairperson of RPP stated that the postponement of the visit was a national shame for Nepal. He further added that though the visit was in Nepal's interest, it was the weakness of the government to invite Chinese Premier during the period of political instability (*Gorkhapatra*, Kathmandu, 15 December 2011).

Chinese government had invited Foreign and Home Ministers to visit China to discuss policy and security related issues before the visit of its premier. Deputy Prime Minister and Minister for foreign Affairs Narayan Kaji Shrestha visited Beijing in November to discuss policies and agenda of Premier Wen's visit. But, failure on the part of the Deputy Prime Minister and Minister for Home Affairs to visit Beijing to assure the Chinese side of the full proof security arrangements for the visit led to the cancellation of the visit. Earlier, Home Minister Gachhadar had also refused to meet Chinese Ambassador Yang Houlan and other diplomats from the Chinese Embassy to discuss security related matters. The Chinese side had been continuously expressing serious concern over the unfriendly behaviour exhibited by Home Minister Gachhadar (*The Kathmandu Post*, 15 December 2011). Considering the bilateral relations between two countries and the importance of Wen's visit in Nepal-China relations, Foreign Minister Shrestha advised Home Minister Gachhadar to visit China as early as possible as per the request of the Chinese side. Therefore, accepting the Chinese invitation, DPM Gachhadar went to China on 25 December 2011. Before leaving for Beijing, at the TIA airport, he said, "My trip will create an environment conducive to Wen's visit that was postponed citing his busy schedule" (*The Kathmandu Post*, Kathmandu, 26 December, 2011).

Finally, Chinese Premier Jiabao came to Nepal for an official visit on 14 January 2012. At the TIA airport, he was received by PM Bhattarai. During the bilateral meeting with PM Bhattarai, Premier Jiabao suggested Nepal to maintain a fruitful and cordial relation with India. He told that in recent times China and India had been developing cordial relations; therefore, it is imperative for Nepal to further consolidate its relations with India (B.C. 2012). From Wen's suggestion it can also be implied that he accepted that Nepal was within India's sphere of influence and China didn't want any strategic complication with India in Nepal. Similarly, China might have wanted to convey that it was more worried about Tibetan activities in Nepal than Indian influence in Nepal. China announced an RMB 750 million grant and a one-time grant of US \$20 million to Nepal. It also increased annual assistance to Nepal from RMB 150 million to RMB 200 million (Kumar 2012:1-3). Nepal and China also agreed to construct six border ports along Nepal-China border and also agreed to establish a joint commission involving the foreign ministries of the two countries to deal with bilateral relations in their entirety. China also expressed its willingness to provide assistance for the construction of the Pokhara international airport and extend its railway line further to Lumbini via Kathmandu (*The Kathmandu Post*, Kathmandu, 15 January 2012). During the meeting with political leaders, Wen said that Nepal and China are good neighbours, good friends and good partners and China was willing to increase exchanges with the Nepalese government, political parties and people from all walks of life to jointly promote the constant development of the comprehensive cooperative partnership between the two countries.

Both Nepal and China kept the visit confidential due to security concerns and the possibility of demonstrations by Tibetan community. Some Ministers including Mahendra Yadav, Minister for Irrigation and Nandan Dutt, Minister for Agriculture and Cooperative expressed their displeasure at the Cabinet meeting for keeping the visit details in tight secrecy. PM Bhattarai clarified that the date of Wen's arrival was kept secret at the request of the Chinese side due to security reasons (*The Kathmandu Post*, 16 January 2012). The hardliner faction within his party UCPN (Maoists) and opposition party CPN-UML had criticized PM Bhattarai for his tilt towards India. Therefore, PM Bhattarai struggled to bring Wen to Nepal for an official visit to prove his balanced foreign policy with neighbours.

In September 2011, Nepal arrested 21 Tibetan refugees who had entered Nepal through Bajura district of Far Western Nepal. The US wanted all refugees be allowed a passage to Dharamashala, India, whereas China wanted to send all of them back to Tibet. Therefore, Foreign Ministry came up with a compromise formula according to which the minors would be sent back to Tibet while the rest would be allowed a passage to India under the aegis of the Office of the United Nations High Commissioner for Human Rights (OHCHR), Nepal office. However, when Prime Minister Bhattarai and Foreign Minister Shrestha were in New York attending United Nations General Assembly, Home Minister Gachhadar released all 21 Tibetan refugees to OHCHR violating the terms of compromise. This made the Chinese side upset with Nepal Government (Upadhyay 2011). The issue can be analyzed as differences in view within the different ministers. As the refugees issue falls within the scope of Home Ministry, Home Minister Gachhadar had used his authority to intervene in the issue violating the terms set by MOFA.

VI. Nepal India Relations during Sushil Koirala Coalition

The minimum common program (MCP) of the Koirala coalition stated that that the bilateral relations with neighbours and other friendly countries would be further diversified and strengthened based on sovereign equality and mutual benefit and vowed to integrate national security policy and foreign policy with each other (*Gorkhapatra*, Kathmandu 19 March 2014). This was the first coalition to accept that national security policy and foreign policy are integrated with each other. Foreign Minister Mahendra Pandey, addressing the Nepal Council of World Affairs on 5 May 2014, stated that,

“The rise of China and India as important powers of Asia with increased capacity to influence the world politics and economy is an interesting phenomenon and a great opportunity for Nepal to move ahead on the path of development and prosperity. We have traditionally close and cooperative relationships based on mutual trust with both the neighbours. Our policy of true non-alignment is keeping us on right balance without temptation to tilt to any side, but allowing us to speak our mind in the issues relating to international affairs on the basis of merit. I think that we need to pursue this policy with meticulous care” (NCWA 2015:12).

Regarding Nepal's relations with India, Minister Pandey, in an interview, said,

“India is one of our two closest neighbours. However, geography and culture have made our relationship with India different from that with China. We share an open border with India. Second, we have deep cultural, religious and linguistic ties with India. Yet, we need to be mindful of the fact there is a border. We are sovereign nations...Nepal should be mindful of both Chinese and Indian security concerns. Likewise, both countries should be concerned about Nepal's security” (Giri 2014d).

Similarly, Prime Minister Koirala, while addressing the Nepal Council of World Affairs on 18 February 2015 stated that,

“Nepal's foreign policy priority begins with its neighbours- India and China. We immensely value our relations with them. While our relations with the neighbours have been historic and time-tested, they also provide the solid foundation for future collaborations and partnership for mutual benefit...There are huge potentials in the partnership with our neighbours. We are committed to further widening and deepening the areas of cooperation for mutual benefit. We uphold our strong commitment to respect the sensitivities of our neighbours; we also have legitimate expectations for our own geopolitical sensitivities” (NCWA 2016:1).

Prime Minister Koirala also reiterated that Nepal's neighbours are its foreign policy priorities and it should seek to benefit from their economic growth by further consolidating relations and engagement for mutual benefit. He assured that Nepal respects the security sensitivities of its neighbours and expected that the neighbouring countries would also address the geopolitical sensitivities of Nepal. Therefore, it seems that the new coalition was committed to maintain balanced relations with both of its neighbours and increase economic engagements with them to reap benefits from their growth.

Prime Minister Koirala visited India from 26-28 May 2014 to attend Indian Prime Minister Narendra Modi's swearing-in ceremony. PM Koirala held talk with his Indian counterpart on issues of mutual interest. During the meeting, PM Modi assured that his government would continue maintaining good and close relationship with Nepal and would also support in peace, stability and economic prosperity of Nepal. PM Modi also expressed his wish to further enhance the relationship by increasing the rail and road connectivity between two countries (Aryal 2014). However, PM Koirala was accompanied by a Minister from his own party and even Foreign Minister Pandey didn't

accompany him. The coalition partners were unhappy with PM Koirala for not consulting with them about the visit and agendas of national interest to be discussed during the bilateral talks. They also criticized him for not including a senior Minister from CPN-UML, second largest party in the coalition, in his India visit (Ghimire 2014).

Indian Prime Minister Narendra Modi visited Nepal on 03-04 August 2014 as the first PM to visit Nepal after a gap of 17 years. He was also the first foreign dignitary to address the Nepali Parliament (MEA 2015:15). He met President Ram Baran Yadav, Prime Minister Koirala and leaders of other political parties. In the joint statement, the two Prime Ministers agreed to review, adjust and update the Treaty of Peace and Friendship of 1950 and other bilateral agreements and agreed to finalize the texts of Extradition Treaty and Mutual Legal Assistance treaty. India announced a soft credit line of \$1 billion for the execution of infrastructure development and energy projects in Nepal and also stressed on early signing of the agreed and initialized strip maps (*The Kathmandu Post*, Kathmandu, 05 August 2014). Earlier, leaders of the political parties had decided to convey a unified message to PM Modi on issues of Nepal's priorities and issues of mutual interest. They also agreed to assure Modi that Nepal would address India's security concerns (Giri 2014a). PM Modi's expressed respect for Nepal's sovereignty, independence and territorial integrity and recognition of Nepal as the birthplace of the Lord Buddha during his address to the Parliament increased his popularity not only among the Nepali politicians but also among Nepali public. Nepali people praised PM Modi for his dynamism and magnanimity. The Nepal-India relation was in its all time high.

