India should pull out forces from Kalapani: Nepalese Foreign Minister Pradeep Kumar Gyawali

‘We had pressed India for a meeting between the Foreign Secretaries. But that did not happen’

• India should withdraw security forces from the Kalapani region and restore status quo, Nepalese Foreign Minister Pradeep Kumar Gyawali said on Wednesday.

• He said a solution to the border dispute should be found urgently, even as Indian sources confirmed that they were closely monitoring the debates in Nepal’s Parliament to provide a constitutional guarantee to the new map that shows the disputed region as part of Nepal’s sovereign territory.

• “We want India to honour the letter and spirit of the [Sugauli] Treaty. The most appropriate way of doing this would be to withdraw security forces from Kalapani and hand over the above territories back to Nepal. We merely reiterated that unilateral acts like road construction in Nepal’s territory should not have been done, and the issue should be resolved through talks at the earliest,” Mr. Gyawali said in an interview to The Hindu.

• Mr. Gyawali said Nepal appreciated the ties it shares with India but was disappointed with the November 2019 political map of India that brought the issue back to the table. “The map is a breach of the 1997 understanding that both sides had reached during the Kathmandu visit of Prime Minister I.K. Gujral,” he said.

• The comments from the senior Minister of the government of Prime Minister K.P.
Sharma Oli came as the Nepalese government gave more time to the main Opposition Nepali Congress to discuss a proposed amendment to the Constitution. The move is being interpreted as a window of opportunity for diplomacy. However, Mr. Gyawali said the amendment was on track and expected to be fast-tracked in the coming days.

•India has taken note of the parliamentary debates, with informed sources saying the South Block is “carefully following” the developments in Nepal. South Block’s concerns about the Kalapani region is of particular significance as the Lipulekh pass in the region connects India with Tibet.

•“Border issues are sensitive and require trust and confidence to be resolved to the mutual satisfaction,” said a source, indicating a change in thinking. Earlier, officials had said India would consider discussion on the Kalapani issue after the COVID-19 pandemic was dealt with.

Text of the interview:

Do you think Nepal can still negotiate flexibly after the new map is given constitutional guarantee?

•The Constitution is the fundamental law of the land. The Constitution has to recognise the country’s salient features, including territory. Every country’s Constitution stipulates the provision pertaining to territory in one way or the other. The measures we have taken lately in assertion of our sovereign territory does not at all preclude settlement of boundary matters through talks.

Did India deny high-level appointments to the Nepal Ambassador in Delhi?

•Nepal’s effort has always been for early holding of the dialogue. Even before the COVID19 crisis started, we pursued with the Indian side for fixing the dates of the meeting of the Foreign Secretary-level mechanism that was mandated by the Prime Ministers of the two countries to work on the outstanding boundary issues. That did not happen, as there was no confirmation from the Indian side. On your question about our Ambassador’s meeting with the officials in Delhi, the situation is not like the way it is presented in some media.

Nepal’s position is based on the Sugauli Treaty. Do you think an agreement between Nepal’s rulers of the early 19th century and a commercial entity like the East India Company can be considered the cornerstone of diplomatic disputes in the 21st century?

•Historical documents should not be seen in that way. In fact, the Sugauli Treaty was a product that came up after Nepal lost wars with the British India. It is not at all a matter of pride for Nepalis to recall the Treaty, as Nepal lost nearly one-third of its territory. Nonetheless, the fact cannot be denied that the same treaty defined the boundary between the two countries in the area we are talking
about. It is also pertinent to mention here that modern boundary mapping by the joint survey teams of the two countries started in 1981 and through that nearly 25-years-long joint exercise, the survey teams were able to jointly prepare maps of most of the international boundary alignment between the two countries. On what basis did the survey teams do that exercise? Of course, on the basis of historical treaties and maps and documents, geographical attributes and other agreeable basis of international boundary delineation. Again, except the Sugauli Treaty and its subsequent agreements, including that of 1860, no other treaty between Nepal and India define our boundary. Where will we reach then discarding this historical document? As regards the status of the territories in question, these are Nepali territories as per the Sugauli Treaty and we have evidence to prove that.

