India - Bhutan Relations

Diplomatic relations between India and Bhutan were established in 1968 with the appointment of a resident representative of India in Thimphu. Before this our relations with Bhutan were looked after by our Political Officer in Sikkim. The basic framework of India-Bhutan bilateral relations is the Treaty of Friendship and Cooperation signed in 1949 between the two countries, which was renewed during the visit of His Majesty Jigme Khesar Namgyel Wangchuck to India in February 2007.

The renewed India-Bhutan Friendship Treaty not only reflects the contemporary nature of our relationship but also lays the foundation for their future development in the 21st century.

Political Relations

The traditionally unique bilateral relations, characterized by trust and understanding have matured over the years. The special relationship has been sustained by the tradition of regular visits and high level dialogues between the two countries. 2013 saw some high level exchanges with the visit of His Majesty Jigme Khesar Namgyal Wangchuck, the King of Bhutan to India as the Chief Guest for the 64th Republic Day celebrations. At the invitation of the President of India, His Majesty the King and Her Majesty the Queen paid an official visit to India from 6-10 January, 2014. They again visited India in October 2014 on a private visit which included visit to Lawrence School, Sanawar (as chief guest of the 167th Founder's Day celebration), Bodhgaya and Varanasi.

After being elected Prime Minister, Lyonchhen Tshering Tobgay undertook his first official visit to India from 30 August to 4 September, 2013. PM Tobgay along with a 6-member delegation which included Foreign Minister again visited India from 25-28 May, 2014 for the swearing-in ceremony of PM-designate Narendra Modi.

At the invitation of the Prime Minister of India, the Prime Minister of Bhutan, Lyonchhen Tshering Tobgay, paid an official visit to India along with his delegation from 10-18 January 2015. He addressed the inaugural session of the Vibrant Gujarat Summit in Ahmedabad and visited a number of successful projects in Gujarat. He met with PM Shri Narendra Modi and had wide-ranging discussions on bilateral issues. He called on the President of India in Delhi and had meetings with several Ministers and senior officials. During the visit, PM Tobgay sought Amul Dairy’s expertise to source 2,000 cows from India, when he was in Gujarat. He also visited Bodhgaya where he was presented a sapling of the Maha Bodhi tree.

At the invitation of the Prime Minister of India Shri Narendra Modi paid a State Visit to Bhutan from 15 16 June, 2014. He was accompanied by External Affairs Minister, National Security Advisor and Foreign Secretary among other senior officials. It was his first visit abroad after assumption of office. The visit reinforced the tradition of regular high level exchanges between the two countries. During the visit, PM Modi had audience with K5 and K4 and meeting with PMTT. The Opposition Leader called on PM Modi. He also addressed the Joint Session of Bhutanese Parliament on 16th June, 2014. During the visit, he laid the foundation stone of 600 MW Kholongchu Hydropower Project and inaugurated the Supreme Court building which was constructed with Government of India’s assistance. Besides exchanging views and discussing bilateral
relations and economic cooperation, PM Modi announced doubling of Nehru Wangchuck Scholarship to Rs. 2 crores per year. He also announced Government of India’s assistance for establishment of E-Library in the National Library of Bhutan and in all the 20 districts of Bhutan. The two sides agreed to continue close coordination and cooperation in areas relating to their national interests and not allow each other’s territory to be used for interests inimical to the other.

At the invitation of the King of Bhutan, the President of India Shri Pranab Mukherjee paid a State Visit to Bhutan from 7-8 November, 2014. During the visit, he held wide-ranging discussions with His Majesty the King of Bhutan including on bilateral and regional issues. He also met His Majesty the Fourth Druk Gyalpo and Prime Minister Lyonchhen Tshering Tobgay. During the visit, the President delivered an address on "India-Bhutan Relations" and launched/inaugurated three GOI assisted PTA projects, namely the School Reform Program, Upgradation of the East-West Highway and the Power Training Institute. He also announced the doubling of the Ambassador’s Scholarship programme from Rs 1 crore to Rs 2 crore per year. Three MOUs on bilateral cooperation in the field of education and one MoU on the establishment of Nalanda University were also signed during the visit.

Minister of Road Transport, Highways and Shipping, Shri Nitin Gadkari visited Bhutan from 15-16 June 2015. The BBIN Motor Vehicle Agreement was signed in Thimphu by the Transport Ministers of the four countries on June 15, 2015.

