

- **Constitutional Monarchy in Nepal:**

- The age-old system of absolute monarchy in Nepal was replaced by constitutional monarchy on April 8, 1990.
- The King agreed to a new constitutional arrangement in which he would continue to be head of state, but the governance would be responsibility of a Cabinet answerable to Parliament.
- Elections would be held on the basis of multi-party system.

2007 - Seven parties, including the former Maoist rebels and the ruling party, agreed to abolish the monarchy and declare Nepal a Federal Republic. In the elections held on 10 April 2008, the Maoists secured a simple majority.

2013 - A second election for a new Constituent Assembly was held under a non-partisan government led by former Chief Justice Khil Raj Regmi.

2015 - The Constitution of Nepal, passed making Nepal a federal democratic republic divided into seven unnamed provinces.

2017 - Nepal Communist Party emerged as the ruling party with a strong majority at the federal level, as well as six of the seven provinces.

- **Current Ties between two Countries in Various Fields**

- **Economic Co-operation:**

- Between 2006 & 2017, the bilateral trade between the two countries grew over six times from INR 5585 crores in 2006-07 to INR 39564 crores (US\$ 5.89 billion) in 2016-17.
- During the same period, exports from Nepal to India more than doubled from INR 1384 crores in 2006-07 to INR 2985 crores (US\$ 445 million) in 2016-17.
- Similarly, India's exports to Nepal grew over eight times from INR 4201 crores in 2006-07 to INR 36579 crores (US\$ 5.45 billion) in 2016-17.

- **Indian Investment in Nepal:**

- Indian firms are among the largest investors in Nepal, accounting for about 30% of the total approved foreign direct investments.
- As on 15 September 2018, Indian ventures lead foreign investment with FDI commitments of INR 5942.68 crores

- **Defence Cooperation:**

- India provides assistance to Nepalese Army in its modernization through provision of equipment and training.
- The Gorkha Regiments of the Indian Army are raised partly by recruitment from hill districts of Nepal.
- The 'IndoNepal Battalion-level Joint Military Exercise 'SURYA KIRAN' is conducted alternately in India and in Nepal.