

**Embassy of India**  
**Thimphu**  
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**India -Bhutan relations**

Diplomatic relations between India and Bhutan were established in 1968 with the establishment of a Special Office of India in Thimphu. 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.

2. The traditionally unique bilateral relations, characterized by trust and understanding, have been sustained by a tradition of **regular high level visits between the two countries**. India was the first country of visit (27-29 December 2018) by the newly elected Prime Minister Lotay Tshering (PMLT) after the Bhutanese elections. PMLT again visited India on 30-31 May 2019 to attend the swearing-in of the newly elected Indian government. His Majesty The King of Bhutan visited India on 17 August 2018 to attend the state funeral of the former Indian PM Shri Atal Bihari Vajpayee. **Around 40 high-level visits have taken place between India and Bhutan since 2014.**

3. **Bhutan was Prime Minister Narendra Modi's first overseas visit shortly after becoming the Prime Minister of India post the 2014 General Elections.** Shortly after his re-election in 2019, Prime Minister Shri Narendra Modi undertook a State Visit to Bhutan on 17-18 August 2019, during which he met His Majesty the King, the Fourth King and the Prime Minister of Bhutan and comprehensively reviewed all aspects of the bilateral relationship. PM Modi and Prime Minister Lotay Tshering (PMLT) expressed satisfaction at the excellent state of bilateral ties, which are based on mutual trust and respect, and underpinned by shared historical, cultural, economic, developmental and people-to-people linkages.

**Assistance during the Covid-19 Pandemic**

4. Bhutan was the first country to receive the Made in India Covishield vaccines under Ministry of External Affairs Vaccine Maitri Initiative. The first consignment of 150,000 vaccines

was gifted on January 20, 2021. On March 22, 2021, the Government of India (GoI) gifted a second consignment of 400,000 doses of the 'Made in India' COVID-19 vaccine to the Royal Government of Bhutan (RGoB) in keeping with the uniquely close and friendly relations between both countries. The Government of India has handed over a total of 13 consignments of medical supplies, one portable X-Ray machine, essential medicines and medical equipment in addition to the vaccine consignments to strengthen Bhutan's fight against the COVID-19 pandemic. The most recent consignment containing 6 units of portable digital x-ray machines was handed over on May 3, 2021.

### **Developmental cooperation**

5. Over the past decades, India has contributed significantly to the socio-economic development of Bhutan while respecting the priorities and needs of the Government of Bhutan and the people of Bhutan. In the 12th FYP (November 2018-October 2023), the total budget outlay of Bhutan is estimated at Nu.31000 crores, of which GoI has committed for assistance of Nu.4500 crores, which is at the same level as the 11th FYP.

### **Hydro-power cooperation**

6. Hydro power cooperation is the most important symbol of the symbiotic cooperation between the two countries. Till date Government of India (GoI) has constructed four major hydro-electric projects (HEPs) in Bhutan totaling 2136 MW, including 336 MW Chukha HEP, 60 MW Kuricchu HEP, 1020 MW Tala HEP and the recently commissioned 720 MW Mangdechhu HEP. Currently, there are two IG Model HEPs under construction viz. 1200 MW Punatsangchhu-I HEP and 1020 MW Punatsangchhu-II HEP. The Concession Agreement for the Kholongchu project in East Bhutan was signed in **June 2020** and the project is expected to be complete in 2026.

### **Cooperation in New and Emerging Areas**

7. Space cooperation is a new and promising area of bilateral cooperation. Pursuant to the India-Bhutan Joint Statement of the state visit of the Prime Minister of India to Bhutan in August 2019 where both India and Bhutan agreed to collaborate on the joint development of a small satellite for Bhutan and the Memorandum of Understanding between India and Bhutan on

cooperation in the peaceful uses of outer space signed on November 19, 2020, ISRO and Department of Information and Technology (DITT) are currently collaborating on the joint development of a small satellite for Bhutan with the intention of sharing knowledge on building and operating a small satellite.

**8. Fin-tech is another new domain of collaboration between India and Bhutan.** In November 2019, India launched the first phase of the RuPay project in Bhutan which allowed Indian tourists to make cashless payments at ATMs and POS terminals in Bhutan. November 2020 witnessed the virtual launch of the Phase II of the RuPay Card which will allow Bhutanese banks to issue Rupay cards that can be used across the length and breadth of India, thus completing the full inter-operability of the flagship digital project.

### **Commerce and Trade**

**9.** India has consistently been Bhutan's top trading partner. In the last five years (2015-19), India's trade with Bhutan increased by over 50% from USD 750 million in 2015-16 to USD 1144 million in 2019-20, accounting for over 85% of Bhutan's total trade, with the balance of trade in India's favour. The trade between the two countries is governed by the India-Bhutan Trade and Transit Agreement of 1972 which was last renewed in November 2016, and which establishes a free-trade regime between the two countries. The Agreement also provides for duty-free transit of Bhutanese exports to third countries. India is also the **leading source of investments in Bhutan.**

### **Education**

**10.** Many Bhutanese students benefit from scholarships provided by the GOI for study in Indian universities. In addition, many Bhutanese youth also enrol as self-financed students in Indian universities. It is estimated that approximately 4000 Bhutanese are studying in Indian Universities at any time.

**11.** The current offers from India to Bhutan in terms of Scholarship Schemes such as the well-known Ambassador's Scholarship, prestigious Nehru Wangchuck Scholarship, Five-Year Plan project-tied assistance based Undergraduate Scholarship, Nalanda University Scholarship and

other scholarships such as ICCR Undergraduate Engineering scholarships, AYUSH scholarships, AYUSH(BIMSTEC) scholarships and SAARC scholarships have provided a strong foundation to the bilateral engagement in education. About 1000 Bhutanese students studying in Indian colleges and institutes benefit from the award of the Ambassador's Scholarship every year, which was first instituted in 2001.

### **Cultural and Buddhist links**

**12.** A number of Bhutanese pilgrims travel to Bodh Gaya, Rajgir, Nalanda, Sikkim, Udayagiri, and other Buddhist sites in India. As a part of the 50<sup>th</sup> anniversary celebration of diplomatic relations, GOI sponsored a visit by 18 Lam Netens (Buddhist monks) and representative of the Central Monastic Body of Bhutan to India. His Holiness the Je Khenpo (the head monk of Bhutan) visited Rajgir in November 2018 to preside over the Salang or ground breaking ceremony to construct a Bhutanese Lhakhang (temple) and for World Peace Prayer in Rajgir in Bihar.

**13.** The Zhabdrung Statue, currently on exhibition at the Simtokha Dzong in Bhutan, has been loaned by the Asiatic Society, Kolkata to the Royal Government of Bhutan. (Dharma Raja or Zhabdrung, is the title of Ngawang Namgyal, a 16<sup>th</sup> century Buddhist monk – a revered figure in Bhutan, regarded as the founder of the modern nation state of Bhutan). On June 19, 2021, a subtle smiling 3.3 feet tall bronze cast statue of Lord Buddha in a lotus pose, weighing approximately 200 kgs, was handed over the Foreign Minister Tandi Dorji. On June 20, 2021, coinciding with the birth anniversary of Guru Padmasabhava, the statue was consecrated and enshrined in the sacred *Kuenrey* of the Tashichodzung.

### **Indians working in Bhutan**

**14.** It is difficult to estimate the number of Indian nationals in Bhutan at any time, since many of them are short-term contract labourers working on specific construction projects. Some Indian daily-workers also enter and exit Bhutan every day in the border towns, in a sign of the close economic inter-dependence between both countries.

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