



# drishti

## The Big Picture - India-Bhutan New Vistas

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India and Bhutan are looking to strengthen further old and time-tested ties between the two nations with the arrival of Bhutan's new Prime Minister Lotay Tshering. India has announced Rs 4,500 crore financial assistance for Bhutan's 12th five-year plan. Bhutan's Prime Minister thanked India for supporting its developmental needs and India reiterated that hydroelectric plants are the key aspects of the Indo- Bhutan ties. Bhutan's new Prime Minister visit takes place during the Golden Jubilee year of the establishment of formal diplomatic relations between the two countries.

### Importance of the Visit

- The new Bhutanese Prime Minister will have four main agendas in his first foreign state visit to India.

- A fair tariff for the 720 MW bilateral Mangdechhu project
- Seeking India's support for Bhutan's 12th Five Year Plan
- Starting the 2,560 MW Sunkosh Reservoir project
- Waiving off the Central GST for Bhutan
- The obsession with the Mangdechhu tariff is not only about getting a fair rate for its electricity, but also an effort to convert the relationship with India from the traditional "donor and aid recipient" to that of investment and trade.
- Another important agenda on the Bhutanese PM's mind is to get New Delhi to start the construction of the 2,560 MW Sunkosh Reservoir project. Bhutan, down the line, also wants to construct the 2,640 MW Kuri Gongri reservoir project along with India.
- Both these projects are not only mentioned as priority projects in the Druk Nyamrup Tshogpa's (DNT) manifesto but also as one of its key economic priorities.
- These two mega projects will be part of a clean and reliable stabilizing power source for India's big renewable energy push in solar and wind, kicking in, when the latter is down.

## **DRISHTI INPUT**

### BHUTAN-Political Reform and Modernization

- Bhutan's political system has recently changed from an absolute monarchy to a constitutional monarchy.
- A new constitution was presented in early 2005. In December 2005, King Jigme Singye Wangchuck announced that he would abdicate the throne in 2008. This was followed by the first national parliamentary elections in December 2007 and March 2008.
- On 6 November 2008, 28-year-old Jigme Khesar Namgyel Wangchuck, eldest son of King Jigme Singye Wangchuck, was crowned King.

### Bhutan's Gross National Happiness Index

- The phrase 'gross national happiness' was first coined by the 4th King of Bhutan, King Jigme Singye Wangchuck, in 1972.
- The concept implies that sustainable development should take a holistic approach towards notions of progress and give equal importance to non-economic aspects of wellbeing.
- The GNH Index includes both traditional areas of socio-economic concern such as living standards, health and education and less traditional aspects of culture and psychological well being.

## India - Bhutan Relations

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- Diplomatic relations between India and Bhutan were established in 1968 with the establishment of a special office of India in Thimphu. Before this relation with Bhutan

were looked after by the Political Officer in Sikkim.

- The basic framework of India- Bhutan bilateral relations was the Treaty of Friendship and Cooperation signed in 1949 between the two countries, which was revised in February 2007.
- The India-Bhutan Friendship Treaty not only reflects the contemporary nature of the bilateral relationship but also lays the foundation for their future development in the 21st century.
- The Golden Jubilee of the establishment of formal diplomatic relations between India and Bhutan has been celebrated in the year 2018.

## Importance of Bilateral Relation

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- The Himalayan kingdom interprets its bond with India differently. Hence, unlike Nepal, it has strictly warded off any advances by the Chinese.
- India-China Doklam stand-off-- When China started constructing a road in the disputed area of Doklam, Bhutan asked for help from India and India sent the army to stop the construction. This gesture showed that India respects the commitments as per the Friendship Treaty signed in 2007.
- Prime Minister 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 a testimony of the friendship.
- 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.
- Both countries have mutual interests in diverse areas of cooperation – security, border management, trade, and hydro-power.
- Hydropower generation is a most important area of mutually beneficial cooperation in India-Bhutan ties.
- Under the 2006 Agreement on Cooperation in Hydropower and the Protocol to the 2006 agreement, India has pledged to assist Bhutan in developing at least 10,000 MW of hydropower and import the surplus electricity to India by 2020.

## The role of China in Bhutan

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- In recent years, China has tried to establish its influence on Bhutan.
- Of late (particularly, in 2013), the Bhutanese government was willing to have a deeper engagement with China in areas of tourism, education, culture, agriculture etc. Nevertheless, it might be too early to conclude that China can hurt India's stake in Bhutan.
- Since the 1990s, Bhutan has repeatedly turned down Chinese 'package deal' offers to make 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 face of Chinese intrusions, speaks volumes.
- Another important factor in China Bhutan dynamics is geography. The difficult terrain has been a barrier to the development of trade relations. Consequently, 90% of Bhutanese trade is carried with India or through India.
- Hence, it is less likely that China would make significant headway in Bhutan.
  
- Another important agenda is to get the support of New Delhi to start the construction of Sunkosh Reservoir project. Bhutan, down the line, also wants to construct the 2,640 MW Kuri Gongri reservoir project along with India.
- Both these projects are not only mentioned as priority projects in the Druk Nyamrup Tshogpa's (DNT) manifesto but also as one of its key economic priorities.
- These two mega projects will be part of a clean and reliable stabilizing power source for India's big renewable energy push in solar and wind, kicking in, when the latter are down.