



PM's Visit to Bhutan

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During the visit of the Prime Minister of India to Bhutan, **both the countries reiterated their commitment to maintain close coordination on matters affecting each other's security and national interests.**

Key Takeaways



- The two countries inked **10 Memorandum of Understanding (MoUs)** in the fields of **space research, aviation, IT, power** and **education** to infuse new energy in their ties.
- Both sides emphasised the importance of **“hydro-power development”** as one of the most important areas of mutually beneficial bilateral cooperation.
The two Prime Ministers formally inaugurated the recently completed 720 MW Mangdechhu Hydroelectric Plant and resolved to continue working together to expedite the completion of other ongoing projects such as Punatsangchhu-1, Punatsangchhu-2 and Kholongchhu.
- Both the leaders agreed to collaborate on the **joint development of a small satellite for Bhutan.**

- The two countries agreed to further expand bilateral trade and investment.
 - The Prime Minister of India assured the Bhutan Prime Minister of “positive consideration” of Bhutan’s request for enhancement of the currency swap limit under the SAARC Currency Swap Framework.
 - As an interim measure, he offered an additional USD 100 million of currency swap under the **Standby Swap Arrangement**.
 - The Union Cabinet had, on March 1, 2012, approved the framework on currency swap arrangement for SAARC member-countries with the intention to provide a **line of funding for short-term foreign exchange requirements** or to meet balance of payments crises till longer term arrangements are made or the issue is resolved in the short-term itself.
 - India has also incorporated a \$400-million ‘**Standby Swap**’ facility within the existing approved overall \$2 billion currency swap arrangement for SAARC member-countries.
 - This incorporation of ‘Standby Swap’ provides the necessary flexibility to the current ‘framework on currency swap arrangement’ and enable India to provide a prompt response to the request from SAARC member- countries for availing themselves of the swap amount exceeding the present limit prescribed under the SAARC Swap Framework.
- India announced the **increase in scholarships for Bhutanese students** for studies at Nalanda University from 2 to 5.
- Both the leaders launched the facility for **use of Indian RuPay cards in Bhutan**, which would facilitate Indians’ travel to Bhutan by reducing the need to carry cash, boost the Bhutanese economy and further integrate the two economies
 - They also agreed for a feasibility study on the use of India’s **Bharat Interface for Money (BHIM) app** in Bhutan to promote cashless payments between the two countries.
- The two Prime Ministers also **inaugurated in Thimphu the Ground Earth Station of the South Asian Satellite**, constructed with the support of the **Indian Space Research Organisation (ISRO)**.

Source: IE