

# **GS Paper 2**

## **International Relations**

**India and its Neighbourhood**

**Indo-Bhutan Relations**

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# Why is Bhutan important for India?

**India and Bhutan share a unique and proven bilateral relationship characterized by utmost trust, goodwill and mutual understanding.**

## 1) Location

- Bhutan shares border with four Indian States: Assam, Arunachal Pradesh, West Bengal and Sikkim.

- It is land locked.

## 2) Economic Significance



### **3)Strategic Importance**

- **Security concerns**
- **Vital connectivity through India's chicken neck**
- **Buffer to China**

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- **Security in North-East**

- **Chinese inroad in Bhutan**

- **Confluence of Neighbourhood First policy and Act East policy**

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## Historical Ties

- **1910**--- Bhutan became a protectorate of British India
  - **1947**---the new Indian Government recognized Bhutan as an independent country.
  - **1949**--- Indo-Bhutan Treaty of Peace and Friendship of 1949
- ✓ The Treaty provides for, among other things, perpetual peace and friendship, free trade and commerce and equal justice to each other's citizens.
- ✓ 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.

- **1950---**China's annexation of Tibet
- **1950's---**Significant increase in India's economic, military and development aid to Bhutan.
- **2007---Revised Indo-Bhutan Treaty of Peace and Friendship 2007—**
  - ✓ India should try as much as possible to remain out of Bhutan's internal matters.
  - ✓ Safety of Border from China is a concern for both nations.
  - ✓ Bhutan can import arms as long as Indian interests are not harmed and there is no re-export of the weapons.
  - ✓ Includes the issue of 'national treatment' and equal privileges for citizens on each other's soil.

- **1978---**The two offices of special representatives were upgraded to full-fledged embassies.
- **2014---**Prime Minister Narendra Modi first foreign visit to Bhutan.
- **January 21, 2021---** India sent free doses of the Covid-19 vaccine to Bhutan.
- **16<sup>th</sup> September 2022---**In a positive response to requests from the Bhutanese government, India made special trade concessions to export wheat and sugar to the country.
- **28-30 April 2022---**External Affairs Minister (EAM), Dr. S. Jaishankar had paid an official visit to Bangladesh and Bhutan.

## Why in News?

**1) 09 January 2024---The People's Democratic Party (PDP) and Tshering Tobgay emerged victorious in the runoff elections in Bhutan on January 9.**

Tobgay earlier served as the Prime Minister from the term of 2013 to 2018. The Prime Minister is seen as pro-India.

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**2) 14-18 March 2024--At the invitation of Indian PM, Prime Minister of Bhutan H.E. Tshering Tobgay came for an official visit to India from 14-18 March 2024.** This is Prime Minister Tshering Tobgay's first overseas visit after assuming office in January 2024.

### **Key Take aways:**

- Indian PM congratulated the people and the Royal Government of Bhutan for the **successful implementation of the 12th Five Year Plan (FYP)**, notwithstanding challenges posed by the Covid-19 pandemic, as well as for Bhutan's graduation from the Least Developed Countries in December 2023.
- Prime Minister Tshering Tobgay thanked the Government of India for its **development assistance of INR 5000 crores to Bhutan's 12th FYP**, which has immensely contributed to the socio-economic well-being of the people of Bhutan.

- Prime Minister Modi reiterated **India's commitment to step up support for Bhutan's 13th FYP** including to consider request for the Economic Stimulus Program.
- The two sides expressed satisfaction with the progress in **construction of the 1020 MW Punatshangchhu-II hydro power project** and looked forward to its commissioning in 2024.
- Both Prime Ministers agreed to **expand the existing India-Bhutan energy partnership to non-hydro renewables, such as solar and wind as well as green initiatives for hydrogen and e-mobility besides energy efficiency and conservation measures.** The two sides reaffirmed the significance of cooperating closely in the energy sector.

- Both sides lauded the partnership between India and Bhutan in the space technology sector, including recent initiatives such as the **technical capacity-building on remote sensing technology organised by the Indian Space Research Organisation for the Royal Government of Bhutan**. Both sides welcomed the development of the Joint Plan of Action on Space Cooperation.
- The two sides noted the progress towards **establishment of two rail-links Banarhat (West Bengal) - Samtse (Bhutan) and Kokrajhar (Assam) - Gelephu (Bhutan)**. **Northeast Frontier Railway (NFR)** is undertaking the Final Location Survey (FLS) of the two rail-links in consultation with the Bhutanese side.
- **Both sides noted the contribution of Indian teachers for strengthening STEM pedagogy (Science, Technology, Engineering and Math education) in Bhutan**. Both sides agreed that they will expand India-Bhutan partnership in education sector, thereby strengthening the vibrant people to people relations that are at the heart of the India-Bhutan friendship.