Chinese forces have moved in Ladakh along India's Himalayan borders to assert its dominance. Is it all coincidental that the Kalapani dispute erupted more or less simultaneously?

• Nepal pursues an independent foreign policy and the policy of close and friendly relations with both of our neighbours. It is totally baseless, therefore, to link our independent decisions with developments elsewhere. Why is it ignored that when India published its new political map in November 2019, we firmly opposed and made public our views against the unilateral act and insisted again that the dispute be resolved through talks? And this time, when there was an announcement on the unilateral act of road construction, we were bound to raise our point. Therefore, the tendency of ignoring how the issue evolved and weaving, instead, a baseless narrative that Nepal is acting at the other’s behest is not helpful and may distract us from a more constructive approach of tackling the issue. We are doing a disservice to our relations by such a negative insinuation and by ignoring and brushing aside the real issue, which is early working for agreeable boundary alignment in the Kalapani-Lipulekh-Limpiyadhura region.

Can a swap between Susta and Kalapani be an acceptable solution to Nepal?

• I know people are most interested in this question; the question of how this contesting claims on territory can be settled. Only the outcome of talks would determine the nature and content of the future agreement. It is apparent that resolution may not be easy, but there is no other way than settle it respecting the historical facts and evidence. In Nepal and India, everyone with the knowledge of history and geography knows Kalapani, together with Lipulekh and Limpiyadhura, belongs to Nepal. We cannot deny this fact. What we are asking for is early convening of bilateral talks to resolve this issue in keeping with traditionally warm and cordial ties that exist between our two close neighbours.

What is the status of the Susta dispute. Can you please state the latest negotiating position of Nepal on this issue?

• It is well known that Susta is one of the two spots where the boundary alignment between the two countries remains to be agreed. In the rest of the 1,800-odd-km Nepal-India international boundary, as I already stated, a joint survey has been done, agreed maps have been prepared and initialled at
the level of survey chiefs of the two countries. In Susta, as in Kalapani, the understanding between the two countries is to maintain the status quo until an agreement on boundary alignment is reached.

The strong protest from Nepal after India inaugurated the Lipulekh link road has surprised many observers.

- There is no element of surprise in our statement. As you are aware, the territories east of Kali River, including Kalapani, Lipulekh and Limpiyadhura, belong to Nepal as per Article (V) of the Sugauli Treaty. We want India to honour the letter and spirit of the treaty. You may recall that Nepal had opposed when India published a new political map in November 2019 and urged the government of India to rectify the map. The most appropriate way of doing this would be to withdraw security forces from Kalapani and hand over the above territories back to Nepal. We merely reiterated that unilateral acts like road construction in Nepal’s territory should not have been done and the issue should be resolved through talks at the earliest.

Nepal and China signed almost 20 agreements last October. A cargo agreement has been operationalised on Monday. What are Nepal’s long-term connectivity plans through China?

- As stipulated in the Trans-Himalayan Multidimensional Connectivity Network, our connectivity agenda with China encompasses transport infrastructure, transit arrangements and transmission infrastructure, among others. With India, we already have a vast network of connectivity that includes road connection which is being further upgraded; railway connection under progress; integrated checkposts; transit arrangements and port facilities, transmission interconnection and lately, the planned waterways. The agenda of a transit treaty review is on in order to make transit arrangement more streamlined. The Railway Service Agreement is also being reviewed to further expand its scope. So, Nepal looks to both its neighbours when it comes to connectivity.

Nepal’s Defence Minister Ishwor Pokhrel has drawn the Gurkhas of the Indian Army into the controversy saying the Indian CoAS’ comments are an insult to the Nepali Gurkha soldiers working in the Indian Army.

