

India-Bhutan relations

Diplomatic relations between India and Bhutan were established in 1968 with the establishment of a special office 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 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 our relationship but also lays the foundation for its future development in the 21st century. The Golden Jubilee of the establishment of formal diplomatic relations between India and Bhutan is being celebrated in the year 2018.

High Level Visits

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 high level visits and dialogues between the two countries. His Majesty Jigme Khesar Namgyal Wangchuck was the Chief Guest for the 64th Republic Day celebrations in 2013. At the invitation of the President of India, His Majesty the King and Her Majesty the Queen Jetsun Pema 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. During Oct-Nov 2017, His Majesty the King of Bhutan

accompanied by Her Majesty the Queen of Bhutan and Royal Prince His Royal Highness Jigme Namgyel visited India and held discussions on issues of bilateral interest. His Majesty the King of Bhutan visited New Delhi on 17th August, 2018 to attend the state funeral of the former Indian PM Shri. Atal Bihari Vajpayee.

Prime Minister of Bhutan, Lyonchhen Tshering Tobgay undertook his last official visit before third general elections in Bhutan to India from 5-7 July, 2018 at the invitation of Prime Minister of India. He was accompanied by Lyonpo Namgay Dorji, Finance Minister and senior officials of Royal Government of Bhutan (RGoB). Prime Minister of Bhutan thanked the people and GoI for their support to the XI Five Year Plan (FYP) of Bhutan and PM of India complimented the people and Government of Bhutan on its graduation to a middle income country. Some of the outcome of the visit include, India's reassurance of continue support for Bhutan's socio-economic development in the XII FYP.

Upon successful conduct of third general elections, Prime Minister Shri. Narendra Modi had a telephone conversation with new PM of Bhutan Lyonchhen (Dr.) Lotay Tshering and congratulated him on his victory in the elections. PM Modi also extended invitation to PM Lyonchhen (Dr.) Lotay Tshering to visit India. Prime Minister of Bhutan thanked PM Modi for his greetings and accepted the invitation to visit India at the earliest opportunity. Prime Minister Lyonchhen (Dr.) Lotay Tshering will be on State visit to India from 27-29 December, 2018.

Prime Minister 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. He addressed the Joint Session of Bhutanese Parliament on 16th June, 2014. During the visit, he laid the foundation stone of the 600 MW Kholongchhu 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 the Nehru Wangchuck Scholarship to Rs. 2 crore per year. He also announced Government of India's assistance for establishment of an E-Library project covering all the 20 districts of Bhutan.

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. During the visit, the President delivered an address on "India-Bhutan Relations" and launched/inaugurated three GOI assisted 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.

Bilateral Mechanisms

There are a number of institutional mechanisms between India and Bhutan in areas such as security, border management, trade, transit, economic, hydro-power, development cooperation, water resources. There have been regular exchanges at the Ministerial and officials' level, exchanges of parliamentarian delegations to strengthen partnership in diverse areas of cooperation.

Hydropower Cooperation

Hydropower projects in Bhutan are an example of win-win cooperation, providing a reliable source of inexpensive and clean electricity to India, generating export revenue for Bhutan and cementing our economic integration. So far, Government of India has constructed three Hydroelectric Projects (HEPs) in Bhutan totaling 1416 MW (336 MW Chukha HEP, 60 MW Kurichhu HEP and 1020 MW Tala HEP), which are operational and exporting surplus power to India About three-fourth of the power generated is exported and rest is used for domestic consumption.

The ongoing cooperation between India and Bhutan in the Hydropower sector is covered under the 2006 Agreement on Cooperation in Hydropower and the Protocol to the 2006 agreement signed in March, 2009. Under this Protocol, Government of India has agreed to assist Royal Government of Bhutan in developing a minimum of 10,000 MW of hydropower

and import the surplus electricity from this to India by the year 2020. Currently, there are three Inter-Governmental (IG) model HEPs viz. 1200 MW Punatsangchhu-I, 1020 MW Punatsangchhu-II and 720 MW Mangdechhu under implementation.

In April 2014, an Inter-Governmental Agreement was signed between India and Bhutan for development of four more HEP's of capacity 2120 MW (600 MW Kholongchhu, 180 MW Bunakha, 570 MW Wangchhu and 770 MW Chamkharchhu) under the Joint Venture Model. These projects will have both the JV partners owning 50:50 shareholdings each in the JV- company. Debt-equity ratio would be 70:30, with equity shared equally between JV partners. Further, MEA is providing Druk Green Power Corporation's (Bhutanese) share of equity as grant. There is also ongoing discussion on for development of the mega HEP Sunkosh (2585 MW) between two governments.

