

## **EMBASSY OF INDIA**

### **THIMPHU**

#### **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 is the Treaty of Friendship and Cooperation signed in 1949 between the two countries, which was renewed during the visit of His Majesty Jigme Khesar Namgyel Wangchuck to India in February 2007.

The renewed 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. 2013 saw some high level exchanges with the visit of His Majesty Jigme Khesar Namgyal Wangchuck, the King of Bhutan to India as the Chief Guest for the 64th Republic Day celebrations. 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 167th 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. During the visit, PM Tobgay sought Amul Dairy's expertise to source 2,000 cows from India, when he was in Gujarat. He also visited Bodhgaya where he was presented a sapling of the Maha Bodhi tree.

At the invitation from India Foundation as the Chief Guest of the 2<sup>nd</sup> India Ideas Conclave themed "Learning from Civilisation" in Goa, PMTT visited India from 13 to 17 November 2015. He also visited Kolkata in January 2016 (to attend 2<sup>nd</sup> Bengal Global Business Summit), in May 2016 (to attend swearing-in ceremony of CM, West Bengal) and Goa in October 2016 to attend BIMSTEC-BRICS outreach Summit.

A delegation from the Bhutanese Parliament led by Speaker of the National Assembly of Bhutan Lyonpo Jigme Zangpo visited India from 09 to 14 August 2015. The delegation attended a session of the Parliament in New Delhi and met the Parliamentary Affairs

Minister Venkaiah Naidu. The delegation also called on Prime Minister of India, Shri Narendra Modi.

At the invitation of the King of Bhutan (K5), **the Prime Minister of India 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. During the visit, PM Modi had audience with K5 and K4 and meeting with PMTT. The Opposition Leader called on PM Modi. He also addressed the Joint Session of Bhutanese Parliament on 16th June, 2014. During the visit, he laid the foundation stone of 600 MW Kholongchu 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 Nehru Wangchuck Scholarship to Rs. 2 crores per year. He also announced Government of India's assistance for establishment of E-Library in the National Library of Bhutan and in all the 20 districts of Bhutan. The two sides agreed to continue close coordination and cooperation in areas relating to their national interests and not allow each other's territory to be used for interests inimical to the other.

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. He also met His Majesty the Fourth Druk Gyalpo and Prime Minister Lyonchen Tshering Tobgay. During the visit, the President delivered an address on "India-Bhutan Relations" and launched/inaugurated three GOI assisted PTA 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.

Minister of Road Transport, Highways and Shipping, Shri Nitin Gadkari visited Bhutan from 15-16 June 2015. The BBIN Motor Vehicle Agreement was signed in Thimphu by the Transport Ministers of the four countries on June 15, 2015.

Minister of State for Home Affairs, Shri Kiren Rijiju visited Bhutan from 2 -4 July 2016 to attend the International Conference on Tradition and Innovation in Vajrayana Buddhism.

Minister of State (IC) for Commerce & Industry, Ms. Nirmala Sitaraman visited Bhutan from 11-13 November 2016 to sign the bilateral trade renewal agreement.

Minister of State for Rural Development, Shri Sudarshan Bhagat visited Bhutan from 29-30 July 2015 to participate in 4<sup>th</sup> Meeting of SAARC Ministers on Poverty Alleviation in Thimphu.

Chief Minister of West Bengal Mamata Banerjee visited Bhutan along with her delegation from 5<sup>th</sup>- 9<sup>th</sup> October, 2015 at the invitation of PM Tshering Tobgay (PMTT).

Gen. Dalbir Singh, CoAS of India visited Bhutan on October 31 – November 02, 2014 as his first official foreign visit after taking over the charge on August 01, 2014. He had an audience with H.M the King of Bhutan and also called on HM, the Fourth King. The visit continues the tradition of close military cooperation between India and Bhutan.

Foreign Secretary Dr. S. Jaishankar visited Bhutan on 01<sup>st</sup> March 2015. He met the officiating Foreign Secretary of Bhutan and called on PM Tshering Tobgay. He assured PM India's consistent support to Bhutan and that it will be his endeavor to further strengthen relations between the two countries. He was granted audience by HM King Jigme Khesar Namgyel Wangchuck.

Commerce Secretary Shri Rajeev Kher visited Bhutan from 25-27 May 2015 to attend the India-Bhutan Bilateral Meeting on Trade and Transit held in Thimphu on 25 May 2015.