The third meeting of Nepal-India Joint Commission co-chaired by Nepali Foreign Minister Mahendra Bahadur Pandey and Indian External Affairs Minister Sushma Swaraj was held on 25-27 July 2014 in Kathmandu after a gap of 23 years. The Joint Commission reviewed the entire gamut of Nepal-India relations and directed Foreign Secretaries to make necessary recommendations for reviewing, adjusting and updating the 1950 Treaty of Peace and Friendship. It also finalized the Terms of Reference for establishment of an Eminent Persons Group on Nepal-India Relations to assess the entire gamut of Nepal-India relations (MEA 2015:16). Minister Swaraj met President Yadav,

Prime Minister Koirala, and leaders of the major political parties. During the meetings with leaders of the Nepali political parties, Minister Swaraj said that India stood for maintaining cordial relations between the political leadership of the two countries and wanted to settle all bilateral issues at the political level (Bhattarai 2014). The approach was different from the previous Indian governments', which were blamed by Nepali parties as employing bureaucracy and intelligence agencies to deal with Nepal

Nepal and India signed Power Trade Agreement (PTA) on 20 October 2014. The agreement process was fast tracked by the officials of the two countries as per the direction of the joint communiqué issued during Indian PM Modi's Nepal visit in August 2014. Both the countries had promised to finalize the PTA within 45 days of issuing the joint communiqué. Subsequently, the PTA was initialled in New Delhi in September 2014 and was endorsed by the cabinets of both the countries. Earlier, in July 2014, the Agriculture and Water Resources Committee of the Parliament had urged government to sign a PTA with India during the Nepal visit of PM Modi without any delay (*The Kathmandu Post*, Kathmandu, 28 July 2014). Nepal itself had first sent a proposal of PTA in 2010 to India for latter's consideration. There was a political consensus among major political parties for signing PTA with India as parties were unanimous that it was in Nepal's interest and would increase Indian investments in Nepal's hydropower sector due to guaranteed power export to India. The three major parties-NC, CPN-UML and UCPN (Maoists) even formed a three-member cross-party panel consisting of Finance Minister Ram Sharan Mahat from NC, Bhim Rawal from CPN-UML and Narayan Kaji Shrestha from UCPN (Maoists) to finalize the content of PTA (Giri 2014c). However, an alliance of 33 fringe parties was against signing any deal with India (*Kathmandu Post*, Kathmandu, 1 August 2014). Mohan Baidhya led CPN-Maoist had burned the copies of PTA after it was initialled and had, along with other smaller fringe Left parties, also jointly organized protest against PTA. The Delegation of the 10 parties led by CPN-Maoist had met PM Koirala and requested him not to sign the power deal with India. However, PM tried to convince them of the opportunities of signing PTA and assured that the agreement would be signed respecting Nepal's national interest and sovereignty (*The Kathmandu Post*, Kathmandu, 22 August 2014). However, the deal was finally signed due to the unanimous support of the three major parties.

On the eve of his visit to attend the 18th SAARC Summit in Kathmandu in November 2014, Indian PM Modi showed his interest in visiting 3 holy places of Nepal- Janakpur, Muktinath and Lumbini. PM Modi was scheduled to enter Nepal through land route and address a mass gathering in Janakpur. However, Nepalese political parties were divided over his public address as some were in favour of allowing and others demanded not allowing Modi make public speech. UCPN (Maoists), some Madhesi parties and Leftist parties were strictly against allowing PM Modi to address public gathering in Janakpur. At the State Affairs Committee of the Parliament, UCPN (Maoists) lawmaker, Giriraj Mani Pokhrel said it might be against the diplomatic norms if Modi addressed the public gathering and would be an attack on Nepali nationalism. PM Koirala and Home Minister Bam Dev Gautam assured the lawmakers that PM Modi would not address the gathering (*Kathmandu Post*, Kathmandu, 14 November 2014). However, due to intense controversy among political parties in Nepal, PM Modi cancelled his scheduled visit to all the three religious sites of Nepal citing his busy schedule (Giri 2014b). Within the coalition, the Congress Ministers were in favour of Modi's interest of addressing the public gathering, whereas, CPN-UML's Minister's like Home Minister Gautam and Foreign Minister Pandey didn't support the idea. Therefore, the coalition was divided over the issue.

During Indian Prime Minister Narendra Modi's visit to China in May 2015, both the countries agreed to expand their border trade through Qiangla Pass/Lipu-Lekh pass. The 28th point of the joint communiqué stated,

“The two sides recognized that enhancing border areas cooperation through border trade, pilgrimage by people of the two countries and other exchanges can effectively promote mutual trust, and agreed to further broaden this cooperation so as to transform the border into a bridge of cooperation and exchange. The two sides agreed to hold negotiation on augmenting the list of trade commodities, and expand border trade at Nathu La, Qiangla / Lipu-Lekh Pass and Shipki La” (Shiwakoti and Rokaya 2015:21-22).

Nepal considers the Lipu-Lekh pass as its territory as it falls in Kalapani area. There is a territorial dispute over Kalapani between Nepal and India which has already been recognized by China. On the Kalapani issue, China holds the view that the problem of Kalapani between Nepal and India should be resolved through friendly bilateral

consultation and the Chinese side fully understands the concerns of the Nepalese side and respects the sovereignty and territorial integrity of Nepal (Bhasin 2005: 3028). After the Indo-China war of 1962, India stationed its army in Kalapani, a strategic point 10 kilometres west of the Lipu-Lekh pass (Shrestha 2015). Therefore, Nepali parties objected to the new agreement between China and India to expand their trade through Lipu-Lekh pass without consulting and taking Nepal into confidence. After the intense criticism in the Parliament, the Parliament directed Nepal government to clear its position on Lipu-Lekh issue. Therefore, Minister Pandey informed the House that Nepal had already expressed its concern through diplomatic channel (Bhattarai 2015).

However, the UCPN (Maoists), on 9 July 2015, wrote separate letters to Indian PM Narendra Modi, Chinese President Xi Jinping and Nepali PM Sushil Koirala drawing their attention towards the recently signed trade agreement between China and India involving Lipu-Lekh pass as a trade transit between the two neighbours (Shiwakoti and Rokaya 2015:56). Similarly an alliance of 33 parties led by CPN-Maoist (Mohan Baidhya) submitted a memorandum to the Indian Embassy, Chinese Embassy and PM Koirala expressing serious concerns over the Lipu-Lekh agreement (*The Kathmandu Post*, Kathmandu, 11 July 2011). After Nepal expressed its concern, the Chinese Ministry of Foreign Affairs hinted on reviewing its agreement with India based on historical evidences provided by Nepal (Shiwakoti and Rokaya 2015:60). The pressure and intervention of the political parties forced Nepal government to express its genuine concern related to Lipu-Lekh to its neighbouring countries.

The results of the Constituent Assembly 2013 polarized the domestic politics of Nepal. While the Maoists, Madhesis and some other hill ethnicity based parties demanded ethnic based federal restructuring of the country, Nepali Congress and CPN-UML were in favour of geography based federalism. The defeat of the parties from the first group in the CA II elections was interpreted by NC and CPN-UML as the defeat of the agenda of the Maoists, Madhesis and other hill ethnicity based parties. The Madhesis parties wanted one province in the whole Madhes, which includes 20 districts of the plain land of Tarai bordering Indian states of UP and Bihar. However, NC-UML coalition

wanted to form provinces on the basis of north south delineation to be decided in the Constituent Assembly where these two parties together had nearly two-third majority.

During his Nepal visit in August 2014, Indian PM Modi had urged the leaders to settle the issues of differences in the Constitution making through consensus and vowed not to interfere in the internal matters of Nepal. In separate meetings with leaders of NC, CPN-UML, UCPN (Maoists) and Madhes-based parties, PM Modi advised them to take a broader and inclusive approach by bringing all parties to consensus for drafting a new Constitution. He also suggested bridging the gap between Madhes and Hill and that no community should feel discriminated in the new Constitution (Bhattarai 2014a). During Foreign Minister Mahendra Bahadur Pandey's visit to New Delhi in October 2014 to extend invitation to Indian PM Modi on behalf of PM Sushil Koirala to attend the SAARC summit, Modi expressed his hope that Nepal would promulgate its Constitution on time through consensus as committed by the political parties (Bhattarai 2014b). However, PM Modi, during his Kathmandu visit for attending the 18th SAARC Summit in November 2014, while addressing at the opening program of the Trauma Centre in Bir Hospital, urged leaders to focus on consensus for promulgating inclusive Constitution instead of counting parliamentary seats. It can be sensed that the Modi's approach towards Nepal's Constitution drafting process in November 2014 visit was quite different from his earlier visit. During July visit, he talked about the consensus but in November he sounded more assertive on advising Nepali leaders through consensus. During India visits of former Prime Ministers Pushpa Kamal Dahal 'Prachanda' and Sher Bahadur Deuba in July/August 2015, Indian Foreign Minister Sushma Swaraj and PM Modi again expressed their concern on drafting of the new Constitution and suggested to accommodate the voices of Madhes through consensus.

The main point of contention among political parties was the number of provinces to be formed while restructuring the country. Therefore, Bijay Kumar Gachhadar, president of MJF-Loktantrik, played a reconciliatory role and proposed a middle path of starting negotiations for 6 to 8 provinces. However, his proposal was rejected outright by Upendra Yadav led MJF, Mahanth Thakur led TMLP and Rajendra Mahto led NSP. After the failure of their negotiation with NC and CPN-UML, UCPN (Maoists) and

Madhesi parties organized protests and movements to pressure NC and CPN-UML for accommodating their demands in the new Constitution. However, the devastating earthquake of April 2015 motivated all political parties to start negotiations for early promulgation of the Constitution. In 8 June 2015, leaders of the four major parties, NC, CPN-UML, UCPN (Maoists) and Gachhadar led MJF-Loktantrik signed a 16 point deal paving the way for the promulgation of the new Constitution and ending political uncertainty. They agreed to make eight provinces by allowing provinces to decide their names by two-third majority of the Assembly of respective provinces and boundary delineation of the provinces by a Federal Commission (Bhattarai 2016:124-125).

