



Issue Brief

Re-examining the Indo-Nepal Saptakoshi Dam Project

*Dr. Saurabh**

Introduction

Nepal is estimated to have hydro-power potential of around 83000 MW.¹ The Koshi River, which is one of the largest tributaries of the Ganga, contributes almost half of this potential. India has proposed the construction of a dam on the Saptakoshi River (Koshi has seven major tributaries: Sunkoshi, Tamakosh, Dudhkosi, Indravati, Likhu, Arun and Tamur) at about 400 meters upstream from the Barah Chhetra Temple in eastern hills. This can generate around 3300 MW of electricity and can irrigate thousands of hectares of land. India has already allocated US\$6.28 million to prepare a Detailed Project Report (DPR).² It has also been proposed that the water being released from the Saptakoshi dam canals, Eastern Chhatra Canal and Western Chhatra Canal be re-regulated, so that it could provide for irrigation both in India and Nepal, and navigation through Koshi up to Kursela in Nepal.

India's Policy and the Koshi Agreement

Following the disastrous Koshi river basin floods of 1954, India formulated the National Flood Control Policy of 1954, according to which floods can be controlled through a series of flood protection works like dams, embankments and river training works. The Koshi Agreement was signed between the two countries in 1954. India and Nepal agreed to conduct joint explorations for the preparation of DPR of Saptakoshi High Dam Multipurpose Project and Sun Koshi Storage-cum-Diversion Scheme to meet the

objectives of both the countries for the development of hydropower generation, irrigation, flood control/management and navigation.³

The Revised Koshi Agreement, 1966

In 1966, Nepal had suggested a revision of the Koshi Agreement, to which India agreed with a view to maintaining good relations with Nepal. By virtue of this agreement, Nepal enjoys rights to water for irrigation and for any other purpose within the Koshi basin, while India has the rights to regulate all the balance of supplies in the Koshi River at the barrage site thus available, and to generate power in the Eastern Canal. Nepal is entitled upto 50 per cent of the total hydro electric power generated by any power house located within a 10-mile radius from the barrage site that is constructed by or on behalf of India. India agreed to pay compensation to Nepal for the loss of land revenue, houses and other immovable property acquired by or leased to India for the Koshi Project.⁴ India also agreed to give preference to Nepali labour, personnel and contractors for the construction of the Koshi Project.

Policy and Benefits to Nepal

It is important to note that the government of Nepal is keen to look at the long term solutions to control the damage caused by Koshi River. Proponents of the mega project hold that Nepal would reap tremendous economic benefits from development of the project. The irrigation system under the proposed Koshi project will provide water to 300,000 hectares of agricultural land in Nepal and also generate thousands of megawatts of electricity. A 165 kilometer long waterway from Chatara in eastern Nepal, where the Koshi River flows out from the hills to enter the southern plains, to Kolkata Port in India is another vision of the mega project. In addition, Nepal is proposing a Sunkoshi-Kalala diversion. This diversion will bring the Sun Koshi river water through a canal into the Kamala River in central Nepal. This canal and other canals from Kamala River will make a network of irrigation facilities which is expected to irrigate agricultural land from the Koshi River in the east to the Bagmati River in central Nepal.⁵

Benefits to India

India is second in the world, after Bangladesh, in deaths caused due to flooding, accounting for one fifth of global flooding deaths. The long-term solution to control floods in the area is to construct a high dam. The Saptakoshi project had been described as a top priority programme since 2004 by India when a devastating flood in the Koshi River wrecked havoc in India and left at least 2.5 million people marooned in several districts of Bihar and inundated around 650 sq km area.⁶

Team of Indian Geologists' Visit at Koshi Site

A technical and field study team of Indian geologists visited Saptakoshi High Dam Multipurpose Project site in June, 2010 in Nepal to survey the ongoing DPR work. The study carried out by the Indian government in 1981 had proposed the construction of a 269 meter high dam on the Koshi River. The current DPR is based on this particular proposal.⁷ Now, the Saptakoshi multipurpose project and Pancheswar project, which is the centrepiece of the Mahakali treaty signed in 1996, are finally expected to start rolling after having been blocked for years due to mutual distrust.

Initial Process of DPR

India and Nepal agreed in 1997 to set up a joint technical team of experts from both sides to study the feasibility of developing the Koshi Dam. The preparation of the DPR, which is vital for determining for the length and breadth of the dam, began only in 2004 although the Saptakoshi agreement was signed between India and Nepal way back in 1991. The India -Nepal Joint Technical Committee was entrusted with preparing the DPR of Saptakoshi High Dam Multipurpose Project, which started its task on August 17, 2004. Although, it was initially given 30 months to prepare the report, a meeting of the Indo-Nepal Joint Group of Experts extended the deadline till December, 2009. However, the committee again failed to submit its report citing strikes from different political outfits. The committee is likely to ask for another extension citing obstructions from the Maoist-affiliated Kirat Rashtriya Mukti Morcha (KRMM).⁸