UPSC Chairman, Shri Deepak Gupta visited Thimphu from 28-30 March 2016 to attend 5<sup>th</sup> Meeting of Chiefs of Public/Civil Services of SAARC member states.

The India-Bhutan Commerce Secretary Level Talks took place in New Delhi in January 2017.

## **Economic 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 at a rate of Rs 1.98 per kWh (for Tala HEP and Kurichhu HEP) and Rs 2.25 per kWh (for Chukha HEP). 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 MWs 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 Punatsangchu-I, 1020 MW Punatsangchu-II and 720 MW Mangdechhu under construction. The GoI funding terms are 40% grant and 60% loan at 10% annual interest for Punatsangchu-1 and 30% grant and 70% loan at 10% annual interest for Punatsangchu-II and Mangdechhu. Three separate authorities, headed by Minister of Economic Affairs of Bhutan, are implementing the projects.

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.

Other HEP's that are in DPR stage are 2560 MW Sankosh Reservoir project and 2640 MW Kuri Gongri Reservoir project. In the discussions held between the two sides on the possible models of cooperation in Hydropower in December 2015, GOI side has indicated two possibilities to take up these projects 1) A 100 % Indian PSU implemented project on the lines of Arun –III project in Nepal, where Government of Nepal awarded the project to SJVN Ltd on the basis of international competitive bidding and 2) Through Line of credit, where in the Government of Bhutan does the project completely on its own with an attractive EXIM Bank Rupee Line of Credit with a specified Indian content. GOI also conveyed to Bhutanese side that given the present day realities, GOI would no longer be in a position to finance large projects through the inter-governmental model.

### **Projects under implementation through IG model:**

Punatsangchhu-I HEP is a 1200 MW run-of-the river project located on the left bank of Punatsangchu 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 was commenced in November 2008 at a project cost of Rs 3514.8 crore. In July 2015, the Union Cabinet approved the Revised Cost Estimate of Rs. 9375.58 crore for the project. Physical progress of the project, as of November 2016, is 81 %. So far, Gol has released Rs. 7069.8 crores to the Project Authority.

The project was scheduled to be completed by November 2015. However, due to the sliding of the right bank at dam site which happened in July 2013, the commissioning of the project is getting delayed. Stabilisation measures have been undertaken by the PHPA management and as per the current projection of the project authorities the project is expected to be completed in March 2020. Complex geology at the dam site has been a major challenge in implementing the project.

Punatsangchhu-II HEP is a 1020 MW run-of-the river project located on Punatsangchu 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 was commenced in December 2010 at a project cost of Rs. 3777.8 Cro re In July 2016, the Union Cabinet approved the Revised Cost Estimate of Rs. 7290.62 crore for the project. Physical progress of the project, as of November 2016, is 73.6%. So far, Gol has released Rs.4953.72 crores to the Project Authority. The project is scheduled to be completed by December 2017. On 3rd March, 2016, a massive rock fall occurred in the Down Surge Shaft Gallery during the night shift in which six workers lost their lives. The mitigation measures have been taken up by the management. The project is expected to be completed by December 2018.

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. On 23 March 2016, the Union Cabinet approved the Revised Cost Estimate (RCE) of the project of Rs. 4020.6303 crore (at March 2014 Price Level). So far, Gol has released Rs. 3632.6 crores to the Project Authority. The

Second Revised Cost Estimate of Rs 4818.3 (at March 2016 Price Level) is under submission to GOI. Physical progress of the project, as of 31 December 2016, is 88%. The project was scheduled for completion in August 2017 but is expected to be completed by March 2018.

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

Kholongchu HEP is 600 MW run-of-the-river 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 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.

**(b) Eleventh Five Year Plan (2013-18):** The 11th Five Year Plan 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 11th 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. Of the 5000 crores, 3227 crores have been released so far which is 65 % of the commitment made.

### **(c) E-Library Project**

Prime Minister of India, Shri. Narendra Modi during his visit to Bhutan in June 2014 announced the Government of India's assistance for establishment of e-Library in Bhutan. GOI committed Rs 14.5 crore for this project over and above the Plan assistance and the Centre for Development of Advance Computing CDAC is implementing this project. The project covers 49 schools and 12 colleges spread across all the 20 Dzongkhags (districts) in Bhutan. The Minister for Education Lyonpo Norbu Wangchuk and the Indian Ambassador to Bhutan, Sh. Jaideep Sarkar inaugurated the Bhutan-India e-library Project in Thimphu on 5th September, 2016. The Portal has been developed and successfully deployed at the Data Centre in Thimphu for web/online access and in all 61 e-Library set ups in 49 schools and 12 colleges across Bhutan. The E Library Studio was established in Thimphu and handed over to Ministry of Education, RGoB.