### **3) 21-22 March 2024—Indian Prime Minister Shri Narendra Modi paid official visit to Bhutan from 21-22 March 2024.**

The visit is in keeping with the tradition of regular high-level exchanges between India and Bhutan and the Government's emphasis on its Neighbourhood First Policy.

#### **Key take aways:**

- **Indian-funded hospital in Bhutan**

**PM Modi inaugurated the state-of-the-art Gyaltsuen Jetsun Pema Wangchuck Mother and Child Hospital in collaboration with Bhutanese PM Tobgay.** This hospital, fully funded by the Indian government, symbolises the close cooperation between the two nations in healthcare.

- **Financial assistance package**

During his visit, Prime Minister Modi announced **an assistance package of 10,000 crores for Bhutan's 13th five- year plan**, further solidifying the bond between the two countries.

- **Prime Minister Modi was conferred with ‘Order of the Druk Gyalpo’, which is Bhutan’s highest civilian honour.** He became only the first foreign dignitary and the fourth person to receive this award. As per ranking and precedence established, the Order of the Druk Gyalpo was instituted as the decoration for lifetime achievement and is the pinnacle of the honour system in Bhutan, taking precedence over all orders, decorations and medals.
- **Bilateral talks and agreement**
  - During the two-day visit, PM Modi and Bhutan PM Tobgay **finalised the MoU on the establishment of rail links between the two nations.**

- The two leaders also reviewed all aspects of bilateral energy cooperation and, welcomed the expert-level discussions on the **1200 MW Punatsangchhu-I Hydro- electric Project**, adding that they look forward to the commissioning of the 1020 MW Punatsangchhu-II Hydro- electric Project later this year.
- PM Modi and PM Tobgay agreed that the India-Bhutan energy partnership has the potential to benefit both countries by enhancing **energy security, strengthening their economies, generating employment, enhancing export earnings**, and contributing to the further development of industrial and financial capacities.

#### 4) 03-10 November 2023---Visit of His Majesty, The King of Bhutan to India

The Bhutan King's visit to India comes against the backdrop of new momentum in boundary talks between Bhutan and China.

- ✓ In his interaction with His Majesty, **Prime Minister reaffirmed India's abiding commitment to its unique ties of friendship and cooperation with Bhutan and reiterated continued and full support to the socio-economic development in Bhutan** based on the priorities of the Royal Government and as per the vision of His Majesty.

- ✓ The Bhutanese side thanked GoI for the timely release of development assistance to ensure smooth and uninterrupted conclusion of crucial projects under the 12th Five Year Plan (2018-2023). To take the exemplary bilateral partnership forward, the Indian side reiterated commitment to step up support for Bhutan's 13th Five Year Plan, which was welcomed by the Bhutanese side.
- ✓ **Hydro-power cooperation has been an important pillar of India-Bhutan bilateral economic partnership** and it has been a productive partnership for both countries. **The two sides welcomed export of surplus power by Basochhu hydro power project** through the Indian Energy Exchange beginning October 2023 paving the way for access to another energy market.



- ✓ The two sides **expressed satisfaction with the progress in construction of the 1020 MW Punatshangchhu-II hydro power project** and looked forward to its early commissioning in 2024. **They noted with satisfaction the progress made towards speedy conclusion of the Punatsangchhu-I hydro power project.** The two sides reiterated the importance of cooperation in hydropower sector, and their commitment to advancing it further.
- ✓ It was agreed to extend the existing India-Bhutan energy partnership in hydro to non-hydro renewables, such as solar as well as green initiatives for hydrogen and e-mobility. The Indian side assured necessary technical and financial support for projects in these areas.

- ✓ In terms of new areas of partnership, which now encompasses Startups, Space and STEM education, both sides welcomed the progress made in space sector cooperation, including the launch of the first satellite jointly developed by India and Bhutan and the inauguration of the satellite's ground earth station in Thimphu this year. The two sides expressed satisfaction on the increased collaboration in the field of education, with emphasis on STEM disciplines. The Indian side welcomed Bhutan's decision to join the International Big Cat Alliance (IBCA).