- He may simply have been referring to a feature of arrangements that a number of Nepali nationals have been serving in the Indian Army and have made sacrifices for India’s peace and well-being, thereby emphasising that India should be sensitive to Nepal’s concerns. PM Oli’s comments on Indian symbols like the Ashokan lions were unexpected. Can you provide some context to these expressions?

- A bit of clarity is needed here. In fact, the Prime Minister in his statement was elevating the dignity of India’s national emblem by underlining the sanctity of Satyameva Jayate. He was simply saying: let
the truth prevail, not our ego and arrogance. One pertinent point I would like to mention here is that with a view to making Nepal-India relations reflective of the 21st century needs, we established the Eminent Persons Group on Nepal-India Relations (EPG-NIR). After a detailed study, deliberations and consultations for over two years, the EPG-NIR has come out with a consensus report. It is waiting for the submission of the report to the two governments. I believe that the implementation of their recommendations will help address some of the difficult issues left by history and enrich the substance of our relationship consistent with the present day realities.

Helping supply chains recover

Not a fiscal stimulus, but cutting government expenditure, removing price controls, and opening up trade will help

• The Indian government has announced a sizeable fiscal stimulus, which some commentators believe can help revive the economy. There are, however, good reasons to doubt this belief. Much of the decline in output is due to supply chain disruptions generated by the lockdown. Government spending can do little to alleviate this. Putting money in the hands of people can increase the demand for goods but cannot increase the supply of goods and services.

• In modern economies, the production of goods happens through complex supply chains that traverse geographical boundaries. Upstream sectors like ‘mining’ produce metals that are in turn used to produce machines. These machines are used to sow seeds, harvest crops, and transport fuel. Finally, the harvested crops are used by downstream sectors to produce flour and bread. At each step, machines and labour combine to produce goods which are the inputs for sectors further downstream.

• Under the lockdown, numerous inputs have not moved from their producers to their users. These disruptions may not at first generate a reduction in consumer goods like bread. However, the availability of consumer goods will begin to decline as bakers run out of flour, and mills exhaust their stocks of wheat. And there is no way to guarantee the flow of essential goods while suspending the production of non-essential goods. Automotive spare parts may be non-essential in the short run, but become essential as food-carrying trucks begin to break down. How far is the long run? This is difficult to say; there may be some variation across goods.

• The supply chain disruptions are going to be amplified by labour shortage as workers remain at home. Countries like India are likely to experience a greater reduction in output on this count than, say, Europe or the U.S. because of the higher labour intensity of production (think of the difference in unloading of goods in the port at Rotterdam and the port at Kochi). Poorer countries are less likely to be able to substitute locked down labour with capital because of the dearth of capital in these nations.
•As economies emerge out of the lockdown, entrepreneurs, workers, and consumers must adjust to the new reality. The world supply chain must adapt. Firms may, for instance, choose to source inputs from suppliers in their geographical proximity to minimise the risk of future disruptions. This involves building productive capacity at new locations, all of which requires investments fuelled by savings. Furthermore, the investments must be guided by price signals. Within a market economy, the movement of prices provides the incentive and information needed to adapt and grow. As economist Ronald Coase put it, prices are bundles of information wrapped in an incentive. As the prices of some inputs rise, the buyers of these inputs look for alternate suppliers, and firms which did not hitherto produce the good have an incentive to do so. The key to economic recovery lies in millions of such adjustments through which firms locate new providers of inputs, new buyers of their output, and build factories at new locations.

Why stimulus packages won’t help

•Unfortunately, market adjustment processes are likely to be disrupted by government stimulus packages. Governments spend by printing money, raising debt, or increasing taxes. Irrespective of the way in which the expenditure is funded, resources are transferred from private entrepreneurs to government bureaucrats. When governments print money, they draw resources through inflation. Bureaucrats tend to be less efficient than profit-motivated firms in allocating scarce resources. Bureaucrats have little incentive or information to bring about the granular supply chain adjustments necessary to revive growth. As the stimulus package kicks in, economic efficiency is likely to decline and so are the chances of a timely recovery of output.