Projects under implementation through IG model

Punatsangchhu-I HEP is a 1200 MW run-of-the river project located on the left bank of Punatsangchhu River in Wangdue Phodrang Dzongkhag (District) in Western Bhutan. Its estimated capacity is 5700 million units of electricity in an average year. Construction of Punatsangchhu-I HEP commenced in November 2008. Physical progress of the progress is 84.86% as of September, 2018.

Punatsangchhu-II HEP is a 1020 MW run-of-the river project located on Punatsangchhu river in Wangdue Phodrang

Dzongkhag in Western Bhutan. Its estimated capacity is 4357 million units of electricity in an average year. Construction of Punatsangchhu-II HEP commenced in December 2010. Physical progress of the project as of September 2018 is 79.22%.

Mangdechhu HEP is a 720 MW, run-of-the river scheme located on river Mangdechhu in Trongsa Dzongkhag (District) in Central Bhutan. Annual energy generation from the Project with 95% machine availability would be 2925.25 million units. The bilateral agreement to execute the Mangdechhu Hydroelectric Project was signed between Government of India and Royal Government of Bhutan on 30th April 2010. Physical progress of the project as of October 2018 is 99%.

Projects under implementation through JV model

Kholongchhu HEP is 600 MW run-of-the-river Project in the lower course of Kholongchhu river in Trashiyangtse district of Bhutan. It is the first HEP in Bhutan to be implemented under the Joint Venture model, by a JV-company between Druk Green Power Corporation DGPC) of Bhutan and SJVNL Ltd. of India.

Eleventh Five Year Plan (2013-18) of Bhutan

The 11th Five Year Plan of Bhutan has a total budget outlay of Nu.21300 crore, 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 with economic assistance of Rupees 4500 crore (Rs.2800 crore as Project Ties Assistance (PTA), Rs. 850 crore for Small Development Projects

(SDP)and Rs. 850 crore as Programme Grant / Development Subsidy). Additionally GoI agreed to provide Rupees 500 crores for the Economic Stimulus Plan.

The Government of India reiterated its commitment to Bhutan’s socio-economic development and assured full support for Bhutan’s 12th Five Year Plan (2018-2023). The bilateral consultation on ‘Development Cooperation’ between Government of India and Bhutan was held on 12 December, 2018 in New Delhi.

Bilateral Trade

India is Bhutan's largest trading partner. In 2017, total bilateral trade between the two countries stood at Rs. 8,560 crore with total imports being Rs. 5398 crore (80.5% of Bhutan’s total imports) and exports recorded as Rs. 3162 crore including electricity (84.77% of Bhutan’s total exports).

Particulars	2012	2013	2014	2015	2016	2017	Jan- Jun(2018)
Export to Bhutan from India (Rs. Cr)	4180	4389	4785	5374	5528.5	5398	2978.51
Imports from Bhutan to India (Rs. Cr.)	2780	2898	3180	3180	3205.2	3162	1340.08

Major exports from India to Bhutan are mineral products, machinery and mechanical appliances, electrical equipments, base metals, vehicles, vegetable products, plastics and articles. The major items of import from Bhutan are electricity, ferro-silicon, Portland cement, dolomite, carbides of calcium carbides of silicon, cement clinkers, timber and wood products, potatoes, cardamom and fruit products.

The trade between the two countries is governed by the India-Bhutan Trade and Transit Agreement 1972 which was last renewed in November 2016 (came into force w.e.f 29 July 2017). The Agreement established a free-trade regime between the two countries. As per the provisions of the bilateral trade agreement, trade between two countries is to be transacted in Bhutanese Ngultrums and INR. The Agreement also provides for duty-free transit of Bhutanese exports to third countries.

Border Management

There is a Secretary-level mechanism on border management and security related matters. Last meeting on the subject was held in New Delhi in November, 2017. There is also a Border District Coordination Meeting (BDCM) Mechanism between the bordering States and the Royal Government of Bhutan (RGoB) to facilitate coordination on border management and other related matters. The 23rd BDCM between RGoB and West Bengal was held from 24-25 October, 2017 in Thimphu. The 10th BDCM between RGoB and Assam was held from 28-29 January, 2015 in Bongaigaon, Assam.

