



India-Bhutan Relations

For Prelims: [Green energy](#), [Hydrogen-fueled bus](#), [Pilgrimage to Buddhist sites in India](#), [South Asian Association for Regional Cooperation \(SAARC\)](#), [BBIN \(Bangladesh, Bhutan, India, and Nepal\) Motor Vehicles Agreement](#)

For Mains: India-Bhutan Relations, Significance, Challenges and Way Forward

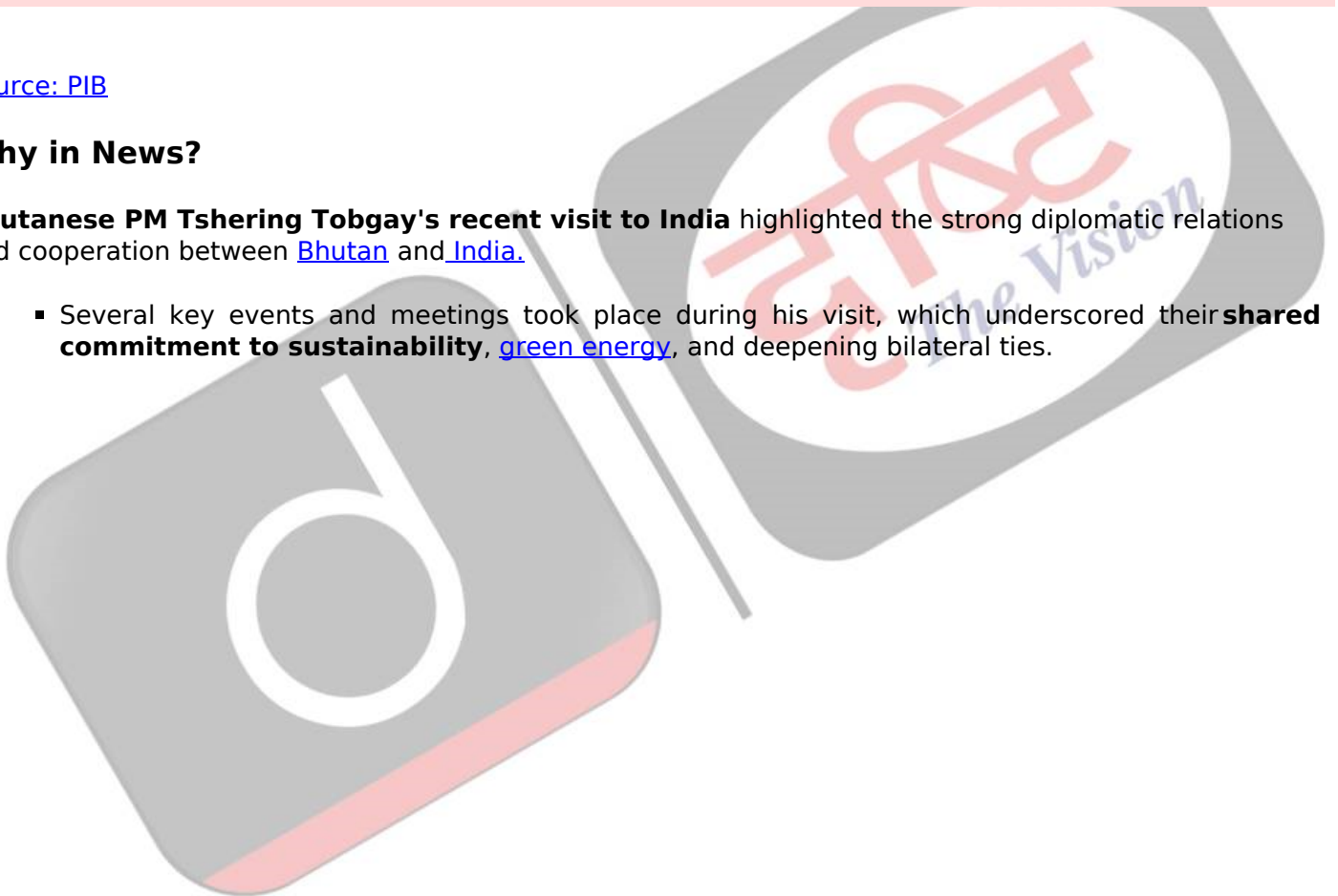
[Source: PIB](#)

Why in News?

