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Arms Agreement with India cancelled by Nepal. - Demand for Withdrawal of Indian Military Personnel. - Talks on Indo-Nepalese Defence, Border, and Economic Problems.

In an interview with the official English-language newspaper *Rising Nepal* the Nepalese Prime Minister, Mr. Kirtinidhi Bista, announced on June 24 that the Government had cancelled its arms agreement with India, and called for the withdrawal of all Indian military personnel from Nepal.

Asked about an Indian newspaper report that Nepal had agreed in 1965 to import arms solely from India, Mr. Bista said that “while negotiations for an amendment of the agreement were going on it was suggested verbally by India that the Government of India would advise the Nepal Government to cancel the agreement instead of amending it. The Nepal Government has accordingly written to India, and so far as Nepal is concerned the agreement does not stand any more.”

Mr. Bista said that Indian radio operators had been stationed in checkposts on the Nepalese-Tibetan border because trained Nepalese personnel had not been available, but that “since Nepalese are trained now with India's own assistance, the Nepal Government feels that Indian personnel can and should be withdrawn.” He also said that the Indian military liaison group in Katmandu should be withdrawn, as their work had been completed.

Referring to Nepalese co-operation with India in the Kosi and Gandak irrigation and flood protection projects, he said that “the benefits to Nepal out of these agreements are marginal. This needs to be put against the lack of progress made on Nepal's wishes on the Karnali [hydro-electric] project, its genuine trade and transit difficulties, and the unfriendly campaign of vilification against Nepal now being carried out in the Indian Press.... It is not possible that Nepal should compromise its sovereignty or accept what may be called limited sovereignty for India's so-called security....”

The Indian External Affairs Minister, Mr. Dinesh Singh, told Parliament on July 21 that the Nepalese Government had been informed that India had no objection in principle to the demand for a change in the status of the military liaison group and the gradual withdrawal of Indian personnel from the checkposts. Mr. Surendra Pal Singh (Deputy Minister for External Affairs) stated in the *Rajya Sabha* on the same day that the strength of the liaison group had been reduced from about 300 in 1952 to 40, including six officers.

Talks between the two Governments opened in New Delhi on Aug. 29, the Indian and Nepalese delegations being headed by their respective Foreign Secretaries,

Mr. T. N. Kaul and Mr. Yadunath Khanal. In addition to defence and security questions, the talks covered economic relations, irrigation and power, and the location of the border, the main problems at issue being as follows:

- (1) Although the Indian Government had agreed in principle to the withdrawal of Indian personnel from the checkposts, it was anxious to reach alternative arrangements for sharing information on Chinese activities on the Tibetan border.
- (2) Under the 1965 defence agreement, details of which remained secret, Nepal had undertaken to obtain all its military equipment from India, and to import additional equipment from third countries only with India's consent and through Indian military channels. The Indian Government wished to evolve a new formula under which Nepal could not obtain equipment from countries hostile to India, such as Pakistan and China.
- (3) The Indian Government was disturbed by the fact that small groups of Chinese in Nepal had come as far south as the Indian border, whereas no foreigners except the Chinese were allowed within 25 miles of Nepal's northern frontier.
- (4) A border dispute had arisen over an area of about six square miles in the Susta region, where the boundary pillars had been washed away by the changing course of the River Gandak. The Nepalese Government claimed the area on the basis of a map drawn up by a British officer in 1817; the Indian Government maintained that it had been allocated to India by a treaty signed in 1902, but was prepared to grant it to Nepal on a 99-year lease.
- (4) The Indo-Nepalese trade treaty, which allowed free movement of goods across the border, had been exploited by Indian and Nepalese businessmen to smuggle foreign luxury goods into India through Nepal, and by the Chinese to smuggle Chinese goods into India and Indian goods into Tibet. The Indian Government was prepared to allow Nepalese goods to pass through India to Pakistan but not the transit of Pakistani goods through India to Nepal, as Pakistan did not grant transit facilities for Afghan goods to India.
- (5) The Nepalese Government had refused to complete the necessary legal formalities for the construction of the Western Kosi Canal, apparently because it hoped to obtain better terms.
- (6) The talks, which were due to conclude on Sept. 3, had to be extended because of difficulties over the wording of the final statement. The Nepalese delegation took exception to press reports that India had agreed to the withdrawal of all Indian military personnel from Nepal on the assumption that Indian security interests would be safeguarded through alternative arrangements, and issued a statement on Sept. 3 emphasizing that their withdrawal was unconditional. The joint statement issued on Sept. 4 said that joint and several recommendations on all the subjects discussed had been made by both delegations to their respective Governments, and that meetings at various levels would be held

periodically between the two sides to resolve any difficulties that might arise, no details being given of any agreements that had been reached.—(Indian High Commissioner's Office, London - The Hindu, Madras - The Statesman, Calcutta) (Prev. rep. 23329 A.)

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