

# India-Bhutan Relations

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**Source:** *The Hindu*

## **Manifest pedagogy:**

Relations between India and Bhutan have always been peaceful and prosperous. If upsc has to twist the questions surrounding the relations it could go for following topics

1. Doklam issue
2. Revision of Treaty of peace and Friendship
3. China as a factor

Aspirants should prepare all the issues

**In news:** India, Bhutan have inked 10 MoUs

**Placing it in syllabus:** India and neighbourhood relations

**Static dimensions:** Historical perspective

## **Current dimensions:**

- Recent agreements
- Present relationship between the two countries and future prospects
- Frictions between the two

**Content:** Honourable Prime Minister Narendra Modi and his Bhutanese counterpart inked 10 Memorandums of Understanding (MoUs) in the field of space research, aviation, information technology, power and education. PM Modi described Bhutan as “**special friend**” of India.

- The two leaders jointly inaugurated the **Ground Earth Station and SATCOM network**, developed with assistance from Isro for utilization of South Asia Satellite in Bhutan.

- Modi, on his second visit to Bhutan inaugurated 740 MW **Mangdechhu hydroelectric power plant.**
- He launched stamps to commemorate **five decades of India-Bhutan Hydropower cooperation.**
- PM Modi also **launched RuPay Card in Bhutan** by making a purchase at Simtokha Dzong, built in 1629 by Shabdrung Namgyal, which functions as a monastic and administrative centre and is one of the oldest dzongs in Bhutan.
- He also announced to **increase the supply of LPG** from India from 700 to 1000 MT per month
- On increasing the currency swap limit for Bhutan under the SAARC currency swap framework, Modi said an **additional ₹100 million** will be available to Bhutan under a standby swap arrangement to meet the foreign exchange requirement.
- An **e-plaque** of the interconnection between India's National Knowledge Network and Bhutan's Druk Research and Education Network was unveiled by the two leaders.

### **Historical perspective of Indo-Bhutan relations:**

Bhutan has historically shared deep religio-cultural links with India. Guru Padmasambhava, a Buddhist saint who came to Bhutan from India, played an influential role in spreading Buddhism and cementing traditional ties between people in both nations.

Bhutan was a protectorate of British India and came under the British suzerainty in 1865. It signed the '**Treaty of Punakha**' with the British in 1910. India's relations with Bhutan were handled by a Political Officer based in Sikkim. This continued until 1948, when a Bhutanese delegation visited India and wished to revise the treaties previously signed with the British.

Independent India signed a fresh treaty with Thimpu in **1949 – the Treaty of Friendship and Cooperation.** '**Article 2**' of the

treaty declared that *Bhutan's internal affairs shall function without any interference from India while the foreign relations will continue to take place under its guidance.* Formal diplomatic relations were established in 1968 after a special office of India was opened in Thimpu.

During the Sino-India war in 1962, Bhutanese king declined to offer base to Indian troops. After securing a UN membership in 1971, Bhutan elevated its diplomatic status in New Delhi to full ambassadorial level and established diplomatic ties with other nations independent of India's opinion.

In **2007, 'Article 2' of the 1949 treaty was revised**, forever changing the terms of the erstwhile India-Bhutan relations. In 2017, Bhutan decided to withdraw from the **BBIN Motor Vehicle Agreement** for the reason that it would adversely affect its environment and sovereignty.

### **Indo-Bhutan present relations:**

Both countries have mutual interests in diverse areas of cooperation – security, border management, trade, hydro-power and many more. India has helped set up the Chukha hydro project (1986-87), the Kurichu (2001-02) and the Tala project (2006-2007) in Bhutan. India has pledged to buy 10,000 MW by 2020, making Bhutan perhaps the only country in South Asia which enjoys trade surplus with New Delhi.

India has funded nearly all of Bhutan's landmark projects, including the airport at Paro, Bhutan Broadcasting Station, the Bhutan-India microwave link, One million-tonne Dungsam Cement Plant, Bhutan Institute of Medical Sciences, and all exploration, survey and mapping of mineral resources. India contributes a hefty chunk of financial assistance to Bhutan's five year plans.

