



India-Nepal Rail Services Agreement (RSA)

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Why in News

India and Nepal have signed a **Letter of Exchange (LoE)** to the **India-Nepal Rail Services Agreement (RSA) 2004**.

It will **allow all authorized cargo train operators to utilize the Indian railway network to carry Nepal's container and other freight** - both bilateral between Indian and Nepal or third country from Indian ports to Nepal.

The authorized cargo train operators **include public and private container trains Operators**, automobile freight train operators, special freight train operators or any other operator authorized by Indian Railways.

Key Points

- **About Rail Services Agreement (RSA), 2004:**
 - The Rail Services Agreement was executed in 2004 between the **Ministry of Railways, Government of India** and the **Ministry of Commerce, the Govt. of Nepal** for introduction of **freight train services** between these two countries to and from **Birgunj (Nepal) via Raxaul (India)**.
 - The agreement **guides movement between India and Nepal by rail**.
 - The Agreement shall be **reviewed every five years** and **may be modified (through Letters of Exchange)** by the Contracting Parties by mutual consent.
 - In the past, there have been **amendments to RSA through LoE on three occasions**.
 - First such amendment was in 2004.
 - Second LoE was signed in 2008 at the time of introduction of bilateral cargo between the two countries which required introduction of new customs procedures.
 - Third LoE was signed in 2016 enabling rail transit traffic to/from Visakhapatnam Port in addition to existing provision of rail transportation through Kolkata/Haldia Port.

- **Benefits of the Latest Agreement:**

- **Allow Market Forces to Operate:** This liberalization will **allow market forces (such as consumers and buyers) to come up in the rail freight segment in Nepal**, and is likely to increase efficiency and cost-competitiveness, eventually benefiting the Nepalese consumer.
- **Reduce Transportation Cost:** The liberalisation will particularly reduce transportation costs **for automobiles and certain other products** whose carriage takes place in special wagons and will boost rail cargo movement between the two countries.
- **Enhance Regional Connectivity:** Wagons owned by Nepal Railway Company will also be authorized to carry Nepal-bound freight (inbound and outbound on **Kolkata/Haldia to Biratnagar/Birganj routes**) over the Indian Railways network as per **IR standards and procedures**.

The signing of this LoE marks another milestone in India's efforts to enhance regional connectivity under the "Neighbourhood First" policy.

- **Other Connectivity Project:**

- **Nepal being a landlocked country**, it is surrounded by India from three sides and one side is open towards Tibet which has very limited vehicular access.
- India-Nepal has undertaken various connectivity programs to enhance people-to-people linkages and promote economic growth and development.
- MoUs have been signed between both the governments for **laying an electric rail track** linking **Kathmandu with Raxaul** in India.
- India is looking to develop the **inland waterways** for the movement of cargo, within the framework of trade and transit arrangements, providing additional access to sea for Nepal calling it linking **Sagarmatha (Mt. Everest) with Sagar (Indian Ocean)**.
- In 2019, India and Nepal have jointly inaugurated a **cross-border petroleum products pipeline**.
 - Pipeline carries petroleum products from Motihari in India to Amlekhgunj in Nepal.
 - This is South Asia's first cross-border petroleum products pipeline.