Bhutanese PM Tshering Tobgay's recent visit to India highlighted the strong diplomatic relations and cooperation between [Bhutan](#) and [India](#).

- Several key events and meetings took place during his visit, which underscored their **shared commitment to sustainability**, [green energy](#), and deepening bilateral ties.

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Note:

- Bhutan is the **world's first [carbon-neutral](#)** country.
- Bhutan is best **known for promoting [Gross National Happiness \(GNH\)](#)** over **[Gross Domestic Product \(GDP\)](#)**.

What are the Key Highlights of the Bilateral Meeting?

- **Showcasing India's Green Hydrogen Advancements:** India showcased its progress in [green hydrogen technology](#) by presenting a [hydrogen-fueled bus](#), highlighting the country's advancements in sustainable mobility.
 - India emphasised the country's commitment to sustainable energy solutions and expressed **eagerness to collaborate with Bhutan** to promote a cleaner, greener future.
- **Opportunities for Energy Collaboration:** The discussion also focused on expanding bilateral cooperation, particularly in the energy sector.
 - Bhutan's delegation expressed a **keen interest in adopting green hydrogen mobility**, aligning with Bhutan's spirit for environmental sustainability and transitioning to clean energy solutions.
- **Significance:** India aims to position itself as a global leader in green hydrogen production, presenting **its advancements to Bhutan's leadership and highlighting mutual benefits**.
 - The shared vision for sustainable development between the two nations establishes a strong basis for collaboration in [renewable energy](#), positioning Bhutan as a key partner in [India's green energy transition](#).

How Have India-Bhutan Relations Been?

- **Diplomatic Background:** Diplomatic ties between India and Bhutan began in 1968, grounded in the 1949 [Treaty of Friendship and Cooperation](#), which was updated in 2007 to better reflect contemporary needs.
- **Cultural Ties:** The India-Bhutan Foundation, established in 2003, promotes educational, cultural, and scientific exchanges.
 - [Pilgrimage to Buddhist sites in India](#) remains a significant cultural connection.
- **Recognition and Awards:** On **Bhutan's 114th National Day**, the Prime Minister of India received the **Order of the Druk Gyalpo**, [Bhutan's highest civilian honour](#), for his contributions to the India-Bhutan relationship.
- **Development Partnership:** India has been a **consistent partner in Bhutan's socio-economic development**, supporting its [Five-Year Plans](#) since the first one in 1971.
 - For **Bhutan's 12th Five-Year Plan (2018-2023)**, India provided Rs 5,000 crores, covering various developmental projects.
- **Hydropower Cooperation:** Hydropower cooperation is a cornerstone of India-Bhutan relations. India has helped construct **four major hydroelectric projects (HEPs)** in Bhutan.
 - Bhutan has been permitted to sell 64 MW Basochhu HEP's electricity in India's [Day Ahead Market \(DAM\)](#).
- **Cooperation in New and Emerging Areas:**
 - **Space Cooperation:** A significant new area, with the **India-Bhutan SAT**, launched in November 2022.
 - The satellite aids in natural resource management and has a digital repeater serving the amateur radio community.
 - **Fin-tech:** Launches include the [RuPay Card](#) (2019, 2020 phases) and the [Bharat Interface for Money \(BHIM\)](#) app (2021) to enable cashless payments and cross-border interoperability.
- **Commerce and Trade:** India is **Bhutan's top trading partner**, with bilateral trade tripling from USD 484 million in 2014-15 to USD 1,615 million in 2022-23.
 - The 2007 India-Bhutan Friendship Treaty and the 2016 **Trade, Commerce, and Transit Agreement** establish a [free trade regime](#), with duty-free transit for Bhutan's goods through India.
 - Indian investments constitute 50% of Bhutan's [Foreign Direct Investment \(FDI\)](#), spanning various sectors like banking, manufacturing, hospitality, and education.
 - Bhutan's **plans for a regional economic hub in Gelephu**, mark a significant step towards regional development and connectivity.
 - The project, **initiated by Bhutan's King in December 2023**, aims to establish the [Gelephu Mindfulness City \(GMC\)](#) spanning 1,000 square kilometres.
- **Financial Support:** In November 2022, a USD 200 million arrangement was made under the [South Asian Association for Regional Cooperation \(SAARC\) currency swap arrangement](#) to manage Indian rupee liquidity and ease foreign exchange pressures.
- **Healthcare Cooperation:** India supported Bhutan during the [Covid-19 pandemic](#) by providing **Covishield vaccine** doses and medical consignments.
 - India has also assisted in building hospitals and providing medical supplies.
- **Indian Diaspora in Bhutan:** Approximately 50,000 Indians work in Bhutan, contributing significantly to various sectors.
 - In 2023, Indian academic Sanjeev Mehta was awarded the **Pravasi Bharatiya Samman** for his contributions to education in Bhutan.