•So what can the government do? The experience of West Germany after World War II has a useful lesson. Beginning mid-1944, Allied bombing disrupted the German supply chain by targeting bottleneck sectors like electric power generation. This destruction of the supply chain devastated the German economy. Per person food production fell to about half of its pre-war level. Two years later, this changed after Chancellor Ludwig Erhard lifted price controls and cut taxes. West German entrepreneurs re-established a thriving supply chain through which goods went from upstream sectors to final consumers. By 1950, per capita income in West Germany had reached its pre-war level.

•The recent supply chain disruptions are likely to last long. The path to recovery lies in cutting government expenditure, removing price controls, and opening up trade.

Enjoying the fruits of their labour
Enjoying the fruits of their labour

Farmers deserve the freedom to market their produce at a place of their choice

• Today, India is a leading producer of a variety of agricultural and allied produce and exporter of some of them. This is due to the relentless hard work and efforts of our farmers against the odds. They are the epitome of the Nishkam Karma philosophy taught by Krishna to Arjuna during the Kurukshetra War: “Karmanye Vadhikaraste Ma Phaleshu Kada Chana (Do your duty without expecting the fruits of your labour)”. Farmers toil day and night, through winter and summer, whether or not they get adequate returns. But they are not the masters of the price of their toil. As the son of a farmer, I have been witness to the trials and tribulations of farmers.

• If any class of economic agents of our country has been denied the constitutional right of freedom of trade, it is farmers. They don’t have the freedom of selling their produce even in their neighbourhood. Remunerative price is still a mirage for them. Their farm incomes are at the mercy of markets, middlemen and money lenders. For every rupee that a farmer makes, others in the supply chain get much more. Both farmers and consumers are the sufferers of the exploitative procurement and marketing of farm produce. Despite increasing public investments in irrigation and other infrastructure, the steadily rising institutional credit given to farmers, and minimum support price due to the efforts of various governments over the years, farmers are shackled when it comes to selling their produce.

Restrictions on farmers

• This exploitation has its roots in the Bengal famine of 1943, World War II, and the droughts and food shortages of the 1960s. The Essential Commodities Act, 1955, and the Agricultural Produce Market Committee (APMC) Acts of the States are the principle sources of violation of the rights of farmers to sell their produce at a price of their choice. These two laws severely restrict the options of farmers to sell their produce. Farmers continue to be the victims of a buyers’ market. This is the principal cause of their exploitation. Renowned farm scientist M.S. Swaminathan has for long argued for the right of farmers to sell their produce as they deem fit.

• The country is still far from ensuring efficient value chains for farm produce for want of required infrastructure like cold storage, stocking facilities, and transport of perishable commodities. Often, farmers are forced to dump their produce on the roads or offer it to cattle.

• Farmers are the cornerstone of food security of our country. We have come a long way from the ship-to-mouth existence under the PL480 programme of the U.S. to being the leading producer of many kinds of farm produce. But farmers have not got their due. All that they have been getting are...
platitudes on ceremonial occasions and in the legislatures during the customary debates on their plight. Farmers were assured that restrictions on the freedom of marketing would be removed, but that assurance was never kept. Despite that, farmers never stopped work and continued to feed the nation.

• Given the economic disparities in the country, the interests of consumers need to be protected. But should that be at the cost of the producers of the very commodities that the consumers need? For various reasons, a balance in this regard could not be struck. The restrictive trade and marketing policies being practised with respect to agricultural prices have substantially eroded the incomes of farmers. A study on agricultural policies in India by the Indian Council for Research on International Economic Relations Organisation for Economic Co-operation and Development (2018), co-authored by the renowned farm economist Ashok Gulati, was published with startling revelations. It concluded that the restrictions on agricultural marketing amounted to ‘implicit taxation’ on farmers to the tune of ₹45 lakh crore from 2000-01 to 2016-17. This comes to ₹2.56 lakh crore per year. No other country does this.