**5) 23<sup>rd</sup> October 2023---Bhutan and China held their 25th round of boundary talks as Bhutan's Foreign Minister Tandi Dorji met with Chinese Foreign Minister Wang Yi in Beijing.** Bhutan under Prime Minister Lotay Tshering is hoping for border talks with China and the possibility of completing the demarcation of the boundary between both countries.

This means a possible exchange agreement between land to Bhutan's North that is under Chinese control, with Bhutan's Doklam area. PM Tshering, will hand over charge to a caretaker government in November 2023 ahead of general elections due by January-end 2024.

The swap arrangement is of particular concern to India due to its proximity with India's Siliguri corridor or "chicken's neck" that connects to the Northeastern States.

India and China were involved in a stand-off in Doklam near the India-China-Bhutan trijunction in 2017.

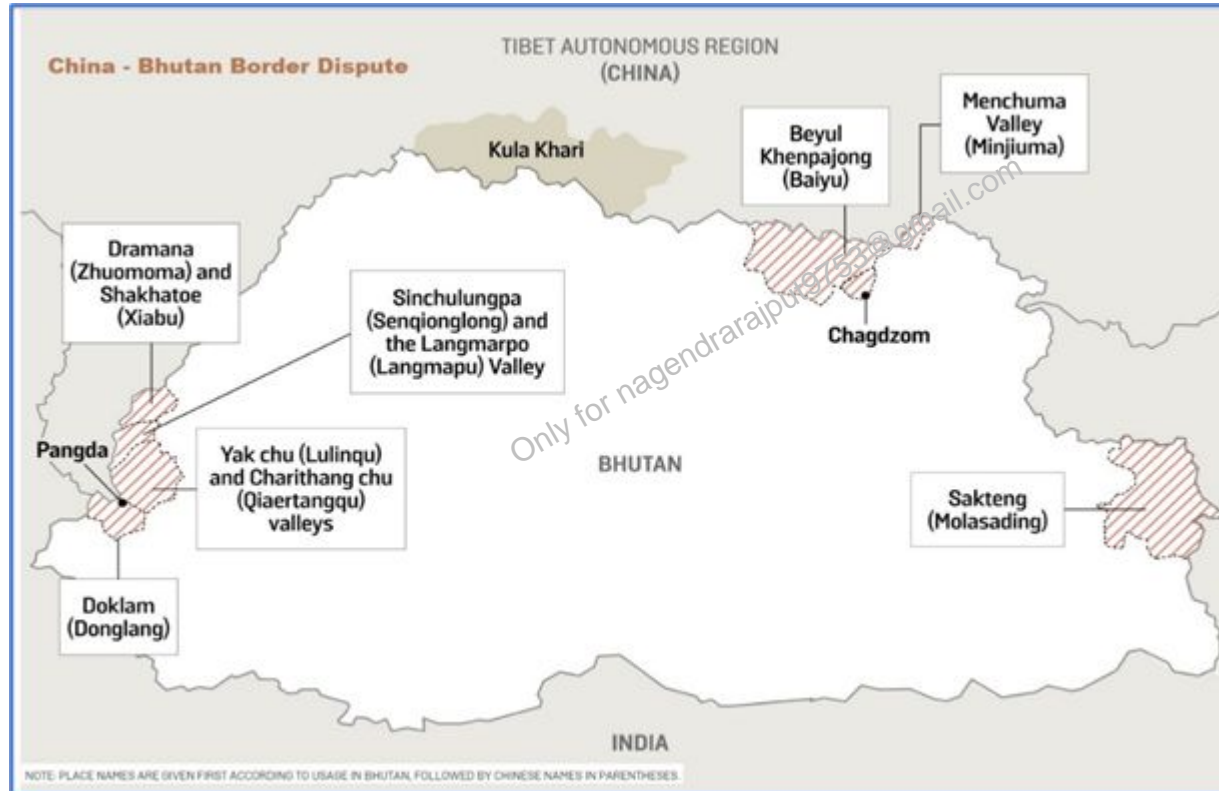
Also, China expressed the hope that the two countries would establish diplomatic relations, something Bhutan has held out on thus far, as it does not have ties with any UN Security Council Permanent Member (P-5) country.

Bhutan and China are “inching” towards the completion of a 3-step roadmap that will completely demarcate their boundary, including marking territory along the Doklam plateau.