However, on 6 August 2015, the four parties-with some reservations by MJF Loktantrik-decided on six provinces model. This model was opposed by other Madhesi parties who claimed that the agreement had undermined the aspirations of the Madhes Movement and called for indefinite strike. On 21 August 2015, three political parties-NC, CPN-UML and UCPN (Maoists) - decided to form seven provinces. However, MJF-Loktantrik president Gachhadar expressed his dissatisfaction over the seven province model and left the alliance of the four parties. The Madhes based parties opposed the seven province model and walked out of the deliberations in the Constituent Assembly. In the meantime, violence erupted in the Kailali district of the far western Nepal demanding a separate province for Tharu community. Therefore, President Ram Baran Yadav suggested political parties to resolve the Madhes issue before promulgating the Constitution. However, the Constitution drafting process proceeded unhindered in the Constituent Assembly. After the article wise voting, the Constitution was put for voting in the Constituent Assembly. Out of the 597 existing members in the Constituent Assembly, 507 voted in favour of it and 25 from Rashtriya Prajatantra Party voted against it. All the Madhesi lawmakers from different political parties except 57 lawmakers from the Madhes-based parties boycotted the voting process (Phuyal 2015). Therefore, the Constituent Assembly adopted the new Constitution which was promulgated by the President on 20 September 2015.

On 11 September 2015, Indian ambassador to Nepal Ranjit Ray met PM Koirala, CPN-UML Chairman KP Oli and UCPN (Maoists) chairman Pushpa Kamal Dahal

'Prachanda' and urged them to promulgate Constitution through broader consensus with agitating Madhesi parties. He also suggested that the promulgation of the Constitution without resolving Madhesi problem might invite further complications (Adhikari 2015a). On 14 September 2015, Indian Minister for External Affairs issued a statement welcoming and commending the progress achieved by the Constituent Assembly in the Constitution drafting process by resolving several contentious issues. She also urged continuing flexibility on the part of all the political forces to address outstanding issues through dialogues and widest possible agreement. The press release again suggested accommodating the voice of the Madhes while promulgating the new Constitution. However, the government took it as an Indian intervention in Nepal's politics. PM Koirala's Press Adviser Prateek Pradhan published an article on 16 September 2015 entitled 'Wrong Advice' arguing that some elements, who do not want Nepal to be a sovereign, peaceful and stable country, were trying to instigate violence and instability in Nepal. He also blamed India for advising things that India itself has not been able to live by. He also alleged that PM Modi, who wanted to see expeditious promulgation of Constitution during his first Nepal visit, has now been more influenced by 'conflict-mongers' (Pradhan 2015). It seems that PM Koirala was not happy with the continuous advices of India which were interpreted as interference in the internal matters of Nepal. The coalition government maintained that the Constitution was being promulgated by the support of nearly ninety percent of the total members of the Constituent Assembly and India was advising time and again for consensus based Constitution making.

Two days ahead of the promulgation of the new Constitution, Indian Foreign Secretary S. Jaishankar arrived in Kathmandu as a special envoy of Indian PM Modi and held separate consultations with President Yadav, PM Koirala, KP Oli, chairman of CPN-UML, Prachanda, Chairman of UCPN (Maoists) and Madhesi leaders. During the meetings, Foreign Secretary Jaishankar urged the political parties to defer the promulgation of the Constitution and bring agitating Madhesi parties on board by accommodating their aspirations. He also suggested that the agitation by Madhes based parties may create security problem in the Nepal-India border. Prachanda maintained that as a good friend India should be concerned about the security of whole Nepal not just of bordering areas. He also informed Foreign Secretary that his visit was ill-timed as it

should have been either ten days earlier or ten days later after the promulgation of the new Constitution (Adhikari 2015b). After his two day Nepal visit, Foreign Secretary Jaishankar, through a press statement, said that the promulgation of Constitution should be an occasion for joy and satisfaction and not agitation and violence. It seems that he was anticipating agitation and violence along the Nepal-India border.

The promulgation of the new Constitution on 20 September 2015 was welcomed by USA, UK, China, Japan, EU and other countries of the world. However, India didn't welcome it but through a press statement, it 'noted' the promulgation of the Constitution in Nepal. It also expressed its concern over the violent situation in the Madhes. On 21 September 2015, Indian Ambassador Ranjit Ray went to Delhi for consultation and in the evening a press release was issued which expressed India's deep concern over the security status of the bordering areas. It also stated that Indian freight companies and transporters were facing difficulties in movement within Nepal. Through the press statement, India clearly indicated that there could be disruption of supplies at the border trade points. Trade embargo is considered India's important tool to tame Nepal, which it had used earlier in 1961, 1970-71 and 1988-89 due to differences over some bilateral issues. After the press statement, the Nepalese leaders from different parties apprehended the imposition of unofficial embargo by India which they expressed during a program organized by CPN-UML on 22 September 2016 to celebrate the promulgation of the new Constitution. In a separate program, Prachanda even suggested that if India imposed embargo on Nepal, the people should be ready to use bicycles instead of motor vehicle (*Kantipur*, Kathmandu, 23 September 2015).

On 22 September 2015, a consultation meeting was held in the Ministry of External Affairs (MEA) in New Delhi in the presence of Nepali ambassador Deep Kumar Upadhyay, Indian ambassador Ranjit Ray, Abhay Thakur, Nepal division head at the MEA and other officials of the ministry. The Indian side expressed their strong dissatisfaction over the promulgation of the new Constitution, especially on the non inclusion of the provision of electoral constituency delimitation based on population and dilution of the rights of the minorities of the country. These provisions were included in the interim Constitution of 2007 and were removed in the new Constitution. They also

discussed about the disturbances in the bordering areas of Nepal (Bhattarai 2015c). On 23 September 2015, ambassador Upadhyay met Ajit Doval, the National Security Adviser of Prime Minister Modi, and discussed about the existing situation in Nepal after the promulgation of the Constitution. Doval suggested Upadhyay to ensure peace and stability in Nepal for India to welcome the Constitution and whole political process of Nepal (Bhattarai 2015d). In the meantime, the number of vehicles entering Nepal was reduced drastically due to obstruction by the Indian customs and Border Security Force (SSB) in the pretext of security although there was no agitation in most of these border points. The Samyukta Loktantrik Madhesi Morcha (SLMM) decided to block the entry points to intensify their agitation only on 23 September 2015.

On 23 September, Indian Express daily published from New Delhi reported that India had forwarded seven amendments to be made in the newly promulgated Constitution which it considered indispensable for addressing the issues and concerns raised by the disgruntled Madhesi and Tharu groups. It was also reported that the suggested amendments had been forwarded to the Nepali leaders and Prime Minister Koirala via Indian ambassador Ranjit Ray. However, Nepali side denied receiving such suggestions for amendment (*Kantipur*, Kathmandu, 24 September 2015). Acting Foreign Minister Khaga Raj Adhikari met Indian Ambassador at Ministry of Foreign Affairs on 25 September 2015 and requested for India's cooperation to facilitate the movement of cargo vehicles at the borders by assuring all security arrangements to the vehicular movement across the border (Adhikari 2015c). Similarly, on 27 September 2015, MOFA issued a press statement expressing concerns over the delay and one-sided obstruction at the border points and again requested India to remove the obstruction. However, there was no facilitation for the vehicular movement across the border. Therefore, a meeting of the 22 parties, including major three parties, held at the PM's official residence at Baluwatar, concluded that the trade obstruction imposed by India was an intervention on Nepal's internal matter. The political leaders also opined that Nepal should not amend its Constitution due to external pressure (Neupane 2015).

The three political parties held consultations with the Madhes based parties, but such negotiations didn't produce any solution to the problem. The daily life of the Nepali

citizens became miserable due to shortage of fuel, essential medical products, and edible items among others. Schools, colleges, industries and hospitals were shut down. Prime Minister Koirala directed Home, Foreign and Finance ministries to ensure the smooth functioning of its two land routes to China for supply of essential goods through those routes. Similarly, UCPN (Maoists) chairman Prachanda requested Chinese ambassador Hu Chuntai to cooperate in smooth functioning of the land route between the two countries for importing essential supplies through China (Adhikari 2015d). MOFA sent a letter to the Indian Ministry of External Affairs requesting to facilitate the uninterrupted movements of cargo vehicles as well as not to allow conduct of demonstration from the Indian side of the border (Adhikari 2015e).

Nepali commerce Minister Sunil Bahadur Thapa met the Indian Minister of External Affairs in New Delhi on 29 September 2015 and informed the latter about the hardships that Nepali people had been facing due to the restriction of supplies. The Indian External Affairs Minister contended that transits had been obstructed spontaneously as transport entrepreneurs expressed their concerns over security situation due to the protest in the border areas. Similarly, Foreign Minister Pandey also met his Indian counterpart on the margins of the 70th UN General Assembly in New York. During the meeting, Minister Pandey told his counterpart that disruption of supply of goods to Nepal at the border points had badly affected daily life of Nepali people and urged immediate resumption of supplies. He also assured that the Nepali side would provide necessary security to transporters inside Nepali territory. Indian External Affairs Minister, however, reiterated that the Indian side had not prevented Nepali cargo supplies to its border checkpoints, from where it was delayed due to the ongoing agitation on the Nepali side (Aryal and Shah 2015). Throughout, India maintained that it had imposed no blockade official or unofficial and that the entire problem was caused by the Madhes agitation on the Nepal side. There were few takers of this argument in Nepal. The Indo-Nepal ties hit historical rock bottom at this time.