Significance of Bhutan For India

- **Strategic Location:** Bhutan's location between India and China makes it crucial for India's security. It acts as a **buffer state**, preventing direct Chinese access to the Indian territory.
- **Shared Heritage:** India and Bhutan share deep cultural and historical ties, primarily through Buddhism. This cultural connection enhances mutual understanding and people-to-people relations.
- **Biodiversity Conservation:** Bhutan's rich biodiversity is of ecological significance, and India's involvement in conservation efforts supports regional environmental goals.

What are the Challenges in India-Bhutan Relations?

- **Boundary Disputes with China:** China's infrastructure development in disputed areas, particularly around the strategically significant [Doklam plateau near India](#), has raised concerns due to the **increased presence of the [People's Liberation Army \(PLA\)](#)**.
 - Concurrently, China and Bhutan are pursuing diplomatic efforts through a three-stage roadmap to amicably resolve boundary issues.
- **Geopolitical Implications for India:** The disputed Doklam region and the PLA's activities are of great concern for India, as any changes in control could compromise the [Siliguri corridor](#) (India's narrow link to its northeastern states).
 - India aims to maintain strong relations with Bhutan to safeguard its strategic interests and **prevent any shifts that might expose the Siliguri corridor** to security risks.
- **Concerns Over Hydropower Project:** Bhutan's hydropower industry plays a crucial role in its economy, with India being a significant partner in its advancement.
 - Concerns have emerged in Bhutan about the favourable conditions of certain hydropower projects for India, **leading to public dissent against Indian involvement in the sector.**
- **BBIN Initiative:** The original [BBIN \(Bangladesh, Bhutan, India, and Nepal\) Motor Vehicles Agreement](#) was signed by all four nations in June 2015. However, following objections in **Bhutan related to sustainability and environmental issues**, the Bhutanese parliament opted not to endorse the plan.
 - As a result, the other three countries moved forward with the vehicular movement initiative (**BIN-MVA**) in 2017.

What can be the Way Forward?

- **Addressing Economic Concerns:** Ensure that trade agreements and hydropower projects are equitable, addressing Bhutan's concerns about dependency and perceived imbalances.
 - **Encourage Indian investments** in various sectors in Bhutan, reducing reliance on hydropower and fostering sustainable development.
- **Adapting to Global Changes:** Monitor and adapt to China's growing influence in the region, ensuring that Bhutan feels secure and supported by India in its foreign policy decisions.
 - **Collaborate on multilateral forums** that include other nations, promoting regional stability and economic growth.
- **Promoting Tourism:** Develop joint tourism initiatives that encourage Indian tourists to visit Bhutan, boosting economic ties while enhancing people-to-people connections.
 - Organize **cultural festivals and events** that showcase the rich heritage of both countries, encouraging mutual appreciation and understanding.

Conclusion

Looking ahead, the India-Bhutan relationship holds significant potential for growth and collaboration. By prioritizing equitable economic practices and fostering cultural exchanges, both nations can deepen their ties. Addressing concerns related to boundary disputes and perceptions of interference will be essential for maintaining trust. Mutual respect and shared interests **can play a crucial role in ensuring stability and prosperity for both countries.**

Drishti Mains Question:

Discuss key areas of collaboration and the challenges between India and Bhutan. What steps need to be taken for a mutually beneficial and strong partnership?

UPSC Civil Services Examination, Previous Year Question (PYQ)

Mains

Q. Border management is a complex task due to difficult terrain and hostile relations with some countries.

Elucidate the challenges and strategies for effective border management. **(2016)**.

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