

India-Bhutan Relations

1. India and Bhutan share unique and exemplary bilateral relations, which are based on mutual trust, goodwill and understanding. Formal diplomatic relations between India and Bhutan were established in 1968. The basic framework of India-Bhutan relations is the Treaty of Friendship and Cooperation signed in 1949 between the two countries, which was renewed in February 2007.

2. **High-level Exchanges:** The traditionally unique bilateral ties characterized by mutual trust and understanding, have been advanced by regular high-level exchanges between the two countries. PM Shri Narendra Modi visited Bhutan in August 2019. During the visit, four major bilateral projects including the 720 MW Mangdechhu Hydroproject, the Ground Earth Station of ISRO for utilization of the South Asian Satellite, RuPay Card and the extension of interconnection between the National Knowledge Network of India and Bhutan's Research and Education Network were launched. His Majesty the King of Bhutan, Her Majesty, the Queen and HRH Prince visited India from 31 October to 3 November, 2017. In August 2018, His Majesty the King of Bhutan visited India to pay his respects to late former Prime Minister Shri Atal Behari Vajpayee. His Majesty the King of Bhutan also visited India from 14 - 16 November 2022 and met Prime Minister Modi and EAM Dr. S. Jaishankar. At the invitation of the Prime Minister, the new Prime Minister of Bhutan, Dr. Lotay Tshering paid a State visit to India in December 2018. PM of Bhutan, Dr. Lotay Tshering also visited India to participate in the swearing-in ceremony of the new government in May 2019. EAM Dr. S. Jaishankar visited Bhutan in June 2019 as his first overseas visit after assuming office. Foreign Minister of Bhutan, Lyonpo Dr. Tandi Dorji visited India from 17-23 November 2019. Commerce and Industry Minister (CIM) visited Bhutan from 28-29 February 2020. Prime Minister Shri Narendra Modi had a telephone conversation with the Prime Minister of Bhutan, Lyonchhen Dr. Lotay Tshering on 11 May 2021. EAM Dr. S. Jaishankar visited Bhutan from 29 - 30 April 2022.

His Majesty Jigme Khesar Namgyel Wangchuck, the King of Bhutan was the Chief Guest for the Republic Day celebrations in India in 2013. At the invitation of the President of India, HM the King and HM the Queen paid an official visit to India in January 2014. Earlier in June 2014, Prime Minister of India Shri Narendra Modi paid a State visit to Bhutan in his first visit abroad after assumption of office. Such intensive bilateral exchanges – political, parliamentary and official - have helped give a new momentum to the multifaceted bilateral relationship in diverse sectors such

as trade and economic, development partnership, defense and security, education, science and technology, skill development, training and people to people contacts.

3. Trade and Economic Ties: The India-Bhutan Agreement on Trade, Commerce and Transit – which was first signed in 1972 and revised most recently for the fifth time in 2016 – 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 Bhutan's top trade partner both as an import source and as an export destination. Since 2014, India's merchandise trade with Bhutan has almost tripled from USD 484 million in 2014-15 to USD 1422 million in 2021-22, accounting for about 80% of Bhutan's overall trade, with the balance of trade in India's favour. In 2021-22, India's bilateral trade with Bhutan was USD 1422 million, of which India's exports to Bhutan amounted to USD 877 million and India's imports from Bhutan were USD 545 million. India's top exports to Bhutan are petrol & diesel, passenger cars, rice, wood charcoal, cellphones, Coke and semi-coke, soya-bean oil, excavators, electric generators & motors, parts for turbines, transport vehicle, bitumen. India's top imports from Bhutan are electricity (Rs. 2443 crore in 2021), Ferro-silicon, Ferro-silico-manganese, Portland pozzolana cement, Dolomite chips, Ordinary portland cement, Silicon Carbide, Cardamoms, betel nut, oranges, semi-finished products of iron or non-alloy steel, boulders, etc. India is the leading source of investments in Bhutan, comprising 50% of the country's total FDI. There are about 30 Indian companies in Bhutan operating in various sectors - banking, manufacturing, electricity generation, agri/food processing, ITES, pharmaceuticals, hospitality, and education – such as Punjab National Bank, State Bank of India, Tata Power Company Ltd., General Insurance Corporation, Apollo Educational Infrastructure Services, Azista Industries, Meghalaya Oxygen, etc.