Koirala government registered a three point Constitution amendment bill in Parliament aiming to address the issues related to 'proportional' inclusion and delineation of electoral constituencies on the basis of population as demanded by Madhes based

parties. Meanwhile, Koirala coalition was replaced by CPN-UML chairperson K.P. Sharma Oli led coalition. Kamal Thapa, Deputy Prime Minister and Minister for Foreign Affairs of the new coalition, visited India and met Indian Prime Minister, Home Minister, External Affairs Minister, National Security Adviser and Foreign Secretary of India. During the bilateral talks, the External Affairs Minister assured that India would cooperate to facilitate maximum movement of cargo vehicles through the border points where there were no agitations. However, the embargo was not lifted. Therefore, the new government increased its engagement with China in search of alternative routes for essential items and fuels. The issue of the blockade was internationalized by both Nepal and India. Nepal focused on trade embargo and misery caused to the public whereas India lobbied for amending Constitution in favour of Madhesi's demand. Nepal argued that such disruption was against the rights of a landlocked country. India for the first time raised the issue of human rights violation during the civil war days in Nepal at UN forum. DPM Thapa again visited India in early December 2015 and held consultations with Indian side for resolving the issue of blockade and Madhes issues. The issue was politicized in India also and debates were held in the Parliament, especially in the Upper House, criticizing Indian government for its hawkish Nepal policy.

On 20 December 2015, the cabinet decided to address demands of agitating Madhesi Morcha by advancing Constitution amendment on issues of proportional inclusion and constituency delimitation on the basis of population and resolving the issues of citizenship and province demarcation through dialogues and appropriate mechanism. India welcomed the government's decision through a press release on 21 December 2015 and also urged all Nepali political forces to demonstrate the necessary maturity and flexibility to find a satisfactory solution to the constitutional issues through constructive dialogue in an agreed timeframe. After deliberations, the Parliament passed the First Amendment to the Constitution addressing two key demands of Madhesi Morcha by amending Article 84 (a) which provided for the delineation of electoral constituencies primarily on the basis of population and Article 42 which provided for 'proportional inclusion' in State mechanisms. Finally, the embargo was lifted and supplies were resumed.

It can be argued that this was the most tumultuous period in the bilateral relations. Experts believed that by putting politics and economic relations on the same board, India as a big neighbour had resorted to old pressure tactics to put political pressure on the big parties of Nepal. Although PM Koirala shared a very cordial relation with his Indian counterpart, especially after India extended unprecedented help to Nepal during the devastating earthquakes of April and May 2015, clearly there were serious communication lapses between the two leaders, which led to one of the most unfortunate episodes in the bilateral ties. Oli, on the other hand, was perceived to be pro-China by India from the beginning and was not in favour of his government. He constantly shared an uncomfortable relationship with India till he finally resigned after nine months in office. His India visit of February 2016 did not help in anyway either. Although Oli said that “all misunderstandings have been removed,” Indo-Nepal tie was headed towards rough days.

Koirala coalition also tried to maintain a balanced relation with. High level visits were exchanged between the two neighbours. The Chinese Foreign Minister Wang Yi paid an official visit to Nepal on 25-27 December 2014 leading a seven member delegation. Wang was the first senior level Chinese leader to visit Nepal after the formation of the Koirala coalition government. Minister Wang expressed China’s resolve to strengthen its relation with Nepal on the basis of comprehensive partnership of cooperation and suggested that Nepal can serve as a bridge between China and South Asia. He also said China wanted Nepal to develop good relations with its both neighbours as relations between China and India were mutually reinforcing. He also stressed on developing trilateral cooperation among Nepal, India and China for mutual benefits and cooperation. He also announced increased Chinese annual aid to Nepal from RMB 150 million to RMB 800 million. During bilateral meeting, Nepal and China agreed to activate bilateral mechanisms established at various levels to further strengthen bilateral ties. The Chinese side also agreed to extend its railway network to Kerung, the nearest Tibetan town from Nepal (Giri 2014f). He also paid courtesy call on President Yadav and Prime Minister Koirala. China had increased its bilateral aid to Nepal by more than seven fold.

Similarly, the Chinese Vice-Minister at the International Department of the Central Committee of the Communist Party of China Chen Fengxiang visited Nepal from 15 to 18 December 2014. During the meetings with major leaders of political parties he expressed that China sought to develop party-to-party relationship with them. He also underlined the necessity of high level contact between the Nepali and Chinese political leadership as well as medium rank leaders. He also met PM Koirala, CPN-UML Chairman KP Oli, UCPN (Maoists) Chairman Pushpa Kamal Dahal and CPN-Maoist Chairman Mohan Baidhya (*The Kathmandu Post*, Kathmandu, 17 December 2014).

Finance Minister Ram Sharan Mahat leading a five-member delegation visited China in August 2014 and met his counterpart Lou Jiewei and Commerce Minister Gao Hucheng. He expressed Nepal's willingness to join the Asian Infrastructure Investment Bank (AIIB) and invited Chinese State and private investments in Nepal's infrastructure development. Nepal and China also agreed to reactivate the Secretary-level Economic and Trade Committee, which is inactive since 2007, to solve bilateral and trade problems (*Kathmandu Post*, Kathmandu 9 August 2014). Deputy prime Minister and Home Minister Bam Dev Gautam visited China in October 2014. During the meeting, The Chinese side proposed to sign BIPPA and Extradition treaty with Nepal. China had forwarded the draft of extradition treaty to Nepal for its consideration in 2009 and that of BIPPA in January 2012 ahead of Wen Jiabao's Nepal visit (*The Kathmandu Post*, Kathmandu, 23 October 2014).

VII. Conclusion

Prime Minister Girija Prasad Koirala was perceived to have a strong tilt towards the South, even though he tried to maintain a balanced relation with both the neighbours. His closer relations with many Indian leaders and Indian support during *Jana Andolan II* might have motivated him to make a policy shift to give pro-India orientation to foreign policy, since the predecessor regime of King Gyanendra had maintained a pro-China orientation for the sake of his regime's survival. After the formation of Koirala coalition, the interest of Nepal and its neighbour was to stabilize peace and domestic politics of Nepal. It was important to bring Maoists into the mainstream and institutionalize the

peace process by ending the decade long civil war. For this, Indian support was more pertinent than any other country's help. This is another reason for pro-India orientation of the Koirala coalition. PM Koirala also successfully got the concurrence of India to invite United Nations to Nepal for decommissioning of arms and rehabilitation of former combatants.

China has a policy of maintaining State to State relationship with Nepal by supporting every Government in power. Therefore, India's concurrence and support was more important in solving the issues related to the peace process. However, aware of the implications of excessive political and economic dependence on India, Koirala coalition tried to maintain a balanced relationship with China. In a bid to develop Nepal as a transit country between two emerging economies as well as to develop an alternative route to connect Nepal with China besides existing Kathmandu-Tatopani route, Koirala coalition initiated the construction of the Syaphrubeshi- Rasuwagadhi road. It also requested China to expedite the extension of the Qinghai-Tibet railway to the Nepalese border.

Prachanda wanted to break with the past and give a fresh start to Nepal-India relations. He broke the continuity of making India as the first destination for foreign visit of any newly elected Nepalese Prime Minister and visited China instead. It seems that he wanted to correct the pro-India orientation of the Koirala coalition and also give message to India that Nepal gives equal importance to its relations with its neighbours without institutionalizing any preference. Though the Prachanda coalition accommodated India's interest in some issues (Kalapani issue for instance), it continued with a policy of labelling India as an expansionist power. India openly intervened in Katwal case which was later on confessed by Former Indian Foreign Secretary Shyam Sharan in 2011. The Prachanda coalition thus tried to balance excessive interference of India in Nepal's peace process and other domestic issues by increasing its engagement with China. Therefore, the Prachanda coalition had a pro-China foreign policy orientation.

Miffed by Indian intervention in Katwal case, Prachanda resigned from his post and a new coalition was formed under Madhav Kumar Nepal with the support of Nepali Congress and Madhes based parties. It is perceived that India had facilitated the formation of this coalition, therefore, Maoist labelled Madhav Nepal coalition as a

‘puppet government’ of India. It was thus perceived that this coalition had pro-India orientation. It awarded the MRP contract to India bypassing domestic laws. However, due to protest and criticism from all parties in general and UCPN (Maoists) in particular, the decision was scrapped. Madhav Nepal tried to project his balanced foreign policy by visiting China, but that didn’t help change the perception of the opposition parties towards his government.

After Nepal’s resignation, UCPN (Maoists) tried to build a coalition to form a government. However, it was perceived that India tried to block the rise of the UCPN (Maoists) to power and the process was lingered for seven months. Finally, against the expectation of India, a leftist alliance was formed and Jhala Nath Khanal of CPN-UML was elected the Prime Minister. He didn’t receive a formal invitation to visit India. The Khanal government naturally increased its engagement with its northern neighbour and adopted a pro-China foreign policy orientation.

Nepal-India relations as well as the relations between UCPN (Maoists) and India improved during Bhattarai coalition. Bhattarai was elected Prime Minister with the support of the Madhesi parties whereas NC and CPN-UML stayed in the opposition. Though the Foreign Minister of the coalition Narayan Kaji Shrestha consistently opposed the pro-India orientation of the government, PM Bhattarai won the support of India by signing BIPPA. PM Bhattarai’s intentions of awarding the contract of TIA airport and allowing transit facility to India were foiled by non-cooperation of Foreign Minister Shrestha. PM Bhattarai had studied in India and had developed good relations with Indian think tanks. This helped him to win the confidence and support of India in spite of being a Maoist leader. The coalition also developed a good relation with China and was able to host Chinese Premier Wen Jiabao.