The “3-Step Roadmap” signed between Bhutan and China in October 2021 comprises first agreeing to the demarcation of the border in talks on the table, after which the two sides would visit the sites along the demarcated line on the ground, before finally and formally demarcating the boundary between them.

The Boundary Talks between Bhutan and China began in 1984, and they held the 24th round in 2016. However, these have been stalled since 2016, especially after the 2017 Doklam incident between the Indian and Chinese armies, which eventually disengaged from the trijunction area after a tense standoff lasting three months.

**Ques/- The growing relations of Bhutan and China has serious implications for India. In the light of this concern, discuss how India should strategically respond?**



## **6) April 3-5, 2023----The King of Bhutan, Jigme Khesar Namgyel Wangchuck visited India.**

### **Key take aways:**

#### **1)India's Support to Bhutan:**

- Additional Standby Credit Facility (SCF) for a period of five years.
- Assistance in digital infrastructure with establishment of Third International Internet Gateway for Bhutan.
- Integration of Bhutan's Druk Research & Education Network (DrukREN) with India's National Knowledge Network (cooperation in e-Learning).

## **2)Hydropower cooperation:**

Discussion on Hydroelectric Power Plants in Bhutan like Mangdechhu, Chhukha, Basochhu, Punatsangchhu-I, Sankosh project etc.

**3)Security cooperation:** Established first integrated check post at Jaigaon (West Bengal, India) and Phuntsholing (Bhutan).

**4)Connectivity:** Expedited Kokrajhar (Assam)- Gelephu rail link and supported Gelephu airport construction for investment attraction.

**7) June 16, 2023**

Siliguri in northern West Bengal has a natural advantage for accelerating trade with neighbouring countries, namely Bangladesh and Bhutan.

In view of this, at a recently concluded BIMSTEC business conclave in Kolkata, businessmen from the area argued about pushing for the development of a Bhutan-Siliguri-Bangladesh corridor for accelerating trade among the nations.

It was further stated that improving road connectivity in the Northern part of West Bengal, which links the three countries – Bhutan, Bangladesh and Nepal, will help in the improvement of trade volume and also generate employment in the region.



**Why Indo Bhutan relations is called “special” in nature.**

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## Areas of cooperation

### 1)Trade:

- Governed by the India Bhutan Trade and Transit Agreement 1972 which was last renewed in November 2016. This renewed treaty provides for a free trade regime between the two countries.
- India is Bhutan's largest trading partner (it is around \$ 1422 Mn for 2020-21)
- Benefits to North Eastern States
- Financial connectivity
- Start-Up ecosystem: through the National Knowledge Network & the Druk-REN connection.

## 2)Hydro Power cooperation:

- Government of India has constructed three Hydroelectric Projects (HEPs) in Bhutan.
    - ✓ Chukha HEP,
    - ✓ Kurichhu HEP.
    - ✓ Tala HEP.
  - India is helping Bhutan in the development of power plant on Mangdechhu River.
- 2006 Agreement on Cooperation in Hydropower.
- The Indo-Bhutan hydro power relationship has never been a zero-sum game.

### 3)India-Bhutan Military Relations

- 2000 strong Indian Military Training Team (IMTRAT) is permanently based in western Bhutan.
- India cooperate with the Royal Bhutan Army in matters of anti-insurgency and counter-terrorism.
- Air protection is provided by the Eastern Air Command of the Indian Air Force.

#### **4)India-Bhutan cultural ties**

- Buddhism appears as connecting link.
- The India-Bhutan Foundation, established in 2003, aims to enhance people-to-people exchanges in the cultural field.

#### **5)Developmental projects**

- India's Border Road Organisation, has built the majority of roads in Bhutan under project 'DANTAK'.

## **6)Multilateral Partnership**

## **7)Tourism**

## **8)Other cooperation**

- **Maitri Initiative**
- **India Bhutan Satellite**

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# Why Bhutan is India's Achilles' heel

## 1) Location



## 2) Chinese intrusive activities in Chumbi valley





### 3) Doklam issue

Doklam, or Donglang in Chinese, is an area spread over less than a 100 sq km comprising a plateau and a valley at the trijunction between India, Bhutan and China. It is surrounded by the Chumbi Valley of Tibet, Bhutan's Ha Valley and Sikkim.



# **Challenges**

**1)Instances of Indian interference**

**2)Politics behind hydropower collaboration**

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### **3)Security concern**

### **4)China angle**

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# Way Forward

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