Prachand's Stand and the Maoist's 'Political' Opposition

In September 2008, during his visit to India, Pushpa Kamal Dahal 'Prachand', the Prime Minister of Nepal, had assured India that the Government of Nepal would support

construction of Koshi dam and ensure the safety of Indian technicians. However, leaders of the Maoists' sister organizations such as Limbuwan Rastriya Mukti Morcha and Kiranti Rastriya Mukti Morcha, had visited the survey site and pressurised the survey team to halt the DPR work. They said that work on the mega power project, which would also irrigate parts of Bihar and eastern Nepal as well as create a waterway, should not start until Nepal was restructured into a federal republic when the concerned states could oversee the project.⁹ They threatened to launch strong protests if the DPR was not stopped immediately. They said the study should be postponed until the Koshi dam treaty is revised. Both the ethnic fronts handed over a letter with warning to the Indian senior engineer and field division in-charge. Earlier, the survey had been obstructed three times along the 1.5 km stretch from Sunsari's Barahachetra to Aahale and Mainamaine Sunakhambi of Udaypur district. The Morcha, in addition to several local groups, which are likely to be displaced by the construction of the dam are also up in arms against the project. Locals have also objected to the project citing the provisions of the International Labour Organization Convention 169, which advocates participation of local people in all projects. There is also much hue and cry from the local population that the mega project would adversely affect the local environment. Moreover, contrary to the studies of Indian technicians, independent studies conducted by Nepali experts are of the opinion that the high dam may inundate dozens of villages in Sunsari, Dhankuta, Bhojpur and Udayapur districts and displace thousands of indigenous people. Nepali experts also want India to pay peak-hour price for electricity generated in Nepal and for downstream benefits from the storage dams in Nepal.¹⁰

Reaction of the Government of Nepal

The Energy Ministry of Nepal has reacted strongly to threats issued by the Maoists and organizations affiliated to the Maoist party against the ongoing DPR works of Saptakoshi high-dam project.¹¹ The Ministry asserted that the technical and field study in progress was only a part of the DPR being prepared by both Nepali and Indian technicians, and that the financial, social, environmental and cultural aspects of the project and the aspects of loss and gain can be ascertained after the completion of the DPR. Any decision on whether not to go forward with the project will only be taken after such completion. Now, India and Nepal renewed their commitment to expedite procedure

for establishment of Pancheshwor Development Authority and to conclude the Detailed Project Report of Saptakoshi multipurpose project by February 2013.¹²

Resolving the Impasse

There has been a conscious effort to build a dam as a bridge between the two countries and India has been seeking ways to foster development in Nepal. It has been a conscious part of New Delhi's economic and regional foreign policy to integrate economic development of its neighbours for strengthening and improving economic, social and political profile of the region. In that context, the dam is part of the process to make Nepal and the borderline areas of India safer not only for the people affected by the vagaries of the rivers but also to contribute to the prosperity of the people.

In the last 55 years, since the conception of the dam, the project has suffered because of opposition by the local Nepalese population who feel threatened by the construction of the dam. There are also political and environmental constraints, continuous bureaucratic apathy from both the governments, and breakdown of administrative machinery in Nepal.

India might benefit by re-focusing its attention on long term economic relations in Nepal, and India's policies should be based on long term, people-centric development and building economic capacities. Political leaders of both the countries, despite their differences, appear to be open to dialogue.

The construction of the dam however, would be beneficial to both India and Nepal as it would bring about better flood management, improve economic relations between the two countries, and facilitate irrigation in large parts of the region. It would also give Nepal a chance to earn revenue from India by supplying power. As India is a growing economy, its demand for clean and safe energy would provide Nepal with a strong and stable income source for a long time.

Suggested mechanisms to de-hurdle the impasse:

India should try to look at the problems in completing the Pancheshwar dam project. The agreement for the project was signed more than a decade ago, and it has yet

to reach its logical culmination. The completion of the project will set an example of India's development-oriented attitude towards its neighbours. The most important task before the India-Nepal Joint Technical Committee is to complete the DPR at the earliest. This will ensure that the vision becomes a reality. The government of India should take all political parties of Nepal in full confidence as had been done during the signing of Mahakali Treaty. Both governments should ensure that protesting parties are brought to the negotiating table, so that they are assured that their interests would not be adversely affected by the construction of the dam, and that their demands would be met. Both the governments need to put place into certain judicial mechanisms to ensure that the affected persons are properly compensated and rehabilitated.

India should take pro-active steps to positively advertise the benefits of the project, through the media and the civil society institutions of Nepal, which may help garner support for the completion and smooth functioning of the dam in the long run. India should engage in discussions with the Nepali government, businessmen and environmentalists to understand Nepal's concerns.

Another thing India must keep in mind while developing the project is Bangladesh's interests. India, in the Farakka Agreement of 1996 with Bangladesh, had agreed that Bangladesh's consent is a must on any activity affecting water flow of the Ganga. Bangladesh may claim in future that since Koshi is one of the major tributaries of the Ganga and a high dam across Koshi in Nepal would affect its water flow. Bangladesh has not been so far consulted either by India or Nepal on the matters of the Koshi multipurpose project. It may raise objections and hamper the working of the construction of the dam. Therefore, India must keep Bangladesh factor in mind while designing/formulating its next diplomatic moves.

** Dr. Saurabh, Research Fellow, at Indian Council of World Affairs, New Delhi 110001*

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Endnotes:

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