Gen. Dalbir Singh, CoAS of India visited Bhutan on October 31 – November 02, 2014 as his first official foreign visit after taking over the charge on August 01, 2014. He had an audience with H.M the King of Bhutan and also called on HM, the Fourth King. The visit continues the tradition of close military cooperation between India and Bhutan.

Foreign Secretary Dr. S. Jaishankar visited Bhutan on 01st March 2015. He met the officiating Foreign Secretary of Bhutan and called on PM Tshering Tobgay. He assured PM India’s consistent support to Bhutan and that it will be his endeavor to further strengthens relations between the two countries. He was granted audience by HM King Jigme Khesar Namgyel Wangchuck.

Commerce Secretary Shri Rajeev Kher visited Bhutan from 25-27 May 2015 to attend the India-Bhutan Bilateral Meeting on Trade and Transit held in Thimphu on 25 May 2015.

**Commercial Relations**

Mutually beneficial economic linkages between India and Bhutan have been an important element in our bilateral relations. India continues to be the largest trade and development partner of Bhutan. Planned development efforts in Bhutan began in the early 1960s. The First Five Year Plan (FYP) of Bhutan was launched in 1961. Since then, India has been extending financial assistance to Bhutan’s FYPs. The 10th FYP ended in June 2013. India’s overall assistance to the 10th FYP was a little over Rs. 5000 crores, excluding grants for hydropower projects.

**(a) Hydropower Cooperation**

Cooperation in the hydropower sector between our two countries is a true example of mutually beneficial relationship. Hydropower is one of the main pillars of bilateral
cooperation. Three hydro-electric projects (HEPs) totaling 1416 MW, (336 MW Chukha HEP, the 60 MW Kurichu HEP, and the 1020 MW Tala HEP), are already exporting electricity to India. In 2008 the two governments agreed to further develop a minimum of 10,000 MW hydropower generation capacities by 2020 and identified ten more projects. Of these, three projects totaling 2940 MW (1200 MW Punatsangchu-I, 1020 MW Punatsangchu-II and 720 MW Mangdechu HEPs) are under construction and are scheduled to be commissioned in the last quarter of 2017-2018. Out of the remaining 7 HEPs, 4 totaling 2120 MW (600 MW Kholongchhu, 180 MW Bunakha, 570 MW Wangchu and 770 MW Chamkarchu) will be constructed under Joint Venture model. A Framework IG agreement has been signed between both the Governments on 22.04.14 for these JV HEPs. DGPC and SJVNL, JV partners for Kholongchhu HEP signed a MoU for carrying out pre-construction activities.

Prime Minister Sh. Narendra Modi, during his visit to Bhutan in June 2014, laid the foundation stone of Kholongchhu HEP on 16.06.14. President of India laid the foundation stone for the Jigme Wangchuk Power Training Institute during his state visit to Bhutan in November, 2014.

Power is an important sector of Bhutanese economy. It contributes 14% to the GDP. It is the most important export item contributing about 35% of Bhutan's total exports. Druk Green Power Corporation, which controls all electricity generation plants of the country, is the highest tax payer of the country.

(b) Eleventh Five Year Plan (2013-18): The 11th Five Year Plan has a total budget outlay of Nu.21300 crores, with self-reliance and inclusive green socio-economic development as the key objectives. Government of India committed to support Bhutan’s 11th Five Year Plan to the tune of Rupees 4500 crores (Rs. 2800 crores as Project Ties Assistance (PTA), Rs. 850 crores for Small Development Projects (SDP) and Rs. 850 crores as Programme Grant / Development Subsidy). There was also a commitment for an additional Rupees 500 crores for the Economic Stimulus Plan.

(c) Bilateral Trade

India is Bhutan's largest trading partner. A free trade regime exists between India and Bhutan. The India-Bhutan Trade and Commerce Agreement was first signed in 1972 which was last renewed in 2006 for a period of 10 years. The Agreement provides for duty free transit of Bhutanese merchandise for trade with third countries. During 2013, bilateral trade reached Rs.7287 Cr; imports from India being Rs. 4389 cr. while Bhutan's exports to India stood at Rs. 2898 cr. (including electricity) Total bilateral trade grew by about 4.7% in 2013.