### **(d) Bilateral Trade**

India is Bhutan's largest trading partner. In 2015, bilateral trade reached Rs.8554 Cr. Imports from India being Rs. 5374 cr., accounting for 79% of Bhutan's total imports. Bhutan's exports to India stood at Rs 3180 cr. (including electricity) and constituted 90.3% of its total exports. Total bilateral trade grew by about 7.3% in 2015.

Particulars	2011	2012	2013	2014	2015
Exports to Bhutan (Imports from India) (Rs. Cr)	3520	4180	4389	4785	5374
Exports to Bhutan from India as a % to total Bhutanese import	72.3%	79.4%	82.4%	89.3%	79%
Imports from Bhutan(Exports to India) (Rs. Cr)	2640	2780	2898	3180	3180
Imports from Bhutan to India as a % to total Bhutanese export	83.8%	93.9%	91%	89.4%	90.3%

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 from the Hydropower, ferro-silicon, Portland cement, dolomite, carbides of calcium carbides of silicon, cement clinkers, timber and wood products, potatoes, cardamom and fruit products.

### **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. Following are the main elements of India's assistance to Bhutan:

#### **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.** In the XI th Five Year Plan, Gol has allocated Rs. 550 million to RGoB for Undergraduate scholarships. Under this scheme, 450 slots have been approved for Bhutanese students to pursue Under Graduate courses in India. Thus, every year Gol 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, 2014, 2015 and 2016) total 354 students have availed of this scholarship.

Gol also provides several fully funded Post Graduate Scholarships each year to deserving Bhutanese students in their chosen stream of studies. However, in the XIth FYP Gol has allocated Rs. 600 million to Bhutanese students for long term and short term training to be conducted in-country and ex-country. 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 11<sup>th</sup> Five Year Plan. In 2015, RGoB has availed 190 in-country short-term slots and 167 ex-country short term slots in India.

#### **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) slots have been allotted to RCSC which is inclusive of the 8 scholarships awarded in the Academic year 2017-18 under this scheme. All the eight candidates are receiving very attractive stipend/remuneration since the value of this scholarship has been raised from Rs. 1 crore to Rs. 2 crore per annum from 2015 onwards.

#### **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. In the year 2013, 668 self-financing Bhutanese students had received Ambassador's scholarship. Total value 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 being awarded Ambassador Scholarship in 2015-16 is 760.

861 candidates were awarded this scholarship for Academic year 2016-17. One of the students from Royal Thimphu College, which is a private college, has been awarded full scholarship to pursue Masters in India for 2016-17.

### **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 best 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-seven (97) students have availed of this scholarship. For the academic year 2016-17, twenty students were selected under this scholarship scheme and all of them were admitted in the prestigious NITs in India.

### **ITEC Training Programme Scheme:**

Every year Gol provides 200 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 Gol. 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. In the current academic year, the ITEC/TCS slots have been increased from 260 to 360 slots for 2016.

### **India-Bhutan Foundation**

India-Bhutan Foundation was established in August 2003 during the visit of the present King (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. Ambassador of Bhutan and India are the Co-Chairpersons of the Foundation. The Royal Government of Bhutan and the Government of India have contributed Rs. 5 Crores each as main corpus fund to IBF and the entire amount of Rs.10 Crores has been kept in a fixed deposit in Bhutan. Interest earned from the fixed deposit is used for financing proposals received from Bhutanese/Indian citizens and Non Governmental Organizations to such activities that can help in achieving the objectives of the Foundation. The 16th Board of Directors Meeting was held in Thimphu on 03<sup>rd</sup> February, 2017.

'Mountain Echoes', a literary festival is organized in Bhutan every year. The 7<sup>th</sup> edition of the Mountain Echoes Literary Festival, co-sponsored by the India-Bhutan Foundation was organized in Thimphu from 25-28 August, 2016. The Festival features a mix of Bhutanese, Indian and international writers, film makers, musicians and artists.

### **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, bollywood movie shows, seminar 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 Links**

Embassy of India, Thimphu

– [www.indianembassythimphu.bt](http://www.indianembassythimphu.bt)

[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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