Sushil Koirala had a normal relation with the UPA government of India headed by Manmohan Singh. After the advent of Modi, the Nepal-India relation saw a historical improvement with drastic change in the perception of all Nepali leaders and people towards India in general and PM Modi in particular as a magnanimous and benevolent neighbour. Indian support in relief and rescue operations during the devastating earthquakes and also its commitment to support Nepal’s reconstruction efforts was also

well appreciated in Nepal. However, Lipu-lekh agreement between India and China in May 2015 aroused the sense of insecurity amongst the Nepali people. Their sense of fear and insecurity came true when India supported some agitating Madhesi leaders during their protests. As anticipated, it used embargo against Nepal by supporting one particular community. The largest democracy in the world used undemocratic and illiberal tool against a close neighbour with whom it claimed to have a 'special relationship'. Earlier, India had used embargoes in 1961, 1970-71 and 1988-89 against the Panchayat system and the political parties directly/indirectly supported India's move. However, this time it was targeted against the political parties for their failure to accommodate India's suggestions to defer the Constitution promulgation process. Towards the end, the Oli government initiated increasing its engagement with China in search of alternative routes for importing essential goods, including fuel supplies.

In most of the study period (2006-2014), Nepal's relation with China was good and stable. After the reinstatement of democracy post 2006 movement, Nepal's engagement with China seems somewhat low as compared to other coalitions. The possible reason is that the Chinese government might have been thinking about redefining its relation with Nepal after the disappearance of the King –China's traditional ally -from Nepali political scene. However, all coalitions were unanimous in developing Nepal into a trade transit country between India and China for which they focussed in developing road infrastructures to connect Nepal's north-south borders. China's policy of maintaining State-to-State relationship with Nepal changed after 2006. It has focussed on developing relations at levels below the State by building military to military and party-to-party relationships.

The foreign policy of coalition governments also depends on management of its relations with parties in government and opposition along with their intraparty factions. Not only parties, but their intra-party fractions too define national interest differently and defend them according to their own interpretations. A faction of the Prime Minister's party has been found to oppose the government's decision related to foreign policy issues whereas opposition parties as a whole or their factions have supported government's decision.

Chapter 7

Conclusion

The main objective of Nepal's foreign policy is to protect and promote its sovereignty, integrity and political independence by enhancing its independent identity and dignity in the world community. The other objective is to strengthen national unity and harmony among all communities as well as to consolidate democracy, human rights, civil liberties, economic opportunities and political/economic inclusiveness. Nepal's powerful neighbours are the real guarantors of Nepal's sovereignty as well as real or perceived threat to maintaining its independence, autonomy and territorial integrity. Its location between two economic power houses of the 21st century economic order provides it with tremendous opportunities to enhance economic growth, prosperity and living standards of its citizens. Therefore, its geographical location is an important determinant in achieving its national interests related to security and economic issues though its relations with other countries of the world particularly permanent members of the United Nations should not be undermined. Its world order and ideological interest can be served by increasing proactive engagement in international intergovernmental organisations and forums like United Nations, World Bank, International Monetary Fund, World Trade Organisation, Non-alignment movement and other such institutions.

From unification in the 18th century to 1950, Nepal's foreign policy was directed towards protecting its sovereignty and territorial integrity. However, after 1955, focus was on maintaining independent identity and enhancing its dignity in the international arena. The governments formed after the restoration of democracy in 1990 have been maintaining balanced relations with its immediate neighbours with focus on economic interests. After 2006, all the coalition governments have focussed their energy and resources on developing Nepal as an economic bridge between the two neighbours by moving away from buffer state image.

Nepal's foreign policy is still leader driven. During Rana period, the Ranas directed the foreign policy whereas from 1951 to 1990 it was solely driven by the Kings. During Panchayat system, the King was the undisputed key figure in foreign policy decision making. He was at the same time a *power seeker, innovator, communicator* and *moderator* in the sphere of foreign policy and his individual personality traits were projected in Nepal's external relations. The '*Zone of Peace*' proposal by King Birendra

was a foreign policy innovation and Kings used to participate in different international forum for advocating foreign policy and projecting Nepal's independent identity. After the introduction of the republican system, the political parties and its leaders became main actors in foreign policy arena. Now, the foreign policy of New Nepal is the prerogative of the Prime Minister who needs to forge consensus among different stakeholders like coalition partners, opposition parties, parliamentarians, bureaucracy, civil society, general public, and media among others.

In coalition foreign policy making, political parties and their leaders are the actors, coalition politics is the arena for policy negotiation and consultations and coalition government is the instrument for translating coalition's understanding and compromise into policy outcome. Therefore, it is imperative to understand the party system and their leadership in order to understand the coalition foreign policy of Nepal. In this regard, the study of history and ideological background of the political parties as well as their leaders empower the researcher to understand the foreign policy positions of the parties in coalition politics. In foreign policy issues, the Nepalese political parties played their parts for issue sensitization through information dissemination and public awareness, interest articulation and aggregation of the voices of citizens, lobbying and norms setting for foreign policy decisions and providing ideological flavour and explanations to foreign policy issues.

Though a political party is considered a unitary actor, it might be divided into different intra-party factions and dynamics of power relations among such factions define the nature of the party. These intra-party factions interpret party ideology differently and such conflicting interpretations create confusions among the party followers and Nepali citizens about the overall ideology of the party. These differences in the interpretation also lead to different definitions of national interests by different factions within the same party. Nepali Congress is divided into Koirala-Poudel and Deuba factions whereas CPN-UML is divided into Oli, Nepal and Khanal factions. The intra-party factions in Nepali Congress and CPN-UML are not ideological but for gaining control over the party mechanisms and resources. However, the intra-party factions in UCPN (Maoists) were mostly over ideology. Baburam Bhattarai faction represented the moderate line whereas

Baidhya faction hashard line interpretation and Prachand faction played a role of balancer between hardliners and moderates. However, both Baburam and Baidhya left the UCPN (Maoists) party subsequently. Therefore, understanding of intra-party factionalism and dynamism help to underscore the nature of the party as a whole.

It is also necessary to explore the political dynamics involved during the formation of the coalition government. The coalition building processes is based on communication, consultation, consensus and compromise among political parties. Therefore, the element of consensus and compromise reached during coalition formation is also an important basis for providing policy guidance to the government. The politics of coalition formation also helps to underscore the motive of the political parties for joining the new coalition government; whether *office-seeking*, *policy-seeking* or *future electoral gain*. The unpacking of the new coalition government along the mathematical and ideological dimensions helps in anticipating its foreign policy orientation. The foreign policy orientations of the Leftist coalition may differ from that of coalition of democratic and Leftists forces. The former is expected to have more nationalistic orientation whereas the latter may adopt a moderate foreign policy by accommodating the interests of other countries, including the neighbours.

The pre-coalition agreement and minimum common programs of the coalition are documents of compromise reached among the coalition partners. They provide policy clarity and direction to the coalition government though the actual practice may differ according to the minister s' leadership attitude to accommodate differing voices of the coalition partners or asset their monopoly in the issues related to their respective ministries. Similarly, though Nepali political parties formed high level political mechanism for the purpose of power sharing among the coalition partners, it provides policy guidance to the government and defines common national interest of the coalition partners by acting as an arena for dialogue and consensus among the high level leaders of the coalition. Most coalitions formed from 2006 to 2014 had pre-coalition agreements, common minimum programs and a high level political mechanism for providing policy direction to the governments.

The leadership of the issue relevant ministry and leadership style of the Prime Minister of the coalition also affects coalition foreign policy. The control over the issue relevant ministry (for instance Foreign Ministry in foreign policy issues and Home Ministry in security related issues) provides a leader (minister) an important role for facilitating or blocking the decision making process. In prime ministerial system of governance, the PM has the supreme authority to direct the decision process of the Cabinet. However, in coalition governments, PM's decision is affected by assertive or accommodative behaviours of the ministers from other parties. PM's own assertive or accommodative behaviour too defines his/her relations with other Cabinet members. In Nepal's coalition politics, the assertive and accommodative approaches of the Cabinet members are not mutually exclusive but are found to be issue based. Foreign Minister Narayan Kaji Shrestha of Bhattarai coalition was against the BIPPA agreement with India; however, he later accommodated the decision of the PM to sign the agreement. But he stood against awarding of contract of TIA management to India. This assertive behaviour had to be respected although the then PM and Home Minister were in favour of awarding the contract to India. Similarly, non cooperation of Home Minister Bam Dev Gautam during the Prachanda coalition blocked the decision of allowing deployment of Sky Marshals to India. The following table indicates the influence of leadership behaviour on the cabinet decisions:

Table 7.1: Influence of Leadership behaviour on the Cabinet decisions

Leadership Behaviour	Minister is Accommodative	Minister is Assertive
PM is Accommodative	Decision	Decision
PM is Assertive	Decision	No decision

The foreign policy orientation of the coalition government is also influenced by the idea and perception of the leaders, especially the PM. Prachanda coalition followed the idea of '*equidistance policy*' between two neighbours whereas the Baburam coalition advocated the idea of '*vibrant bridge*' between India and China. The idea of '*equidistance*' has the geo-political connotation whereas the idea of '*vibrant bridge*' has the geo-economic connotation. Though both Prachanda and Baburam Bhattarai were the leaders of the same party-UCPN (Maoists), their foreign policy orientations were quite

opposite. Similarly, the image of India as an ‘expansionist power’ guided the foreign policy orientation of the Prachanda coalition whereas the image of India as ‘a partner in institutionalizing democracy and peace process’ shaped the foreign policy orientation of the coalitions headed by Girija Prasad Koirala, Madhav Nepal and Baburam Bhattarai. The substance of the foreign policy (national interest) of every coalition government was more or less same but the difference was on practice. The Prachanda led coalition government used nationalism as a tool to garner popular support. It is also found that most of the foreign policy agenda of the study period was driven by UCPN (Maoists) party, whether they were in government or in opposition. They gave nationalist flavour to every foreign policy issue.