Much-awaited freedom

• While all and sundry have reiterated over the years that something must be done for farmers, the first formal actionable announcement on doing away with restrictions on the marketing freedom of farmers came only now. Further to Prime Minister Narendra Modi’s announcement of a ₹20 lakh crore stimulus to rev up the economy, Finance Minister Nirmala Sitharaman unveiled the details of a package for the agriculture and allied sectors.

• Apart from the approximately ₹4 lakh crore support package for farming and allied sectors, aimed at improving infrastructure and enhancing credit support, the most welcome feature of this package is the firm commitment to rewriting the Essential Commodities Act and the APMC laws. The revision of these restrictive laws is long overdue and will remove the hurdles that farmers face in getting a remunerative price for their produce by giving them more options to sell. This long-awaited revision needs to be undertaken with care and responsibility so that no space or scope is left for farmers to be exploited yet again. And this rewrite should be done at the earliest. While allowing several buyers to directly access the produce from the farmers, a strong and effective network of Farm Producers’ Organisations should be created to enhance the bargaining power of farmers. This will ensure that individual farmers are not exploited. An effective law on contract farming is also the need of the hour, to secure incomes of farmers besides enabling private investments. Dr. Gulati, in a recent article, termed this announcement as “a 1991 moment for agriculture”. I can’t agree more with him. It is a major reform.

• Yet another unique feature of this package has been its comprehensiveness towards improving the incomes of farmers through a range of activities. A study by the National Institute of Agricultural
Extension Management has revealed that of the 3,500 farmers’ suicides examined, here was no farmer who had supplementary incomes from dairy or poultry. The huge support to animal husbandry and fisheries in the stimulus package underlines the need for diversifying the income sources of farmers.

• I recall that in 1977, the entire country was declared as one food zone. This benefited both farmers and consumers. It is time to allow our farmers to sell their produce anywhere for their benefit. All stakeholders should be taken on board while revising restrictive agri-marketing laws.

• During the pandemic, many are working from home. But farmers have no such option as they have to work in their fields. Despite the lockdown, they continue to sow wheat, paddy, pulses, etc. In fact, farm output is greater than what it was last year. Our farmers, the pride of our country, deserve the long-awaited freedom to market their produce at a place of their choice. It should become a reality at the earliest.

The echo of migrant footfalls and the silence on policy

There are four things that need to be done in the country in the wake of the pandemic crisis

• When we hear the word migration, we think of Kerala and West Asia, or the United States and the West. However, the number of Indians who have migrated over the past decades to these geographies is minuscule compared to the vastness of the movement within the country. A few years ago, I came across an estimate of over 300 million for the scale of internal migration in India. This is nearly three times the official figures which are being cited now. The number is high because migration also takes place within a State, not just between States or across international borders. The estimate for China at the time was similar.

• Across the world, every year, people migrate for work, livelihoods, marriage, seeking refuge, business and even peace of mind.

A number that is growing

• Last December, an economist provided figures, based on the 2011 national census, showing that the number of internal migrants had grown by another 100 million. Or that a third of India’s population — one in every three Indians — are migrants. The figures are even more daunting when one realises that many of them are from the poorer States of Uttar Pradesh, Madhya Pradesh, Bihar, Jharkhand and Odisha although Rajasthan, Andhra Pradesh and Telangana send substantial numbers while there are smaller groups from the Northeast.
• Most of them are unskilled, semi-skilled labour or skilled labour.

• Apart from anecdotal social and political science, the scale of the movement across
India, within States, not just across inter-State borders is breathtaking.

• According to World Bank economist, Supriyo De, “The number of internal migrants in India was 450 million as per the most recent 2011 Census. This is an increase of 45% over the 309 million recorded in 2001. This far exceeds the population growth rate of 18% across 2001-2011. Internal migrants as a percentage of population increased from 30% in 2001 to 37% in 2011.” The figure 450 million is more than double the population of Bangladesh, it is under half the population of Europe and more than that of the U.S. These are the people who with their blood, sweat, hands and tears, build this nation. And the central government, many State governments and many of us have let them down horribly.