4. Development Partnership: India has been extending economic assistance to Bhutan's socio-economic development since the early 1960s when Bhutan launched Five Year Plans. India continues to be the principal development partner of Bhutan. For the 12th Five Year Plan, India's contribution of Rs. 4500 cr. constitutes 73% of Bhutan's total external grant component. The key areas of focus of GOI's assistance include agriculture and irrigation development, ICT, health, industrial development, road transport, energy, civil aviation, urban development, human resource development, capacity building, scholarship, education and culture. At present over 82 large and intermediate projects (projects under Project Tied Assistance) and 524 Small Development Projects/ HICDPs are at various stages of implementation in Bhutan. The 4th India-Bhutan Development Cooperation Talks under the 12th FYP were held in January 2023, during the visit of FS to Bhutan.

5. Hydropower Cooperation: Mutually beneficial hydro-power cooperation with Bhutan is a key pillar of bilateral economic cooperation. For Bhutan, hydro-power development continues to be a vital catalyst for socio-economic development. Revenues from Hydropower constitutes a significant portion of the total revenues of the Royal Government of Bhutan. The ongoing cooperation between India and Bhutan in the hydro-power sector is covered under the 2006 bilateral agreement for cooperation and its Protocol signed in 2009. Four hydro-electric projects (HEPs) totaling 2136 MW are already operational in Bhutan and are supplying electricity to India. The 720 MW Mangdechhu was commissioned in August 2019 and handed over to Bhutan in December 2022. Two HEPs namely, 1200 MW Punatsangchhu-I, 1020 MW Punatsangchhu-II in Inter-Governmental mode are under various stages of implementation.

6. Educational, Cultural Cooperation and People-to-People Exchanges: There is close bilateral cooperation in the educational and cultural fields between India and Bhutan. Over 950 scholarships are being provided annually by GoI for Bhutanese students to study in India in a wide range of disciplines including medicine, engineering, etc. It is estimated that approximately 4,000 Bhutanese are studying in undergraduate courses in Indian Universities on self-finance basis. Under the Nehru Wangchuck Scholarship Scheme since its inception in 2010, 8 slots are annually allotted to students and scholars from Bhutan. 20 slots are provided every year to students from Bhutan under the ICCR Scholarship. Ambassador's Scholarship is granted to deserving Bhutanese students, who are studying in India on self-financed basis and also for undergoing vocational training in India. 05 scholarships slots are being provided every year for Bhutanese students to study at Nalanda University. Most recently, 03 new scholarships have been introduced for Bhutanese youth to pursue M. Tech. courses at IIT Kanpur from the current academic year onward. Further, 02 seats are reserved for Bhutanese students every year at the St. Stephens college. Under the ITEC program, about 300 slots have been utilized annually by Bhutan for upgrading administrative and technical skills of government officials and private sector employees in Bhutan. India-Bhutan Foundation was established in August 2003 with the aim of enhancing people to people exchanges in areas such as education, arts and culture and environment protection. A number of cultural, educational, scientific activities are undertaken under the auspices of the Foundation to promote greater people to people exchanges and understanding.

7. Cultural and Buddhist Links: A number of Bhutanese pilgrims travel to Bodh Gaya, Rajgir, Nalanda, Sikkim, Udayagiri, and other Buddhist sites in India. As a part of the 50th 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. 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 16th century Buddhist monk – a revered figure in Bhutan, regarded as the founder of the modern nation state of Bhutan).

8. New Areas of Cooperation: Apart from hydro-power cooperation and development partnership has moved into new and emerging areas with full interoperability of the flagship digital project RuPay, which has been successfully completed. Bhutan became the second country to launch the BHIM app, further deepening the financial linkages between our two countries. 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 MoU 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) RGoB collaborated on the joint development of a small satellite for Bhutan, with the intention of sharing knowledge on building and operating a small satellite. The India-Bhutan SAT was launched into space on 26 November 2022 by ISRO's Polar Satellite Launch Vehicle (PSLV). Inauguration of Ground Earth Station during visit of Chairman, ISRO also took place in March 2023.

9. COVID-19 Assistance: In line with India-Bhutan unique and special relations, GoI ensured continuous supply of trade and essential items to Bhutan, despite COVID-19 related lock-downs. GoI also provided essential medicines and medical supplies - including Paracetamol, Hydroxychloroquine, PPEs, N95 masks, x-ray machines and test kits to the Royal Government of Bhutan. Following the lockdowns in India, GoI has facilitated repatriation of over 2000 Bhutanese nationals stranded in various parts of India to Bhutan. Under the Vaccine Maitri Initiative, GoI gifted 5.5 lakh doses of the Made-In-India Covishield vaccines to Bhutan, which enabled it to vaccinate its adult population during the month of March-April 2021.

10. Indians Working in Bhutan: About 50,000 Indian citizens are working in Bhutan, mainly in the construction sector, education and technical consultants involved in infrastructure projects. Some Indian daily-workers also enter and exit Bhutan every day in the border towns, as a sign of the close economic inter-dependence between both countries.

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