Nationalism has been an important card of the communist parties of Nepal, mainly the Maoist party. This is also true because they fought the decade long insurgency on the plank of nationalism, besides seeking many other structural changes in domestic governance system and remoulding of administrative mechanism. Nationalism was most often equated to anti-Indian position of the party. However, coalition politics mandated a change in the policy orientation of the Maoist party once they were in power. Even after the Katwal episode for which Prachanda had to step down as the PM, he later accepted that the hard line position was a “mistake” and that his anti-Indian position brought much instability and delay in Constitution framing. Bhattarai, on the other hand, enjoyed excellent relation with India and was PM of the most unusual coalition in Nepal. The nature of coalition politics, therefore, dictated change of position of the party. This remains an important factor in Nepal’s coalition foreign policy dimension till today.

Since the conclusion of Sugauli Treaty in 1815-16, management of its relationship with India has been the major business of Nepal’s foreign policy. India mediated almost every democratic change in Nepal since 1951. However, the excessive involvement of India and the Indian ambassador in the domestic politics from 1951 to 1955 created a sense of threat. Therefore, the term ‘special relationship’ used during that period has been interpreted as a political subjugation and a subversion of Nepal’s sovereignty and autonomy. Due to its socio-cultural proximity with India, Nepal has been endeavoring to maintain an independent identity different from India. However, India’s repeated

assertiveness of ‘special relationship’ and its security concern particularly its threat perception towards China has frequently limited the foreign policy maneuverability of Nepal. India still considers Himalayas of Nepal as its barrier against possible aggression from China.

Due to geostrategic location and geo-economic opportunities, Nepal’s national interest demands maintaining a good political and economic engagement with China too. However, Nepal’s increased engagement with China is interpreted by India as an act of balancing of power with India. The historical study of Nepal after 1955 shows that Nepal wants neither to bandwagon with any of the neighbour nor balance one against another. It is a geostrategic compulsion of Nepal’s foreign policy for projecting and promoting its independent identity and international personality. Therefore, threat perception of India towards China and Nepal’s perception of independent identity have frequently caused frictions between the two countries. The coalition governments formed after 2006 accorded high priority to break these perceptions as they are the major obstacles in the smooth functioning of relationship between Nepal and India.

The perceived foreign policy orientations of different coalitions formed from 2006 to 2014 are as follows:

Table 7.2: Orientations of the Coalition Governments

S.N	Coalition Governments	Orientation	Relationship with China
1	Girija Prasad Koirala Coalition	Pro-India	Stable and good
2	Prachanda Coalition	Pro-China	Stable, good and increased engagement
3	Madhav Nepal Coalition	Pro-India	Stable, good and increased engagement
4	Jhala Nath Coalition	Pro-China	Stable, good and increased engagement
5	Baburam Bhattarai Coalition	Pro-India	Stable, good and increased engagement
6	Sushil Koirala Coalition	Pro-India Pro-China (<i>at the end due to the blockade</i>)	Stable, good and increased engagement

Nepali leaders perceive China as a benevolent friend and a partner in Nepal's economic development. Therefore, coalition governments formed after 2006 developed stable and good relations with China by increasing their political and economic engagements. China also started building Military-to-Military and Party-to-Party relationships with Nepal after 2006. It can be stated that China was seeking to build close relations with all parties in absence of monarchy. The abolition of monarchy, which was China's traditional ally, left a vacuum in the power structure of Nepal and this increased Chinese engagements with Nepal's political parties. China had maintained such a close relation with the palace earlier that even when India and USA had suspended supply of lethal and non-lethal weapons to the Nepal Army after the Royal takeover, China continued to extend its help to Nepal Army whose supreme commander was the King. After the historic changes, China-Nepal relation deepened economically, socially and politically. The increasing number of exchange visits between the two countries from the highest levels to the institution level reveals the strengthening of bilateral ties.

Following table indicates the level of relationship of Nepal with its neighbours:

Table 7.3: Comparison of Level of Relationship of Nepal with its Neighbours

SN	Country	Nepal			
		State-to-State Relationship	Military-to-Military Relationship	Party-to-Party Relationship	People-to-People Relationship
1	India	-Since history -Very strong	-Since history -Very strong	-Since history -Very strong	-Since history -Very strong
2	China	-Since history -Very strong	-After 2006 -developing	-After 2006 -developing	-Since history -developing

The relationship of the government with the opposition party and the latter's position on foreign policy issues also determine foreign policy of coalition governments. The criticism and protest of the opposition parties compelled government to change its decision or forced government to act immediately on many issues. To avert the opposition and criticism of the opposition parties, the coalition governments as far as possible avoided the foreign policy decisions having long term consequences on Nepal's national interests. The opposition of the UCPN (Maoists) and its announcement of

nationwide general strike compelled Madhav Kumar Nepal coalition to scrap its decision of awarding the MRP deal to India. Similarly, its opposition in the Lipu-lekh deal between India and China forced Sushil Koirala coalition to initiate diplomatic efforts with both the neighbours. Though Baburam coalition signed BIPPA agreement with India, it could not be ratified in the Parliament due to non cooperation of the opposition parties as ratification requires two third majority in the Parliament. All coalition prime ministers held consultations with all parties during their visits to India and China. Therefore, consensus and consultations with all parties, including opposition parties, is important for formulating foreign policy in any coalition government. Due to this, party ideologies often seem to take a back seat in determining foreign policy. It has thus become issue-based consensual exercise rather than ideology driven policy formulation.

The parliamentary committees also scrutinized the issues of national interest and provided directives to the government to them. Three different parliamentary committees visited Susta to observe the border encroachment during Girija Prasad Koirala coalition and two different parliamentary teams held field inspection of Koilabas encroachment during Madhav Kumar Nepal coalition. Similarly International Relations and Human Right Committee of the Parliament intervened on various issues like Ilam, Susta and Kalapani border encroachment during Prachanda coalition and Public Account Committee on MRP deal. Therefore, Parliament and the parliamentary Committees also play important role in the issues of foreign policy in coalition governments.

Some of the issues in which coalition politics influenced governments' foreign policy are:

Table 7.4: Issues during Girija Prasad Koirala Coalition

SN	Issues	Observations	Government's Response
1	Susta border dispute	-Three Parliamentary Committees visited Susta for field inspection and concluded that Susta was encroached by India. -CPN-UML General Secretary expressed his concern to the Indian Ambassador directly. -Different political parties and their	-Issue was discussed in the Cabinet. -Foreign Minister raised the issue with Indian External Affairs Minister. -PM initiated high level diplomatic and political

		sister organizations submitted memorandums demanding resolution of the issue.	dialogue with India.
2	Bilateral meeting for signing Extradition treaty	-Home Minister was tasked by the cabinet to finalize. -CPN (Maoists) opposed signing of the treaty with India and demanded their participation in the issue.	-Government cancelled the Bilateral Meeting of the Home Ministers with India.

Table 7.5: Issues during Prachanda Coalition

SN	Issues	Observations	Government's Response
1	Breach of embankment of the Koshi River	-10 political parties submitted a statement to the President and also to PM separately demanding review of Koshi Agreement. -CPN-UML also issued a press release demanding review of Koshi agreement and compensation from India for the victims -PM Dahal told that Koshi agreement was a historical mistake.	-PM Dahal and Foreign Minister Yadav raised the issue with their Indian counterparts.
2	Kalapani border dispute with India	- Home Minister Bamdev Gautam expressed with Chinese delegation led by I Hujeng, Major General of PLA that the Kalapani should be solved through consensus among Nepal, China and India. - Defense Minister Ram Bahadur Thapa denied Chinese involvement in the resolution of the Kalapani disputes and stressed on bilateral consultations between Nepal and India.	-No decision. <i>(Government Changed its position on the modality of resolution of the issue)</i>
3	Encroachment issues at Ilam, Susta and Kalapani.	-11 major political parties handed over a memorandum to the PM demanding border demarcation between Nepal and India. -The International Relations and Human Rights Committee (IR and HR) of the Parliament summoned Foreign Minister Upendra Yadav, Foreign Secretary Gyan Chandra Acharya, and officials of the Department of Survey to apprise	-No decision.

		<p>Committee on the issues of encroachment.</p> <p>- The IR and HR Committee formed three Parliamentary teams for field inspections.</p> <p>-The teams visiting Ilam and Susta confirmed border encroachment by India whereas the third team didn't visit Kalapani.</p>	
4	Deployment of sky marshals	<p>- Ministry of Tourism and Civil Aviation (MoTCA) headed by Maoist leader Hisila Yami was in favour of allowing India to deploy sky marshals in its India bound flight and tabled a proposal in the Cabinet for consideration.</p> <p>-MOHA headed by CPN-UML leader Bamdev Gautam didn't give its consent needed for the decision by Cabinet.</p>	No decision.