• They are the people who were given a four-hour warning of the first lockdown, which has been followed by successive extensions by the Centre. When they found no transport — train and bus — they chose to walk. They walked by day on the highways and they walked by night, they walked on broken roads to avoid police beatings and barricades, they tried to hitch rides on empty trucks and even cement dumpers. They rested by night, under the stars, sometimes on railway tracks. So fearful were they of sarkar and harm that would come to them and their loved ones if they were caught. That is the fear of and loathing for authority that ordinary people nourish in this country. But the love of home was greater than both. Ultimately this desperate longing for home killed a number of them, one group of 14 most violently and tragically on a railway track. Frugal meals of rotis, some vegetables and fruit lay scattered after the dance of death along with their many sandals and clothes after being mowed down by a goods train as they slept the sleep of the exhausted and then the dead.

Use of the military

• It is important to dwell on this because of some extraordinary, publicly expressed opinions by some who have advocated the use of the armed forces to tackle such situations. The idea has been that the military should open up its sprawling and efficient networks, processes and personnel. Such views were being aired even as stand-offs were continuing to take place, and still continue, between Indian and Chinese troops in Sikkim and Ladakh, thousands of kilometres apart, underlining the core tasks before an army.

• A former Navy chief, advocating the idea the armed forces should be at the heart of a massive relief operation, said that “the armed forces have tremendous resources, they have the organisation and can jump in blind folded and render instant succour.” This is a laudable wish but spoken with casualness for the value of human life. It is not an issue of whether Army personnel have personal protective equipment or not — if they do, and these may be to handle biological attacks, should the Army reveal its strategic arsenal and also expose itself to huge risks?

• Such remarks reveal the usual knee jerk response to the use of the military during
crises, as a first resort and not the last. Not only that it underlines a complete lack of comprehension of the complex dynamics of migration and why people leave or return. As the economist cited earlier, Sudipto De, said, “Internal migration, the movement of people within a country, results in a more efficient allocation of human resources to sectors and regions where they are better utilized.”

• We have seen too often, and for too long, the cynical use of the Army for dealing with issues arising out of political failure to engage early on in ethnic strife, leading to bloody confrontations and the loss of life of civilians, soldiers as well as armed non-state rebels. We are familiar with the painful history of the Armed Forces (Special Powers) Act and the way it has been used to tackle insurgencies in the Northeast.

• This is a time to decentralise political power and arm the States with greater decisionmaking capacity. India lives in the States, not in Delhi or State capitals. Our States need to be provided more funds; the Centre needs to sustain, support, emulate and reward/award those like Kerala which have done remarkably well in this crisis. It is not a time to concentrate more powers in an already hugely centralised and arbitrary dispensation.

• There are four things which need to be done, as the flight home, the flight from nowhere, has shown to a waiting, distressed country.

• One, relearn sustainable economics at the feet of Mahatma Gandhi not the NITI Ayog or the Reserve Bank of India — India still lives in villages and small towns not cities.

• Second: rebuild the rural economy based on building the household. That is the key and the target. Use the Swachh Bharat network to strengthen cottage industries which have been killed by huge industry (which cannot work at more than nominal capacity); give the latter incentives to buy from rural manufacturers and thus generate rural employment, not migration or distress, so that farm incomes are supplemented. Equip and empower artisans with better skills, design, capacity and technology, access to capital and markets.

Have a plan

• Three: formalise Work from Home and design a Migration Plan — support people to work in their States or near their cluster of villages so that they are not far from home especially after this wrenching experience where employers have dismissed and disowned them, governments have failed them and, for the most, non-governmental organisations and relief workers have come to their rescue.
• Four: Move funding from current planning which benefits corporates to States, panchayats and municipalities; in addition, increase allocation on health, women, children and education to 20% of the national Budget and release these funds to the States.