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News: India – Bhutan Relations

- Recently, India and Bhutan agreed to discuss new routes of Regional Connectivity, and upgrade border and immigration posts, to enhance trade and Partnership during Bhutan King's India visit.

Key Highlights of the Discussion

Regional Connectivity

- India and Bhutan have agreed to discuss new routes of regional connectivity, which includes the development of a cross-border rail link between Gelephu in Bhutan and Kokrajhar in Assam, spanning 58 km.
- Additionally, there is a plan to explore a second rail link of approximately 18 km between Samtse in Bhutan and Banarhat in the tea gardens area of West Bengal.
- Both sides discussed upgrading borders and immigration posts to support this project, and it could be a significant development in the border area.

Trade and Connectivity

- The two countries agreed to facilitate trade by allowing Bhutanese trade items to be carried further from Haldibari in West Bengal to Chilahati in

Bangladesh, aiming to enhance trade opportunities and ease the movement of goods between Bhutan and Bangladesh through Indian territory.

Immigration Check Post

- The Darranga-Samdrup Jongkhar border crossing between Assam and Bhutan's SouthEastern district will be designated as an immigration check post.
- This will allow not only Indian and Bhutanese nationals but also third country nationals to enter and exit the area, promoting tourism and enhancing connectivity.

Support for Bhutanese SEZ Project

- The two sides agreed to strengthen trade infrastructure with the upgradation of an existing land customs station at Dadgiri (Assam) to a modernised “Integrated Check Post” (ICP) along with “development of facilities on the Bhutanese side at Gelephu”, indicating India’s support to the Bhutanese SEZ project.

Development Assistance

- India has committed to continue its support for Bhutan's socio-economic development, with a particular focus on the 13th Five-Year Plan. This underscores the enduring commitment to their strong bilateral ties.

- For the 12th Five Year Plan, India's contribution of Rs 4,500 crore constituted 73% of Bhutan's total external grant component.

Lauds India's Support for Global South

- Bhutan lauded India's successful organization of the recent G20 Summit, praising India for fostering consensus and constructive decisions outlined in the Delhi Declaration.
- Bhutan commended India's dedication to integrating the interests and priorities of Global South countries in G20 deliberations.

India-Bhutan Energy Partnership

- Progress on the construction of the 1020 MW Punatsangchhu-II hydropower project was noted with satisfaction, with its early commissioning expected in 2024.
- An agreement was reached to expand the existing India-Bhutan energy Partnership from hydro to non-hydro renewables, including solar energy, as well as green initiatives related to hydrogen and e-mobility.
- India assured essential technical and financial support for projects in these areas.

Recalling Operation All Clear

- Bhutan King recalled Operation All Clear which was a military operation conducted by the Royal Bhutan Army in 2003 against Assam separatist insurgent groups in the southern regions of Bhutan.

Significance of Bhutan for India

Strategic Importance

- Bhutan shares its borders with India and China, and its strategic location makes it an important buffer state for India's security interests.
- India has provided Bhutan with assistance in areas such as defense, infrastructure, and communication, which has helped to maintain Bhutan's sovereignty and territorial integrity.
- India has helped Bhutan build and maintain its border infrastructure, such as roads and bridges, to strengthen its defense capabilities and ensure its territorial integrity.
- In 2017, during the Doklam standoff between India and China, Bhutan played a crucial role in allowing Indian troops to enter its territory to resist Chinese incursions.

Economic Importance

- India is Bhutan's largest trading partner, and Bhutan's major export destination.

- Bhutan's hydropower potential is a significant source of revenue for the country, and India has been instrumental in assisting Bhutan in developing its hydropower projects.
- India also provides Bhutan with financial assistance for its development projects.

Cultural Importance

- Bhutan and India share strong cultural ties, as both countries are predominantly Buddhist.
- India has aided Bhutan in preserving its cultural heritage, and many Bhutanese students come to India for higher education.

Environmental Importance

- Bhutan is one of the few countries in the world that has pledged to remain carbon-neutral, and India has been a key partner in helping Bhutan achieve this goal.
- India has aided Bhutan in areas such as Renewable energy, forest conservation, and sustainable tourism.

Challenges in the India-Bhutan Relations

China's Growing Influence

- China's increasing presence in Bhutan, particularly along the disputed border between Bhutan and China, has raised concerns in India. India has been Bhutan's closest ally and has played a key role in protecting Bhutan's sovereignty and security.
- However, China's growing economic and military influence in the region poses a challenge to India's strategic interests in Bhutan.

Border Disputes

- India and Bhutan share a 699 km long border, which has been largely peaceful.
- However, there have been some incidents of border incursions by Chinese forces in recent years.
- The Doklam standoff in 2017 was a major flashpoint in the India-China-Bhutan tri-junction. Any escalation of such disputes could strain India-Bhutan relations.

Hydropower Projects

- Bhutan's hydropower sector is a key pillar of its economy, and India has been a major partner in its development.

- However, there have been concerns in Bhutan over the terms of some of the hydropower projects, which have been seen as too favorable to India.
- This has led to some public opposition in Bhutan to Indian involvement in the sector.

Trade Issues

- India is Bhutan's largest trading partner, accounting for over 80% of Bhutan's total imports and exports. However, there have been some concerns in Bhutan over the trade imbalance, with Bhutan importing more from India than it exports.
- Bhutan has been seeking greater access to the Indian market for its products, which could help to reduce the Trade Deficit.