

## **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 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 their future development in the 21st century.

### **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 visits and high level 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 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 167<sup>th</sup> 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. He also visited Bodhgaya where he was presented a sapling of the Maha Bodhi tree.

At the invitation of India Foundation PM Tshering Tobgay was the Chief Guest at the 2<sup>nd</sup> India Ideas Conclave themed "Learning from Civilization" in Goa from 13 to 17 November 2015. He visited Kolkata in January 2016 (to attend 2nd Bengal Global Business Summit), in May 2016 (to attend the swearing-in ceremony of CM, West Bengal) and Goa in October 2016 to attend the BIMSTEC-BRICS Outreach Summit. PM Tobgay attended the opening of the Namami Brahmaputra river festival as the Guest of Honour on 31<sup>st</sup> March, 2017 in Guwahati, Assam. He had meetings with MoS, Home, Shri Kiran Rijju and Chief Ministers of Assam and Arunachal Pradesh.

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 crores 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 totalling 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. Hydropower exports provide more than 40% of Bhutan's domestic revenues and constitute 25% of its GDP.

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 construction.

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 Wangchu and 770 MW Chamkarchu) 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.

### **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. In July 2015, the Union Cabinet approved the Revised Cost Estimate of Rs. 9375.58 crore for the project. Physical progress of the progress is 83% as of June, 2017.

**Punatsangchhu-II HEP** is a 1020 MW run-of-the river project located on Punatsangchhuriver in WangduePhodrang 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 at a project cost of Rs. 3,777.8 crore. In July 2016, the Union Cabinet approved the Revised Cost Estimate of Rs. 7,290.62 crore for the project. Physical progress of the project as of August 2017 is 72%.

**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 30<sup>th</sup> April 2010. In March 2016, the Union Cabinet approved the Revised Cost Estimate (RCE) of the project of Rs. 4020.6303 crore (at March 2014 Price Level). Physical progress of the project as of March, 2017 is 90%.

### **Projects under implementation through JV model**

**Kholongchhu HEP** is 600 MW run-of-the-river in the lower course of Kholongchhuriver 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 SJVN Ltd. of India. The foundation stone for the first HEP 600 MW Kholongchhu was laid by Prime Minister Shri. Narendra Modi during his visit to Bhutan in June 2014 and the pre construction activities are in progress.

### **Eleventh Five Year Plan (2013-18) of Bhutan**

The 11<sup>th</sup> Five Year Plan of Bhutan 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 11<sup>th</sup> 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.

### **Bilateral Trade**

India is Bhutan's largest trading partner. In 2016, total bilateral trade between the two countries stood at Rs. 8,723 crore with total imports being Rs. 5528.5 crore (82% of Bhutan's total imports) and exports recorded as Rs. 3205.2 crore including electricity (90% of Bhutan's total exports).

<b>Particulars</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Exports to Bhutan (Imports from India) (Rs. Cr)	3520	4180	4389	4785	5374	5528.5
Imports from Bhutan (exports to India) (Rs. Cr)	2640	2780	2898	3180	3180	3205.2

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, 2016. There is also a Border District Coordination Meeting Mechanism between the bordering States and the Royal Government of Bhutan to facilitate coordination on border management and other related matters.

## **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 and Post –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. Thus, every year GoI is providing fully funded 90 (ninety) scholarships to deserving Bhutanese students in different professional streams such as MBBS, Engineering, LLB, B.Sc (Nursing), B.Sc (Agriculture), BDS etc. In the last four years (i.e. 2013-14, 2014-15, 2015-16 and 2016-17) total 370 students were selected for this scholarship.

GoI also provides several fully funded Post Graduate Scholarships each year to deserving Bhutanese students in their chosen stream of studies. Total 191 long term ex- country slots for pursuing Post-Graduation in India and 7777 short term training slots both in-country and ex-country have been approved for implementation in the 11th Five Year Plan.

### **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 2017-18 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. 2 crore per annum from 2014 onwards. The number of Bhutanese students who have been awarded this scholarship in 2014 is 1168. The total number of students who were awarded Ambassador Scholarship in 2016-17 is 866.

### **Aid-to-Bhutan ICCR Scholarship**

Twenty fully funded slots are provided every year to Bhutanese students under ICCR Scholarship. The Aid-to Bhutan 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 2017-18, twenty students were selected under this scholarship scheme and seventeen out 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 60 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 282 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 16<sup>th</sup> Board of Directors Meeting was held in Thimphu on 03<sup>rd</sup> February, 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, 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](http://www.indianembassythimphu.bt)

Embassy of India, Thimphu Facebook [www.facebook.com/IndiainBhutan/](https://www.facebook.com/IndiainBhutan/)

Nehru Wangchuck Cultural Centre [www.facebook.com/nehru.wangchuck/](https://www.facebook.com/nehru.wangchuck/)

Centre for Bhutan Studies [www.bhutanstudies.org.bt](http://www.bhutanstudies.org.bt)

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