



## Indo-Bhutan Relations

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### Why in News?

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The first Indo-Bhutan feature film 'Singye' won four awards at 18th Bhutan National Film Awards organized on 21st February 2019.

### Historical Ties

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- India and Bhutan have been sharing ties since 1910 when Bhutan became a protectorate of British India, allowing the British to “guide” its foreign affairs and defence.
- When India declared independence in 1947, Bhutan was among the first nations to recognise it. Since then, the relationship between the countries has become stronger, especially because Bhutan also has a historically tense relationship with China.
  - Besides sharing a 699 Kilometres border, India and Bhutan also share deep religio-cultural links. Guru Padmasambhava, a Buddhist saint played an influential role in spreading Buddhism and cementing traditional ties between people in both nations.
  - India opened an office of a Special Representative in Thimphu in 1968, Bhutan reciprocated in 1971. The two offices of special representatives were upgraded to full-fledged embassies in 1978
- The basis for bilateral relations between India and Bhutan was formed by the Indo-Bhutan Treaty of Peace and Friendship of 1949. However, Article 2 of the treaty critically gave India a role in guiding Bhutan’s foreign policy. Hence, some changes in the treaty were made in 2007.
- The new treaty says that Bhutan can import arms as long as Indian interests are not harmed and there is no re-export of the weapons, either by the government or individuals.
- Article 6 and 7 in the current treaty encompass the issue of ‘national treatment’ and equal privileges for citizens on each other’s soil.

## Indo-Bhutan Treaty of Peace and Friendship, 1949

- The Treaty provides for, among other things, perpetual peace and friendship, free trade and commerce and equal justice to each other's citizens.
- In 2007 the treaty was re-negotiated, and provisions were included to encourage Bhutan's sovereignty, abolishing the need to take India's guidance on foreign policy.
- The updated treaty, besides providing close cooperation on national issues, provides for stronger cooperation in cultural and economic fields.

## Bhutan's Significance to India

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### **Geographical Significance:**

- Bhutan shares border with four Indian States: Assam, Arunachal Pradesh, West Bengal and Sikkim.
- Nestled in the Himalayas, Bhutan serves as a buffer between India and China.
- Security of Bhutan's present borders especially its western border is very important for India.

### **Economic Significance:**

- Bhutan provides a market for Indian commodities and is a destination for Indian investment.
- Also for India, Bhutan is a rich source of hydropower.

### **Political Significance:**

A politically stable Bhutan is important to India. An unstable and restive Bhutan can provide a safe haven to anti-India activities and anti-India militant groups.

## Areas of Cooperation

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### **Trade:**

- The trade between the two countries is governed by the India Bhutan Trade and Transit Agreement 1972 which was last renewed in November 2016.
- The agreement establishes a free-trade regime between the two countries and also provides for duty-free transit of Bhutanese exports to third countries.
- India is Bhutan's largest trading partner. In the period from January- June, 2018, trade between two countries stood at Rs. 4318.59 crore.
- Major exports from India to Bhutan are mineral products, machinery and mechanical appliances, electrical equipments etc. whereas major items of import from Bhutan are electricity, ferrosilicon, Portland cement etc.

### **Economic Assistance:**

India is Bhutan's leading development partner. Since the launch of First Five Year Plan of Bhutan in 1961, India has been extending financial support to Bhutan's FYPs. India has allotted Rs 4500 crore to Bhutan's 12th FYP.

### **Water Resources:**

- India is playing an important role in development of hydro-power projects. This not only provides Bhutanese with electricity for domestic use but also revenue from surplus electricity exported to India.
- So far, Government of India has constructed three Hydroelectric Projects (HEPs) in Bhutan. Currently, India is helping Bhutan in the development of power plant on Mangdechhu River.
- This hydropower cooperation comes under 2006 Agreement on Cooperation in Hydropower. Under a protocol to this agreement, India has agreed to assist Bhutan in the development of minimum of 10,000 MW of hydropower and import of surplus electricity from same by year 2020.
- Also, there is a Joint Group of Experts (JGE) on flood management between India and Bhutan.

### **Border Management:**

- There is a Secretary-level mechanism on border management and security related matters between the two countries.
- There is also a Border District Coordination Meeting (BDCM) Mechanism between the bordering States and the Royal Government of Bhutan (RGoB) to facilitate coordination on border management and other related matters.

### **Educational and Cultural Cooperation:**

- A large number of college going Bhutanese students study in India. Government of India provides number of scholarships to Bhutanese students.
- Regular cultural exchanges take place between the two countries. One of the basic objectives of India Bhutan Foundation established in 2003 is to enhance people to people exchange in cultural field.

### **Indian Community:**

- About 60,000 Indian nationals live in Bhutan, employed mostly in the hydro-electric power construction and road industry.
- In addition, around 8000-10,000 daily workers enter and exit Bhutan everyday in border towns.

### **Multilateral Partnership:**

- Both India and Bhutan are founding members of South Asian Association for Regional Cooperation (SAARC) that deals with economic, social and cultural development of South Asian Region.
- Both of them also share other multilateral forums such as BBIN (Bangladesh, Bhutan, India, and Nepal), BIMSTEC (Bay of Bengal Initiative for Multi Sectoral Technical and Economic Cooperation) etc.

## Challenges

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- There have been instances when India has meddled in Bhutan's internal affairs. This has led to negative perception of India in the minds of Bhutanese.
- There is a growing feeling in Bhutan that India's development of Bhutan's hydropower production is driven by self-interest as it is getting Bhutan's surplus power at relatively cheap rates.
- Bhutan's concern regarding profitability of its Hydropower projects in the wake of India's shift to renewable sources of energy like wind, solar etc.
- From internal security perspective, illicit establishment of camps by militant outfits in the dense jungles of south-east Bhutan is a cause of concern for both the nations.
- China's continuous claims to important border areas such as Chumbi valley and Doklam and its continuous efforts for establishing strong diplomatic and economic relations with Bhutan have been continuous source of concern for India.

## Way Forward

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- India needs to step up efforts to publicise the benefits that accrue to Bhutan from Indian projects.
- India continuously needs to explore new areas of cooperation with Bhutan. Decision of setting up of ISRO's ground station in Bhutan is a welcome step. The station will help Bhutan in providing weather related messages to its far flung areas.
- India should try as much as possible to remain out of Bhutan's internal matters, though it can act as a mentor.
- Safety of Border from China is a concern for both nations. Therefore, both sides need to work together on this issue. Also, it needs to be ensured that border areas remain militants free.
- Being neighbours, it is necessary that both nations continuously recognise value of each other. For this, regular high level visits from both the sides are necessary.

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