

Indian Prime Minister Narendra Modi inaugurated the construction of a mega hydropower plant during a visit to Nepal Friday, part of his government's move to counter Chinese influence in its backyard.

Modi and his Nepali counterpart K.P. Sharma Oli laid the foundation stone of the \$1.4 billion India-backed Arun Three hydropower plant, a long-mooted project that could be a game-changer for energy-starved Nepal.



Nepali Prime Minister K.P Sharma Oli greets Indian Prime Minister Narendra Modi, who has cast his visit as part of his "neighborhood first" policy. AFP / Ashok DULAL

"It is one of the biggest projects in Nepal. Along with employment opportunities, this project will create economic and commercial opportunities in Nepal," Modi said in Kathmandu following the inauguration.

The plant is the first of five mega hydropower projects, two of which are backed by Chinese companies, to begin construction, which marks a diplomatic win for India.

China has outspent India in Nepal in recent years, as the impoverished Himalayan nation sandwiched between the two Asian giants has tilted relations towards its northern neighbor.

In 2017, Chinese firms pledged more than \$8.3 billion in investment, dwarfing Indian commitments of \$317 million. In May last year, Nepal signed up to Beijing's ambitious One Belt, One Road infrastructure initiative.

But Modi, who cast the visit as part of his "neighborhood first" policy, has been keen to show that India can also deliver on big-ticket infrastructure promises.



Indian Prime Minister Narendra Modi is in Nepal as part of his government's move to counter Chinese influence in its backyard. PIB/AFP / Handout

"Historically India-funded projects, while they seem generous, have struggled to show progress, while the Chinese do it quicker and gain on public opinion," said Kathmandu-based analyst George Varughese.

Nepal suffers from a crippling energy shortage and has been in talks with its two large neighbors for investment in its hydroelectric sector for more than a decade.

The Himalayan nation has enough water to be a hydro powerhouse but it has so far harnessed less than two percent of that potential, according to estimates.

### **Big brother**

Modi's visit to Nepal comes a month after newly elected Oli made his first foreign visit to New Delhi.

The neighbors are keen to restore relations that have been strained since 2015 when Nepal passed a controversial new constitution, which sparked deadly protests and triggered a months-long border blockade.

Kathmandu blamed New Delhi for the blockade that caused a severe shortage of fuel and goods as Nepal struggled to recover from a devastating earthquake earlier that year.



Indian Prime Minister Modi is seeking to reset ties with Kathmandu as China's influence in Nepal grows. AFP / Bikash KARKI

Oli, then serving his first term as prime minister, won huge public support as he stoked nationalist anti-India sentiment over the blockade. He used the platform again during his re-election campaign last year.

Many in Nepal remain suspicious of India's "big brother" attitude, and the hashtags #ModiNotWelcomeInNepal and #BlockadeWasACrimeMrModi trended on Twitter as the Indian premier touched down.

Oli, who needs India — Nepal's largest trading partner — to realize his ambitious plans to kickstart economic growth, has opted for a more pragmatic approach to relations since he took office again in February.



Indian Prime Minister Narendra Modi began his Nepal visit in the southern city of Janakpur where he offered prayers at a renowned Hindu temple. AFP / Bikash KARKI

Modi began his Nepal visit in the southern city of Janakpur where he offered prayers at a renowned Hindu temple. Janakpur was a center of the deadly 2015 protests, which claimed more than 50 lives.

Modi will visit a second Hindu pilgrimage site near Nepal's border with Tibet on Saturday. Analysts say the strong religious overtones are intended to send a message to his Hindu nationalist base at home, where Modi is fighting a key election in the southern state of Karnataka.

AFP

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