Water Resources

There is a Joint Group of Experts (JGE) on flood management between India and Bhutan to discuss/ assess the probable causes and effects of the recurring floods and erosion in the southern foothills of Bhutan and adjoining plains in India and to recommend appropriate measures to both Governments. Last meeting of JGE was held in April, 2017 in Thimphu, Bhutan.

Educational and Cultural Cooperation

A large number of college going Bhutanese students are studying in India. It is estimated that approximately 4000 Bhutanese are studying in Under Graduate courses in Indian Universities on self-financing basis.

Under Graduate Scholarships

Government of India scholarships are granted to Bhutanese students at Undergraduate level every year to study in prestigious Indian Institutions of higher learning. Under this scheme, 450 slots have been approved for Bhutanese students to pursue Under Graduate courses in India for the XI FYP. Thus, every year GoI is providing fully funded 90 (ninety) scholarships to deserving Bhutanese students in different professional streams such as MBBS (in AIIMS), Engineering, LLB, B.Sc (Nursing), B.Sc (Agriculture), BDS etc. From 2013-2017 (i.e. 2013-14, 2014-15, 2015-16 and 2016-17) total 370 students were selected for this scholarship. In 2018-19 the scholarship was availed by 87 students from Bhutan.

Nehru-Wangchuck Scholarships

Prestigious Nehru-Wangchuk Scholarship is being awarded to deserving and talented Bhutanese nationals to undertake studies in selected and premier Indian educational Institutions. Till date since its inception in 2010, 74 (Seventy-four) scholarships have been awarded which is inclusive of the 8 scholarships awarded in the Academic year 2018-19 under this scheme.

Ambassador's Scholarship

Ambassador's scholarship is being awarded to meritorious and deserving Bhutanese students who are studying in various/colleges in India on self financing basis as well as to other suitable candidates. In the year 2013, 668 self-financing Bhutanese students received the Ambassador's scholarship. The allocation of fund of this scholarship has since been doubled to Rs. 4 crore per annum. The total number of students who were awarded Ambassador Scholarship in 2016-17 was 866 and in 2017-18 are 843.

Colombo Plan (CP) Lecturers

Under ITEC programme 30 slots for lecturers are offered to Bhutan. In 2018-19, 11 lecturers from India were deputed in various colleges of Bhutan. In total 12 Indian CP lecturers are deputed in Bhutan. The deputation of teachers is based on the requirement given by Royal Government of Bhutan.

Nalanda University Scholarship

Two scholarships are offered to Bhutanese students to study in Nalanda University for post graduation courses including in Buddhist philosophy.

SAARC Scholarship

Two scholarships are offered to Bhutanese students under SAARC scholarship for post graduate study.

ICCR Scholarship

Twenty fully funded slots are provided every year to Bhutanese students under ICCR Scholarship. The ICCR Scholarship scheme has been implemented in Bhutan from the academic session 2012-13. Students selected under this scheme are placed in the prestigious engineering colleges in India. The Scholarship is awarded by Government of India on the advice of Department of Adult and Higher Education (DAHE), Ministry of Education, RGoB, based on the merit ranking of the student in Class XII. Since its inception in 2012, ninety-six (96) students have availed of this scholarship. For the academic year 2018-19, twenty students were selected under this scholarship scheme and all of them have been placed in prestigious Indian Engineering Colleges.

ITEC Training Programme Scheme

Every year GoI provides 300 training slots under ITEC programme and a further 70 slots under TCS Colombo Plan in various fields to Bhutanese for upgrading their administrative and technical skills. Under this scheme trainees are provided with airfare,

tuition fee, accommodation and living allowance by GoI. 40 additional slots were granted last year to this Mission during the mid-term review and Mission had availed of 321 slots under this Scheme. Besides these regular slots, many special courses are also being conducted in various Indian institutions for Bhutanese candidates.

India-Bhutan Foundation

India-Bhutan Foundation was established in August 2003 during the visit of His Majesty (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. The Ambassador of Bhutan and India are the Co-Chairpersons of the Foundation. The 17th Board of Directors Meeting was held in Guwahati on 3rd December, 2017.

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, movie, shows, seminars etc.

Indian Community

There are about 60,000 Indian nationals living in Bhutan (floating population), employed mostly in the hydro-electric power and construction and road 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:
<https://www.indembthimphu.gov.in/>

Embassy of India, Thimphu Facebook:
<https://www.facebook.com/IndiainBhutan/>

Nehru Wangchuck Cultural Centre
:<https://www.facebook.com/NehruWangchuckCulturalCentre/>

Centre for Bhutan Studies:
<http://www.bhutanstudies.org.bt/>

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