Neighbourhood First Policy

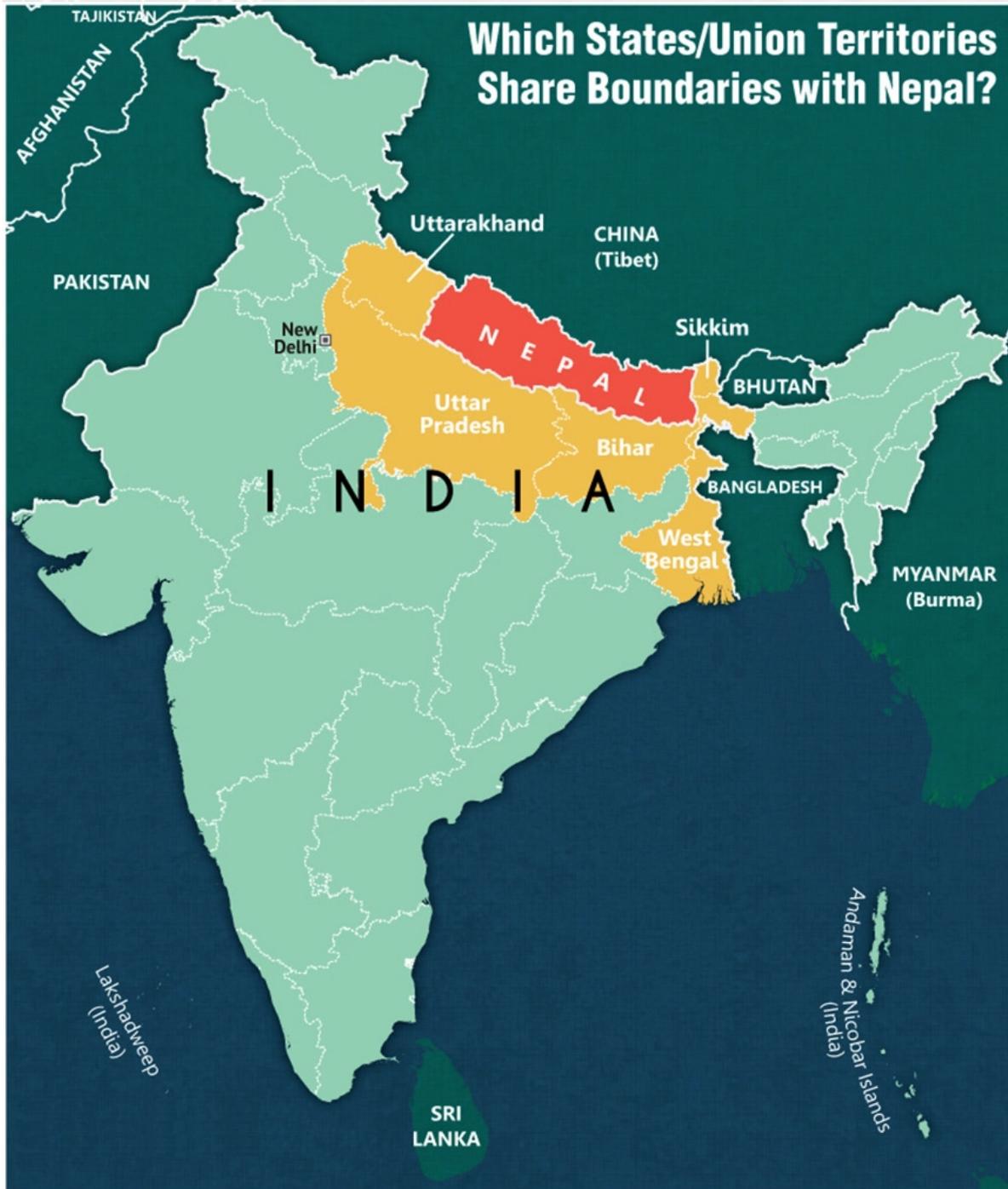
- It is part of India's foreign policy that actively focuses on improving ties with India's immediate neighbours which is being termed as Neighbourhood first policy in the media.
- It was started well by inviting all heads of state/heads of government of **South Asian countries** in the inauguration of PM Narendra Modi first term and later held bilateral talks with all of them individually which was dubbed as a mini **SAARC summit**.
- In the second swearing-in ceremony in 2019, India had invited the heads of **BIMSTEC countries**.

Indo-Nepal Relations

- **Neighbour:** Nepal is an important neighbour of India and occupies special significance in its foreign policy because of the geographic, historical, cultural and economic linkages/ties that span centuries.

The **India-Nepal Treaty of Peace and Friendship of 1950** forms the bedrock of the special relations that exist between India and Nepal.

- **Cultural Ties:** India and Nepal share similar ties in terms of Hinduism and **Buddhism** with Buddha's birthplace Lumbini located in present day Nepal.
- **Open Border:** The two countries not only share an open border and unhindered movement of people, but they also have close bonds through marriages and familial ties, popularly known as **Roti-Beti ka Rishta**.
- **Common Multilateral Forums:** India and Nepal share multiple multilateral forums such as **BBIN (Bangladesh, Bhutan, India, and Nepal)**, **BIMSTEC (Bay of Bengal Initiative for Multi Sectoral Technical and Economic Cooperation)**, **Non Aligned Movement**, and **SAARC (South Asian Association for Regional Cooperation)**. etc.
- **Issues:**
 - In 2017, **Nepal** signed up to **China's Belt and Road Initiative (BRI)**, which sought to create highways, airports and other infrastructure in the country. BRI was rejected by India and this move of Nepal was seen as an inclination towards China.
 - Currently, India and Nepal have border disputes over **Kalapani - Limpiadhura - Lipulekh trijunction** between India-Nepal and China and Susta area (West Champaran district, Bihar).



Source: PIB