

# **Brief Embassy Report on Bilateral Relations – ITJ Division, DGCI&S, Kolkata.**

## **India – Nepal Bilateral Relations**

### **A. Introduction**

1. Indian Trade Journal (ITJ) division of the Directorate General of Commercial Intelligence and Statistics (DGCIS) brings out weekly publication on Embassy Profile Report providing information on recent policy changes and happenings in other countries that may be of interest to the Indian trading community. This is the Embassy Profile Report for 18.02.2026 depicting the Embassy of Nepal.

2. Nepal shares border with 5 Indian states of Sikkim, West Bengal, Bihar, Uttar Pradesh and Uttarakhand. The age old civilizational and cultural ties that exist between India and Nepal are exemplified by the strong people to people link between both the countries. Nepal is a priority partner of India under its 'Neighborhood First' Policy. Government of India has its Embassy in Kathmandu and a Consulate General in Birgunj (south-central part of Nepal). Government of Nepal has its Embassy in New Delhi and a Consulate General in Kolkata.

3. These bonds of friendship are also strengthened by regular exchanges at high level between India and Nepal. Since May 2014, there has been 17 exchanges at the level of Head of State/ Head of Government. Prime Minister, Shri Narendra Modi had visited Nepal 05 times since May 2014 and Prime Ministers of Nepal have visited India 10 times since May 2014. The last visit by PM Modi to Nepal was his visit to Lumbini on 16 May 2022, on the holy occasion of Buddha Purnima. The Prime Minister of Nepal to India, Mr. Pushpa Kamal Dahal 'Prachanda' visited India for a stand-alone official visit from 31 May – 3 June 2023. At the invitation of PM Modi, PM Prachanda also attended the Swearing-In ceremony in New Delhi from 9-10 June, 2024. A congratulatory phone call between PM Prachanda and PM Modi, over the re-election of our PM was held on 5 June 2024.

4. At Ministerial level, the Joint Commission, co-chaired by EAM, has met 5 times since May 2014, most recently on 4-5 January 2024 in Kathmandu. The Foreign Ministers of both countries also meet frequently on the side-lines of various forums, with EAM Dr. S. Jaishankar meeting FM, Mr. NP Saud in Dhaka on 12 May 2023, 17 July 2023 in Bangkok on the side-lines of the Indian Ocean Conference and the BIMSTEC Foreign Ministers meeting respectively. FM Mr. NP Saud also visited India for the Raisina Dialogue and met EAM on 23 February 2024. FM Mr. Narayan Kaji Shrestha held a congratulatory telephone conversation on 12 June 2024 with EAM Dr. S. Jaishankar after the latter's reappointment as EAM.

5. These frequent high level visits and exchanges have added momentum to the bilateral partnerships, and helped the leadership to review at regular intervals the entire gamut of the relation. Some of the major outcomes of the recent Prime Ministerial visits include several landmarks in connectivity initiatives such as progress in the Integrated Check Posts at Nepalgunj, Bhairahawa and Dodhra-Chandni, inauguration of a freight train service between India and Nepal, and progress on Kurtha – Bijalpura and Raxual Kathmandu railway line, momentum on the Motihari-Amelekhgunj pipeline phase II and construction of a new petroleum pipeline from Siliguri to Jhapa and Amelekhgunj to Chitwan. The visits also saw major landmarks in the power sector, including the finalization of the agreement for long term power trade, agreements on new hydropower projects including the 480 MW Phukot Karnali, 669 MW Lower Arun and positive momentum on the trilateral power transaction between India-Nepal and Bangladesh. At a functional level, India and Nepal have more than 40 bilateral institutional mechanisms covering the entire gamut of bilateral relations.

## **B. Economic & Commercial Relations**

6. Indian firms are among the largest investors in Nepal, showed a strong increase in the first half of the 2025-26 fiscal year (mid-July 2025 to mid-January 2026), reaching NPR 39.23 billion (around \$270 million) for 475 projects, a significant rise from the previous year, with major pledges in agriculture and other sectors, signaling positive trends despite underlying global economic challenges. The government's efforts, including automatic approval routes, aim to boost investment, though actual inflows remain volatile. India constitutes 64.1% of the total trade of Nepal, comprising about \$8.85 billion USD (Indian FY 22-23). This includes \$8.015 billion USD of exports from India to Nepal and \$839.62 million USD of exports from Nepal to India.

