



INDIA - BHUTAN RELATIONS - GS II MAINS

Q. Bhutan's strategic location ensures India's security and helps in maintaining regional stability. Discuss (10 marks, 150 words)

News: *Bhutan biggest beneficiary of India's external aid portfolio*

What's in the news?

- The external affairs ministry allocated Rs.22,154 crore in the budget for 2024-25, up from Rs.18,050 crore in 2023-24, while Bhutan was provided the largest share of the external aid portfolio with an outlay of Rs.2,068 crore.
- The government again retained an outlay of Rs.100 crore for the development of Iran's Chabahar port in the budget for 2024-25, signalling the importance of the facility in regional connectivity efforts. It also retained an allocation of Rs.200 crore for Afghanistan, once the largest beneficiary of external aid.

Key takeaways:

- In keeping with the government's "Neighbourhood First" policy, Bhutan was allocated Rs.2,068 crore from the total external aid portfolio of Rs.4,883.56 crore, including soft loans and grants, for foreign countries.

India-Bhutan Relations:

- The basic framework of India-Bhutan bilateral relations was the **Treaty of Friendship and Cooperation** signed in 1949 between the two countries and was revised in 2007.
- It called for peace between the two nations and non-interference in each other's internal affairs.
- **Bhutan shares its border with four Indian states** - Assam, Arunachal Pradesh, West Bengal and Sikkim with a length of 699 km and serves as a buffer between India and China.
- Bhutan is one of the central pillars of **India's "Neighbourhood first policy" and "Act East India policy"**.

Importance of India to Bhutan:

1. Security:

- India has been playing a crucial role in ensuring the security of Bhutan. For instance, India's military helps secure Bhutan's borders and India has helped Bhutan in countering insurgent groups.

2. Socio-economic development:

- India has been extending assistance to Bhutan's socio-economic development since the early 1960s, including **multi-sectoral project-tied assistance, small development projects, and direct budgetary support.**

3. Infrastructure development:



- India provides financial and technical assistance to Bhutan to improve their infrastructure like rail link between **Kokrajhar to Gelephu**.

4. Economic support:

- **India is Bhutan's largest trading partner** and provides significant economic support. For instance, since 2014, India's trade with Bhutan has almost tripled from US\$484 million in 2014-15 to US\$1.42 billion in 2021-22, accounting for about 80 percent of Bhutan's overall trade.

5. Energy requirements:

- Various hydro power projects were commissioned by India to Bhutan to fulfil their power requirement.
- The ongoing cooperation between India and Bhutan in the hydropower sector is covered under the 2006 bilateral agreement for cooperation and its Protocol signed in 2009.
- Four hydro-electric projects (HEPs) totalling 2136 MW are already operational in Bhutan and are supplying electricity to India.
- The 720 MW Mangdechhu, 1200 MW Punatsangchhu-I, 1020 MW Punatsangchhu-II in Inter-Governmental mode are under various stages of implementation.
- The Concession Agreement for the first Joint Venture Hydro Electric Power Project, 600 MW Kholongchhu, was signed in 2020.

Importance of Bhutan to India:

1. Strategic location:

- Bhutan is strategically located between India and China, which makes it an important buffer state for India. Bhutan's strategic location ensures India's security and helps in **maintaining regional stability**.

2. Cultural and historical relation:

- India and Bhutan share a common cultural heritage and have historical ties dating back centuries. India has helped Bhutan preserve its cultural heritage and has supported Bhutan in its efforts to promote tourism.

3. Hydropower cooperation:

- Mutually beneficial hydropower cooperation with Bhutan forms the core of bilateral economic cooperation, providing clean power for India and economic prosperity for Bhutan.
- Hydroelectricity has become one of the biggest revenue earners of Bhutan, which makes Bhutan the country with the highest per capita income in South Asia today.

4. Multilateral partnership:

- Both India and Bhutan are founding members of **SAARC** that deals with economic, social and cultural development of the 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:

1. China's relationship with Bhutan:



- 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 a continuous source of concern for India.
- Bhutan is facing a **high unemployment rate and national debt**, which could provide possible entry to China, something which doesn't suit India's interests.

2. Negative perception on India:

- 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.
- From an 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.

3. Hydropower project:

- 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.

4. Multilateral platforms:

- SAARC and BIMSTEC are not functioning properly and didn't put forward any plan for the regional developments and bilateral developments in recent times.

Recent developments in the relations:

1. **E-Library project** - It has opened up new vistas of education and knowledge sharing between two countries.

2. **India Bhutan Satellite** - It is due to launch into space shortly.

3. **Maitri Initiative** - Bhutan is the first country to receive the Covishield vaccines under India's Vaccine Maitri Initiative.

4. **STEM** - Two countries are collaborating closely on STEM through regular placement of Bhutanese youth in our IITs.

5. **Financial connectivity** - It has touched new heights through the launch of the RuPay card and the BHIM app.

6. **Multilateral Partnership** - Both India and Bhutan are founding members of SAARC that deals with economic, social and cultural development of the South Asian Region. Both of them also share other multilateral forums such as BBIN, BIMSTEC etc.

WAY FORWARD:

- India needs to step up efforts to publicize the benefits that accrue to Bhutan from India projects.
- India continuously needs to **explore new areas of cooperation with Bhutan**.
- India should try as much as possible to remain out of Bhutan's internal matters, though it can act as a mentor.
- **Safety of the border from China is a concern for both nations**. Therefore, both sides need to work together on this issue.
- Being neighbours, it is necessary that both nations continuously recognise the value of each other.