Table 7.6: Issues during Madhav Kumar Nepal Coalition

SN	Issues	Observations	Government's Response
1	Koilabas border dispute	<p>-16 political parties including Prime Minister's party CPN (UML) and opposition UCPN (Maoists) formed a parliamentary team headed by Amik Sherchan to inspect the border points.</p> <p>-The Constituent Assembly also dispatched a parliamentary team headed by Padma Lal Bishwokarma, Chairperson of IR and HR Committee of the Parliament to study the border encroachment.</p> <p>-The two parliamentary teams confirmed border encroachment and mishandling of Nepali citizens by SSB</p> <p>-PM Nepal was also summoned by the IR and HR Committee to clarify about the border encroachment issue.</p> <p>-CPN-UML, in a meeting held in the presence of PM Nepal, also strongly requested the Government to initiate diplomatic dialogue with India and take</p>	<p>-Prime Minister Nepal directed Foreign Secretary to attract the attention of India regarding this issue.</p> <p>-Police posts were established at the border points.</p>

		other necessary steps to protect the national integrity and dignity of Nepal.	
2	MRP issue	<ul style="list-style-type: none"> -The Cabinet at the initiation of Foreign Minister Sujata Koirala decided to award the contract to India. -All the political parties including UCPN (Maoists), Foreign Minister's party Nepali Congress and PM's party CPN-UML were against the deal. -Several Ministers were also against the deal arguing for national security. -Some Madhesi parties favoured the deal. -Public Account Committee of the Parliament also directed government to scrap the deal with India. -Main opposition UCPN (Maoists) decided to launch nationwide general strike against the deal. 	-Cabinet cancelled its decision of awarding the contract to Indian firm and decided to start new global bid process.

Table 7.7: Issues during Jhala Nath Khanal Coalition

SN	Issues	Observations	Government's Response
	No controversial issues due to short tenure of the coalition.		

Table 7.8: Issues during Baburam Bhattarai Coalition

SN	Issues	Observations	Government's Response
1	BIPPA with India	<ul style="list-style-type: none"> -Foreign Minister Narayan Kaji Shrestha, Baidhya led faction of PM's party UCPN (Maoists) and CPN-UML were against the agreement. -Upendra Yadav led Madhesi Janaadhikar Forum was against the deal whereas other Madhesi parties in the coalition government supported the deal. -Main opposition party Nepal Congress 	Was signed due to PM's interest.

		supported it.	
2	DTAA	All party consensus.	Signed with India
3	Awarding of contract on Modernization and up gradation of the (TIA) Immigration System to India	-The coalition Government was divided over the issue as Prime Minister Bhattarai and Home Minister Gachhadar were in favour whereas Foreign Minister Narayan Kaji opposed the idea of handing over the project to India. -UCPN (Maoists) hardliner faction and leaders from other parties opposed the idea.	No decision
4	Providing Transit facility to India	-Agreed at Commerce Secretary level. -Foreign Minister Shrestha opposed the idea.	No Cabinet decision.

Table 7.9: Issues during Sushil Koirala Coalition

SN	Issues	Observation's	Government's Response
1	PM Modi's Janakpur visit	-PM Modi showed interests in visiting 3 holy places of Nepal- Janakpur, Muktinath and Lumbini during his Nepal visit to attend the 18 th SAARC Summit. -PM Koirala and Nepali Congress were in favour of allowing Modi to address the public in Janakpur. -Home Minister and Foreign Minister didn't support the idea. -Coalition partner CPN-UML and opposition UCPN (Maoists) were against the idea.	-Government formed Committees headed by Ministers to facilitate visits to the holy places. <i>(However, PM Modi Cancelled the visit citing his busy schedule.)</i>
2	PTA with India	-Major parties supported the deal. -Mohan Baidhya led CPN-Maoist and an alliance of 33 fringe parties opposed.	Deal was finally signed due to the support of the three major parties.
3	Lipu-Lekh Pass agreement between India and China	- Opposition in the Parliament. -Parliament summoned Foreign Minister Mahendra Bahadur Pandey to clarify Nepal's position. - UCPN (Maoists) and CPN-Maoist (Mohan Baidhya) led alliance of 33 parties criticized India, China and Nepal government.	-Government initiated diplomatic efforts with both neighbours. <i>(Chinese Ministry of Foreign Affairs hinted on reviewing its agreement with</i>

		-CPN-Maoist along with an alliance of 33 parties submitted memorandum to Embassy of India and Embassy of China. -Prachanda directly wrote letters directly to Indian PM and Chinese President.	<i>India based on historical evidences provided by Nepal.)</i>
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The coalition foreign policy was affected not only by domestic politics, but also by external environment, particularly by interests of the neighbouring countries. Until 2005, the monarchy was an important stakeholder in Nepal's foreign policy decision making and implementation. Therefore, the foreign countries focused on fostering good relations with the king and the government. However, after the abolition of the monarchy, political instability and frequent changes of government encouraged them to develop working relations not only with ruling parties but also with all the parties represented in the Parliament. The political leaders couldn't differentiate between foreign relations of their party with the foreign relations of the coalition government headed by their party leader. This led to the confrontation of Prachanda led coalition with India. Similarly, the gap in the understanding of each other's national interest and genuine concerns also affected Nepal's relations with its neighbours, particularly India.

The high level of economic interdependence, socio-cultural proximity and open borders limited the capacity of the coalition government to develop more balanced relationship with its neighbours and every coalition government had an India-tilt with nuanced differences. In this regards, Sprout and Sprout rightly noted the limited manoeuvrability capacity of countries like Nepal as stated,, "Geographical position and historical development are so largely determining factors of foreign policy that, regardless of the kaleidoscopic change of contemporary events, and no matter what form of government has been instituted or what political party may be in power, the foreign policy of a country has natural tendency to return again and again to the same general and fundamental alignment" (Sprout and Sprout 1969:41).

After the blockade, the Oli coalition government reoriented Nepal's foreign policy towards China but that neither helped his government nor the economic and

development interests of the people. Therefore, due to its geostrategic position, socio-cultural proximity and open border with India, every coalition government of Nepal is bound to pursue an uneven relation with its neighbours with slight tilt towards India when it sheds its threat perception towards China.

Nepal-India relation is a multi-dimensional one as well as very complex. But since China looks at Nepal as a traditional sphere of influence of India, the coalition governments naturally had closer relations with India. Except for Oli government when bilateral relation hit the rock bottom lately, overall most of the coalitions enjoyed closeness with the southern neighbour. Although it is a foreign policy compulsion for Nepal to try to maintain a balanced relation between the two giant neighbours, it is natural for Nepal and India to share closer proximity due to age old cultural, social and political linkages. India will thus continue to play an important role in Nepal's politics and economic development.

The conclusions can thus be summed as:

- i. The coalition foreign policy is formulated through intense deliberations and negotiations among the coalition partners, which demands compromises in their respective party positions. Wherever possible, their conflicting definitions of the national interests are accommodated to project a unified voice of the government. Therefore, the final compromised foreign policy decision may differ from the policy positions of parties. However, the coalition partners do not come to compromise in every issue which may lead to obstruction of the decision process. The control over issue relevant ministries provides coalition parties with an important role in shaping the foreign policy as per their political ideas and party positions though it may require consent and compromise of other coalition partners as well, the PM and opposition parties.
- ii. From 1951 to 1990, the area of foreign policy was the prerogative of the Kings. They defined and defended national interests as per their personality and necessity. However, after the abolition of monarchy, political parties and their leaders are the principal actors and decision makers in the foreign policy making process. The political parties influence the foreign policy of Nepal whether they

are in government, opposition or Parliament. They are the important means of interest aggregation and articulation of the people. They organize and train their supporters as per their conception of the national interest based on their party ideology. They have also become more assertive and conscious about their role in shaping foreign policy. Therefore, their role has tremendously increased though the role of other factors like bureaucracy, civil society, interest groups, think tanks and public opinion cannot be undermined.

- iii. The foreign policy orientation of the coalition government depends on the relation of the Prime Minister with India; his/ her perception about Indian interests in Nepal and willingness to accommodate them; his/her willingness and capacity to develop a broad-based consensus among major political parties and their intra-party factions on issues of national interest; support, cooperation and opposition of the coalition partners and opposition parties; and his/her engagement with China by taking India into confidence.