For Bhutan's 11th Five Year Plan, Government of India contributed an assistance of Rs 4500 crore with an additional Rs 500 crore for the Economic Stimulus Plan. Governed by the

India-Bhutan Trade and Transit Agreement of 1972, in 2016 India stood Bhutan's largest trading partner. Under the agreement, Bhutan also enjoys duty free transit of its exports to third countries.

Bhutan has been central to India's two major policies – the **'Neighborhood First Policy'** and the **'Act-East Policy'**. After coming into power in 2014, PM Modi opted Bhutan as the first country for his foreign visit. Bhutan's strategic location has helped India in flushing out militants in the North-East, playing a significant role in maintaining internal stability.

Bhutan is India's only neighbor that is yet to join China's Belt and road initiative (BRI). Since the 1990s, Bhutan has repeatedly turned down Chinese 'package deal' offers making bigger territorial concessions to Bhutan in return for the smaller Doklam area (remaining sensitive to India's security concerns in the area).

During the recent Doklam standoff, Bhutan's dogmatic stand and the ability to assert the status quo in the face of Chinese intrusions, speaks volumes about its commitment to India's security interests in a region that does not hold equal strategic importance for itself.

### **Future prospects:**

The **strategically-located** Bhutan continues to be of special significance to India, especially amid **reports of the rapidly growing imprints of China**. Trust in the strategic sphere is of paramount importance. Against the backdrop of reports about intensifying activities of insurgent groups along the India-Bhutan border, counter-terror cooperation is bound to gain greater salience in bilateral relations.

The year **2018 celebrated the Golden Jubilee of the establishment of formal diplomatic relations** between India and Bhutan. Marking the completion of 50 years, Bhutan opened a Consulate in India's north-eastern city of Guwahati in 2018.

The two countries have always shared a unique and organic relationship which is often termed as a '**sacred bond**', largely sustained by regular high level visits and dialogues between the neighbors. Narendra Modi's '**Bharat to Bhutan (B2B)**' vision on how "Bharat should stand for Bhutan and Bhutan for India", introduced during his first foreign trip to Bhutan as Prime Minister, is no exaggeration.

India and Bhutan share a time-tested relationship that is a perfect example of friendship and cordiality in South Asia. With India's help, Bhutan can become economically competitive, militarily advanced and self reliant in matters of national security. Furthermore, as the world's largest democracy, India can guide Bhutan in developing requisite democratic infrastructure and a political establishment that can sustain the demands of a democratic society.

#### **Friction between the two countries:**

India's paternalistic attitude towards Bhutan and a tendency to take Bhutan's loyalty for granted is an issue area in Indo-Bhutan relationship. Back in 2013, when Bhutan was seen getting comfortable with Beijing, India decided to withdraw all subsidies on cooking gas and kerosene causing a drift in Indo-Bhutan bilateral relations. This was around the same time when elections were due in Bhutan and India's actions were seen as meddling in Bhutan's internal politics.

Bhutan's geographically disadvantaged location has given India an undue advantage over Bhutan's trade and commerce. 60 percent of Bhutan's expenditure is on imports from India. Over the years, it has been argued that the economic benefits from collaboration in hydropower have declined. Interest rates have increased and net profit per unit of electricity sold has also fallen since 2007 causing a sharp rise in Bhutan's debts.

At the same time, these projects have failed to create jobs in Bhutan and are seen as adversely impacting the environment. In

addition, India's subsidized imports to Bhutan comprising of almost all essential goods have hurt the growth of domestic sectors within Bhutan while helping India exercise its hold on Bhutanese market.

Bhutanese have perceived the Indian model of economic assistance as exploitative, which tends only to serve Indian interests. The symbiotic philosophy that seems to guide the partnership is to generate revenue for Bhutan and avail clean electricity power for India. In the absence of a "win-win framework" or mutually beneficial schemes, rifts with Bhutan could only widen and spiral out of control.

In recent years, China has tried to establish its influence on Bhutan. It continues to stake claims to important areas such as Chumbi valley and Doklam (standoff of 2017). Of late, the Bhutanese government is also willing to have a deeper engagement with China in areas of tourism, education, culture, agriculture etc. It is a grim reminder that India may not continue to enjoy the leverage it always had with Bhutan.