7. India is Nepal's largest export destination, receiving an overwhelming 67.9% of its total exports. Nepal's exports mainly constitute edible oil, coffee, tea and jute. Nepal's main imports from India are petroleum products, Iron & Steel, Cereals, Vehicles and Parts, Machinery parts. There are about 150 Indian ventures operating in Nepal engaged in manufacturing, services (banking, insurance, dry port, education and Telecom), power sector and tourism industries.

### **The Export-Import statistics from 2021-22 to 2025-26 (up to Nov'25)**

(USD Million)

<b>Year</b>	<b>Total trade</b>	<b>Import</b>	<b>Export</b>
2021-22	11016.79	1371.04	9645.75
2022-23	8920.78	841.52	8079.26
2023-24	7871.78	830.76	7041.02
2024-25	8587.46	1201.48	7385.98
2025-26 (up to Nov'25)	6956.18	1479.14	5477.04

(Source: Department of Commerce, India)

## **C. Other Major Areas of Cooperation:**

- Several Agreements/ Memorandum of Understanding (MOU) have been signed between India and Nepal for cooperation in the fields of defence, economic and commercial links, technical cooperation and culture.

### **DEFENCE COOPERATION:**

- India and Nepal have long standing and extensive mutually beneficial cooperation in the field of defence and security. Both armies share excellent and harmonious relationship based on mutual trust and respect. India and Nepal also have the long-standing tradition of awarding Honorary rank of General to each others' Army Chief. Nepali Chief of Army Staff (CoAS) Mr. Prabhu Ram Sharma visited India from 9-12 November 2021 for the investiture ceremony and also had meeting with Chief of Defence Staff, COAS, EAM, National Security Advisor and Raksha Mantri and India's COAS General Manoj Pande visited Nepal from 4-8 September 2022 for his investiture Ceremony. In February 2023, the Defence Minister of Nepal, Mr. Hari Prasad Upreti visited India for the Aero India show. Also, the strong relations between both the armies have been further cemented via the

Gorkha Regiment. Currently around 32,000 Gorkha soldiers from Nepal are serving in the Indian Army. In addition to the Military Pension Branch in Kathmandu, Pension Paying offices also function from Dharan and Pokhara, besides the District Soldier Boards, which helps in effective disbursal of pensions and in organizing various welfare program including re-training, re-rehabilitating and assisting ex-Gurkha soldiers and their families.

### CONNECTIVITY AND DEVELOPMENT PARTNERSHIP:

- India is the largest developmental donor of Nepal, with the major portion of developmental assistance focussed on large scale infrastructure projects under grants, necessary for the rapid development of Nepal, in the field of priority sectors such as health, education and connectivity. India has a long history of development cooperation commencing from 1950s onwards. Some of the major projects undertaken and completed with the Government of India grant assistance includes, Gauchar Airport (presently Tribhuvan Airport), East West Highway. Nepal Bharat Maitri Emergency & Trauma Centre (INR 100 Cr), which is the first trauma centre with AIIMS like specialization, Tri Chand college development projects in Tribhuvan University, BP Koirala Institute of Health Science, Dharan, Construction of 5 storey OPD complex of Bir hospital etc.
- The developmental partnership has taken a major leap in the last 15 years, and several connectivity projects have been taken up, to facilitate Nepal's access to the sea lanes of transport and commerce. This includes, Jayanagar- Bijalpura-Bardibas Rail link which is Nepal's first ever broad gauge line, Jogbani -Biratnagar rail link , Raxaul – Kathmandu Rail link, Hulaki / Terai Road , Integrated Check Posts at Birgunj , (Nepal's first ever Integrated Check Post) , Biratnagar , Nepalgunj and Bhairahawa ; The first cross border broad gauge passenger train service between Jayanagar in Nepal and Kurtha in India was flagged off during the visit of former PM Sher Bahadur Deuba to India from 1-3 April 2022 and the first freight train service between India and Nepal was flagged off during the visit of Prime Minister Pushpa Kamal Dahal 'Prachanda' from 31 May-3 June 2023.
- To boost connectivity in the far-western region of Nepal, the construction of a motorable bridge in Dhachula began in October 2022 under grant assistance. Another major ongoing project under Indian grant assistance is the construction of the National Police Academy of Nepal.
- The Government of India has also been working with the Government of Nepal at the grass root level through the implementation of High Impact Community Development Project (HICDP) in building hospitals, schools, colleges, drinking water facilities, sanitation, drainage, rural electrification, hydropower, embankment and river training works, so as to improve the overall quality of life at the local level. The cap for each project has been increased to Nrs 20 crores in January 2024. Since 2003, over 551 projects have been undertaken by the Government of India, for a total cost of Nrs 1249 crores.
- Apart from grant assistance, Government of India has extended Lines of Credit of USD 1.65 billion for undertaking development of infrastructure, including post-earthquake reconstruction projects. GoI LOCs have financed several projects in Nepal, mostly roads, transmission lines and reconstruction projects.