<table>
<thead>
<tr>
<th>Particulars</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exports to Bhutan (Imports from India) (Rs. Cr)</td>
<td>1984</td>
<td>2930</td>
<td>3520</td>
<td>4180</td>
<td>4389</td>
</tr>
<tr>
<td>Exports to Bhutan from India as a % to total Bhutanese import</td>
<td>77.7%</td>
<td>75.1%</td>
<td>72.3%</td>
<td>79.4%</td>
<td>82.4%</td>
</tr>
<tr>
<td>Imports from Bhutan(Exports to India) (Rs. Cr)</td>
<td>2241</td>
<td>2600</td>
<td>2640</td>
<td>2780</td>
<td>2898</td>
</tr>
<tr>
<td>Imports from Bhutan to India as a % to total Bhutanese export</td>
<td>93.5%</td>
<td>88.7%</td>
<td>83.8%</td>
<td>93.9%</td>
<td>91%</td>
</tr>
</tbody>
</table>
Major items of exports from Bhutan to India are electricity, ferro-alloys, carbides, bar and rods, cement, copper wire, semi finished products of iron and non-alloy steel, Dolomite, gypsum, agri products such as oranges, cardamom and potatoes. Major exports from India to Bhutan are high speed diesel, ferrous products, motor spirit including aviation spirit (petrol), rice, ferrous waste and scraps, wood charcoal, hydraulic turbines, coal, briquette and similar solid fuel of coal, coke and semi coke of coal, bar and rods of iron and non alloy steels, corrugated iron and non alloy steel sheet, soybean oil, milk powder etc.

**Cultural Relations**

There is close bilateral cooperation in the educational and cultural fields between India and Bhutan.

Government of India scholarships are granted to Bhutanese students at undergraduate and post graduate levels every year in Indian institutions of higher learning. Under the Nehru Wangchuck Scholarship Scheme (implemented in 2010) and under the new Bhutan ICCR Scholarship Scheme (implemented in 2012) 67 Bhutanese students are undergoing graduate/post graduate courses in India. For the academic session 2014-15, 89 Undergraduate scholarships and 20 Bhutan ICCR Scholarship nominees have been selected and are in the process of getting placed in various educational institutions in India. Ambassador’s scholarships are granted to deserving self financing Bhutanese students who are studying in India. In the past ten years, more than 3000 Bhutanese students have benefited from the Ambassadors Scholarship Scheme. Ten slots every year are being provided at Sainik Schools in India for Bhutanese students of the 6th Std level. The entire cost of their studies in the Sainik School upto 12th Std is borne by the Government of India.

Three Lecturers from India are on deputation in two colleges of the Royal University of Bhutan under the TCS Colombo Plan. The request of RGoB for a further 27 Lecturers from India under this scheme is under consideration. Total 269 slots were utilized by the Bhutanese side under the ITEC Programme (220 slots) and the Technical Cooperation Scheme of the Colombo Plan (60 slots) which were provided to Bhutan in the FY 2013-14 for upgrading administrative and technical skills of Government/Semi-Government/Private Sector Employees.

**India-Bhutan Foundation**

India-Bhutan Foundation was established in August 2003 during the visit of the present King (then Crown Prince) to India with the aim of enhancing people to people exchanges in focus areas like education, culture, scientific and technical research and environment protection. Ambassador of Bhutan and India are the Co-Chairpersons of the Foundation. The Royal Government of Bhutan and the Government of India have contributed Rs. 5 Crores each as main corpus fund to IBF and the entire amount of Rs.10 Crores has been kept in a fixed deposit in Bhutan. Interest earned from the fixed deposit is used for financing proposals received from Bhutanese/Indian citizens and Non Governmental Organizations to such activities that can help in achieving the objectives of the Foundation. The 14th Board of Directors Meeting was held in Thimphu on 11th March, 2015.

‘Mountain Echoes’, a literary festival is organized in Bhutan every year. The 6th edition of the Mountain Echoes Literary Festival, co-sponsored by the India-Bhutan Foundation is being organized in Thimphu from 19-22 August, 2015. The Festival features a mix of Bhutanese, Indian and international writers, film makers, musicians and artists.
Nehru – Wangchuck Cultural Centre

There are vibrant cultural exchanges between the two countries. Nehru Wangchuck Cultural Centre in Thimphu is abuzz with cultural activities around the year. Regular classes for Indian classical music, tabla and yoga are being organized in this centre. NWCC also organizes cultural functions, exhibitions, bollywood movie shows, seminar etc.

Indian Community

There are about 60,000 Indian nationals living in Bhutan, employed mostly in the hydro-electric power and construction industry. In addition, between 8000 and 10,000 daily workers enter and exit Bhutan everyday in border towns.

Useful Resources

Embassy of India, Thimphu website:

www.indianembassythimphu.bt

Embassy of India, Thimphu Facebook:

https://www.facebook.com/IndiainBhutan

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July 2015