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The Times of India

The Hindu

The Indian Express

Annexure

Annex -I

Bilateral Mechanisms between Nepal and India

S. N.	Bilateral Mechanism	Level	Established
1	Joint Commission	Foreign Minister	20 June 1987
2	Joint Ministerial Commission on Water Resources (JMCWR)	Water Resource Minister	22 August 2009
3	High Level Task Force	Chief Secretary	21 October 1992
4	Foreign Secretary Level Meeting (Mainly for reviewing 1950 Treaty)	Foreign Secretary	7 June 1997
5	Home Secretary Level Meeting	Home Secretary	--
6	Joint Committee on Water Resources (JCWR)	Water Resource Secretary	6 August 2000
7	Pancheshwar Development Authority	Energy Secretary	August 2014
8	Joint Steering Committee and Joint Working Group on PTA	Energy Secretary and Joint Secretary respectively	September 2014
9	IGC on Trade Transit and Cooperation to Control Unauthorized Trade	Commerce Secretary Level	-
10	Nepal India Bilateral Consultative Group on Security Issue (NIBCGSI)	Joint Secretary, MOFA	16 April 2003
11	Joint Working Group (JWG) on Border Management	Joint Secretaries, Home	June 1996
12	Boundary Working Group (BWG) and Survey Officials' Meeting	DGs Dept. of Survey and DDGs respectively	July 2014
13	Sub IGC Meeting on Trade and Transit	Joint Secretary, Commerce	-
14	Nepal India Power Exchange Committee (PEC)	Managing Director, NEA/ Member (Planning), CEA	-

15	Joint Group on Koshi Power Tariff	Joint Secretary, Ministry of Water Resources	October 2004
16	Joint Group of Experts (JGE) on Pancheshwar Multipurpose Project		1977
17	Joint Committee on Koshi and Gandak Projects (JCKGP)	DG, Department of Irrigation	October 2000
18	Karnali Coordination Committee (KCC)	DG, Dept. of Electricity Department	-
19	Joint Team of Experts (JTE) on Budhi Gandaki Hydropower Project	-	December 1991
20	Joint Study Team for River Navigation Studies on Gandak and Karnali Rivers	DG, Dept. of Electricity Department	1996
21	Joint Agriculture Working Group	Joint Secretary, Agriculture	MOU on Coop. in the field of Agriculture was signed in 1991
22	Joint Working Group on Tourism Cooperation	-	Established through MoU in November 2014
23	Telecom Coordination Meeting	Secretary of Communications	-
24	Meeting on Customs Cooperation	DG, Dept. of Customs	-
25	Bilateral Investment Promotion and Protection Agreement	DG, Ministry of Industries	-
26	Joint Standing Technical Committee (JSTC)	Chairman of GFCC, India and JS of MoIr, Nepal (DG, Dpt of Irrigation)	October 2008
27	Joint Committee on Inundation and Flood Management (JCIFM)	DG, Dept. of Water Induced Disaster Prevention (DWIDP)	2009
28	Joint Team of Experts (JTE) on Saptakoshi High Dam Multipurpose Project and Sunkoshi Storage Cum	DG, Dept of Electricity Development	1991

	Diversion Scheme		
29	AIG, APF and DG, SSB Meeting	AIG of APF and DG of SSB Level	Established by the Home Secretary Level Meeting of January 2012
30	Joint Project Steering Committee on Railway Infrastructure	Joint Secretary, Ministry MoPIT	Established by the MOU signed on 15 January 2010
31	Joint Project Steering Committee on Terai Road	Joint Secretary, Ministry MoPIT	Established by the MOU signed on 15 January 2010
32	Bordering District Coordination Committee (Joint District Level Working Groups)	CDO/DM	-
33	Koshi High Level Technical Committee (KHLTC)	Director, Eastern Regional Irrigation Directorate	-
34	Gandak High Level Standing Committee (GHLSC)	Director, Western Regional Irrigation Directorate	-
<i>Source: Ministry of Foreign Affairs, Nepal</i>			

Annex -II

Bilateral Mechanisms between Nepal and China

S.N.	Bilateral Mechanism	Level
1	Joint Consultation Mechanism	Foreign Secretary and equivalent
2	Inter-Governmental Economic and Trade Committee	Finance Secretary
3	Border Law Enforcement Cooperation	Home Secretary
4	Joint Committee on Agriculture Cooperation	Joint Secretary
5	Joint Tourism Co-ordination Committee	Joint Secretary
6	Tibet Trade Facilitation Committee	JS, Ministry of Commerce
7	Dialogue Mechanism on Energy Cooperation	Joint Secretary

Source: Ministry of Foreign Affairs, Nepal

Annex -III

Responsibilities of the Ministry of Foreign Affairs

- Formulation, implementation, monitoring and evaluation of foreign policy, plan and programmes
- Relation with foreign nations
- Representation in foreign countries
- Nepal's publicity in foreign countries
- Passport and visa
- Hospitality
- Protocol
- Claim over a person of a Nepali or foreign citizen by the respective governments.
- Diplomatic protection, immunities and privileges
- Record of Nepali citizens who are in abroad and their right, interest and protection.
- Non-resident Nepalese
- Economic diplomacy
- Development and promotion of public and non-governmental organizations at international level
- Consular practices
- United Nations, SAARC and other international and regional organizations
- Foreign diplomatic missions in Nepal
- Diplomatic negotiation and agreement on the matters which do not fall under any other ministry
- Operation of Nepal foreign service

Source: Government of Nepal (Allocation of Business) Rules, 2015

(Published in Nepal Gazette on 2015-12-29)

Annex-IV

Treaty of Peace and Friendship between the Government of Nepal and the Government of India

The Government of India and the Government of Nepal, recognising the ancient ties which have happily existed between the two countries;

Desiring still further to strengthen and develop these ties and to perpetuate peace between the two countries;

Have resolved therefore to enter into a Treaty of Peace and Friendship with each other, and have, for this purpose, appointed as their plenipotentiaries the following persons, namely,

THE GOVERNMENT OF INDIA

His EXCELLENCY SHRI CHANDRESHWAR PRASAD NARAIN SINGH,
Ambassador of India in Nepal.

THE GOVERNMENT OF NEPAL

MOHUN SHAMSHER JANG BAHADUR RANA,
Maharaja, Prime Minister and Supreme Commander-in-Chief of Nepal,

who having examined each other's credentials and found them good and in due forms have agreed as follows:—

Article 1

There shall be everlasting peace and friendship between the Government of India and the Government of Nepal. The two Governments agree mutually to acknowledge and respect the complete sovereignty, territorial integrity and independence of each other.

Article 2

The two Governments hereby undertake to inform each other of any serious friction or misunderstanding with any neighbouring State likely to cause any breach in the friendly relations subsisting between the two Governments.

Article 3

In order to establish and maintain the relations referred to in Article 1 the two Governments agree to continue diplomatic relations with each other by means of representatives with such staff as is necessary for the due performance of their functions. The representatives and such of their staff as may be agreed upon shall enjoy such diplomatic privileges and immunities as are customarily granted by international law on a reciprocal basis: Provided that in no case shall these be less than those granted to persons of a similar status of any other State having diplomatic relations with either Government.

Article 4

The two Governments agree to appoint Consuls-General, Consuls, Vice-Consuls and other consular agents, who shall reside in towns, ports and other places in each other's territory as may be agreed to. Consuls-General, Consuls, Vice-Consuls and consular agents shall be provided with exequaturs or other valid authorization of their appointment. Such exequatur or authorization is liable to be withdrawn by the country which issued it, if considered necessary. The reasons for the withdrawal shall be indicated wherever possible. The persons mentioned above shall enjoy on a reciprocal basis all the rights, privileges, exemptions and immunities that are accorded to persons of corresponding status of any other State.

Article 5

The Government of Nepal shall be free to import, from or through the territory of India, arms, ammunition or warlike material and equipment necessary for the security of Nepal. The procedure for giving effect to this arrangement shall be worked out by the two Governments acting in consultation.

Article 6

Each Government undertakes, in token of the neighbourly friendship between India and Nepal, to give to the nationals of the other, in its territory, national treatment with regard

to participation in industrial and economic development of such territory and to the grant of concessions and contracts relating to such development.

Article 7

The Governments of India and Nepal agree to grant, on reciprocal basis, to the nationals of one country in the territories of the other the same privileges in the matter of residence, ownership of property, participation in trade and commerce, movement and other privileges of a similar nature.

Article 8

So far as matters dealt with herein are concerned, this Treaty cancels all previous Treaties, agreements, and engagements entered into on behalf of India between the British Government and the Government of Nepal.

Article 9

This Treaty shall come into force from the date of signature by both Governments.

Article 10

This Treaty shall remain in force until it is terminated by either party by giving one year's notice.

DONE in duplicate at Kathmandu this 31st day of July 1950.

(Signed)
CHANDRESHWAR PRASAD
NARAIN SINGH
For the Government of India

(Signed)
MOHUN SHAMSHER
JANG BAHADUR RANA
For the Government of Nepal

Source: United Nations, <http://treaties.un.org/doc/Publication/UNTS/Volume%2094/v94.pdf>.

Annex-V

Letter of Exchange

Date: 31st day of July 1950

In the course of our discussion of the Treaties of Peace and Friendship and of Trade and Commerce which have been happily concluded between the Government of India and the Government of Nepal, we agreed that certain matters of details be regulated by an exchange of letters. In pursuance of this understanding, it is hereby agreed between the two Governments:

- 1) Neither Government shall tolerate any threat to the security of the other by a foreign aggressor. To deal with any such threat, the two Governments shall consult with each other and devise effective counter-measures.
- 2) Any arms, ammunition or warlike material and equipment necessary for the security of Nepal that the Government of Nepal may import through the territory of India shall be so imported with the assistance and agreement of the Government smooth and expeditious transport of such arms and ammunition through India.
- 3) In regard to Article 6 of the Treaty of Peace and Friendship which provides for national treatment, the Government of India affords the Nepalese nationals in Nepal protection from unrestricted competition. The nature and extent to this protection will be determined as and when required by mutual agreement between the two Governments.
- 4) If the Government of Nepal should decide to seek foreign assistance in regard to the development of the natural resource of, or of any industrial project in Nepal, the Government or the nationals of India, as the case may be, provided that the terms offered by the Government of India or Indian nationals, as the case may be, are not less favourable to Nepal than the terms offered by any other Foreign Government or by other foreign national.

Nothing in the foregoing provision shall apply to assistance that the Government of Nepal may seek from the United Nations Organisation or any of its specialized agencies.

- 5) Both Governments agree not to employ any foreigners whose activity may be prejudicial to the security of the other. Either government may make representations to the other in this behalf, as or when occasion requires.

Please accept Excellency, the assurances of my highest consideration.

(Sd.)

MOHUN SHAMSHER JANG BAHADUR RANA

Maharaja, Prime Minister and Supreme Commander-in-Chief of Nepal