## POWER SECTOR COOPERATION:

- One of the win-win areas of cooperation in the India-Nepal bilateral relations is the collaboration in the power sector. The Joint Vision Statement on Power Sector Cooperation issued on 2 April 2022 during visit of Prime Minister of Nepal to India, laid out a comprehensive roadmap for bilateral cooperation in the sector. Its key pillars include joint development of power generation projects in Nepal, development of cross-border transmission infrastructure, bi-directional power trade, coordinated operation of the national grids and institutional cooperation in sharing latest operational information technology and know-how. Significant cooperation in the power sector is already visible. Nepal has been estimated to have earned around NPR 10-15 crores /day through power exports to India.
- India has been a long-standing partner of Nepal, during emergencies and crisis situation. Nepali nationals in conflict zones, have been evacuated along with Indian nationals under Government of India's evacuation efforts under 'Operation Ajay', 'Operation Ganga' etc.
- After the earthquake on the night of 3 November 2023, which had its epicentre in Jajarkot and west Rukum in Karnali province in the western part of Nepal, India as the first international responder provided emergency relief materials in less than 48 hours. Government of India has till date provided 5 tranches of relief supplies to Nepal consisting of 200 pre fabricated houses, tents, tarpaulin sheets, sleeping blankets, urgent vital medicines as well as other medical support equipment. Additionally, during visit of EAM in January 2024, financial assistance package of approx NPR 1000 crores to support the reconstruction after Jajarkot earthquake, with major portion under grant was announced.

## EDUCATION:

- India's development partnership with Nepal extends in the field of human resource cooperation. The Government of India provides more than 1500 scholarships each year, covering for study in India as well as Nepal and encompassing courses ranging from medicine, engineering, agriculture, business, nursing, Ayurveda & other traditional medicine, music, dance etc. Since 2001, around 38,000 Nepali nationals have been direct beneficiaries of the Government of India scholarships.
- For Government officials and other professionals, Nepal has been an important partner under the Indian Technical & Economic Cooperation (ITEC) program started in 1964. The ITEC has trained around 200,000 professionals, both defence & civilian Alumni in more than 160 countries, so far. Since 2007 alone, more than 2000 professionals, bureaucrats and defence personnel from Nepal have undergone this capacity building program. In the last two years, around 200 doctors, 20 judicial professionals, 50 Office of Attorney General, 180 Nepali Police officials have been beneficiaries of this ITEC program.

## CULTURE:

- India and Nepal share an organic cultural link. Government of India initiatives to promote people-to-people contacts in the fields of art & culture, academics and media include cultural programmes, symposia and events organized in partnership with different local bodies of Nepal, as well as conferences and seminars in Hindi, Sanskrit. The 75 years of "Azadi Ka Amrit Mahotsav" was celebrated in Nepal in 2023, through a series of events covering music, dance, development partnership conclave and start up event. The Swami Vivekananda Centre for Indian Culture was set up in Kathmandu in August 2007 to showcase the best of Indian culture. The Nepal-Bharat Library was founded in 1951 in Kathmandu as the first foreign library in Nepal with the objective to enhance and strengthen cultural relations and information exchange between India and Nepal. The B.P. Koirala India-

Nepal Foundation was set up in 1991 with the objective to foster educational, cultural, scientific and technical cooperation between India and Nepal and to promote mutual understanding and cooperation through sharing of knowledge and professional talents in academic pursuits and technical specialization. Familiarization visits to India by Nepalese journalists/editors and short term training in India for Nepalese editors/ journalists/experts/officials in the field of print & electronic media and archaeology have been arranged.

#### INDIA-NEPAL ALUMNI NETWORK:

- On 26 January 2021, India-Nepal Alumni network was launched by Dr. Ram Baran Yadav, former President of Nepal and then Indian Ambassador to Nepal, Mr. Vinay Mohan Kwatra. It is a new initiative which seeks to bring Nepali Alumni and students pursuing studies in India together on a common platform to establish a vibrant alumni network, and to share knowledge and experience. So far around 4000 Nepali Alumni have registered on Sampark India-Nepal Alumni network.

*Source: [www.mea.gov.in](http://www.mea.gov.in)*