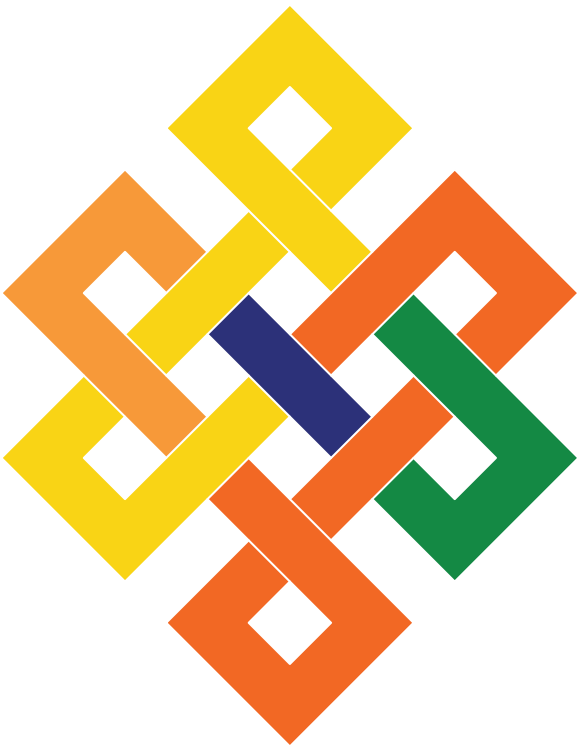
INDIA-BHUTAN:

FRIENDSHIP THROUGH THE DECADES AND BEYOND



EDITED BY
CENTRE FOR ESCALATION OF PEACE

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Edited by
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Centre for Escalation of Peace (CEP) along with Royal Institute for Governance and Strategic Studies (RIGSS) has brought out a collaborative book on India and Bhutan to commemorate 50 years of diplomatic relations. The book deals with various aspects of this relationship, primarily politics, economics, culture and the environment. With the view to allow the book to be equally representative of Indian and Bhutanese viewpoints, each chapter is divided into two parts, one written by someone in India and the other by the Bhutanese counterpart.

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INTRODUCTION

DASHO KARMA URA

Cycles of time are important in many cultures. Cycles of 12 years for individuals were the traditional Bhutanese way. But their arrival was not propitious. Quite the opposite—it was a year when caution was advised. Half a century is one way of marking the progress of time, in a jubilant way. Bhutan and India established diplomatic relationships in 1968 and hence 2018 marked the passing of 50 good years. Both the countries celebrated the anniversary officially.

In recent years, the Centre for Escalation of Peace (CEP) has been particularly active in triggering positive initiatives at a non-governmental level between Bhutan and India. Led by H.E. Shyam Saran and Mr Arun Kapur, it has been the organization responsible from the Indian side for hosting the biannual India–Bhutan Dialogue. The counterpart on the Bhutanese side is Royal Institute of Governance and Strategic Studies (RIGSS). The India–Bhutan Dialogue is a critical process through which views on wider issues of great relevance to government and society are exchanged.

All books are tools of mental navigations either towards the past or the future, which is framed by the ever-changing present. The reality of the present is itself framed often by what is written or spoken widely. In that respect, this publication by CEP reflects,

through the views of individuals most of who participated in some series of the India–Bhutan Dialogue, certain recurring themes in recent bilateral relationship. However, aspects concerning border talks between China and Bhutan are never discussed in the India–Bhutan Dialogue though the topic finds passing mention in the volume.

The vantage point of the whole book is the first chapter by Co-chair of India–Bhutan Dialogue, H.E. Shyam Saran, a distinguished diplomat and author, particularly of the immense book, *How India Sees the World*. He anticipates the substance of the whole volume. Others who have contributed articles are Suhasini Haider, Tenzing Lamsang, Dasho Penjore, Ambassador Sudhir Vyas, Omair Ahmad, Kuenga Wangmo, Thinley Namgyel and Dipankar Ghose.

The articles by Thinley Namgyel, Dipankar Ghose and Ambassador Sudhir Vyas discuss environmental conservation along the India–Bhutan border. Manas straddling both sides of the border typifies an outstanding bio-diverse spot of universal value. Both countries should invest and protect nature along the border as extensively as possible. Trans-border conservation efforts sustain the age old and safe movement of birds and animals across the border. They justly argue for enlarging corridors and habitats, for greater resources for patrolling and monitoring, and for greater pollution control. Thinley points out an alarming trend—of temperature rising two to three times faster than the global average in the Himalayas due to increasing haze in the foothills. It contributes to rapid glacier melting. This climatic change could affect not only human beings but wildlife in the Himalayan region.

Continuing with the issues about borders, Tenzin Lamsang, the editor of the *Bhutanese*, glances back further in time and notes that the borders of Bhutan had contracted in the past. British annexed the Duars in 1865, and as part of it, the British had also taken

away 32 sq miles of Dewangiri (now Deothang). Suhasini Haider, the diplomatic editor of the *Hindu*, renews discussion on another aspect of it. She recalls that the 32 sq miles were returned to Bhutan by India in 1949 that was taken by the British. She dwells on the very current question of the northern borders of Bhutan. Both Suhasini and Tenzin discuss the nature of sensitive, protracted but patient border talks between China and Bhutan.

The porous border between India and Bhutan was exploited by the Assamese insurgents rebelling against India. They camped in jungles of southern Bhutan in the 1990s. Suhasini recalls the successful 2003 military expedition led in the field by HM the Fourth King of Bhutan against the external insurgents, for the sake of each other's national security. Ambassador Sudhir Vyas highlights the increasing importance of an efficient management of the borderlands in the bilateral relationship. This is also important for people-to-people and cultural exchanges, which are taken up by Kuenga Wangmo and Omair Ahmad.

Economic cooperation between Bhutan and India takes place on essentially two planes—Bhutan's five-year socio-economic development plan and hydropower development projects. Dasho Penjore presents a rapid sketch of India's contribution to Bhutan on both planes. Along with Tenzin, he broaches current issues in hydropower projects concerning preferred modalities of working together that generate not only income but jobs for the Bhutanese. They provide glimpses of track-II dialogue on trade, tourism, banking, digitization and so forth between India and Bhutan.

Ambassador Sudhir Vyas, with his admirable insights, sums up that 'Education and job creation for the youth are the critical challenges which face the Bhutanese government … infrastructure, education and capacity building remain the core themes in Indian cooperation effort'. With 47 per cent of the Bhutanese below

24 years of age, skilling, education and jobs indeed are critical challenges.

His Majesty the King of Bhutan wisely saw a necessity for the India–Bhutan Dialogue as a means to maintaining ever close relationship between the two countries. Thus, the Dialogue was instituted in April 2013. It has contributed in no small measure to the deepening of the relationship. It has become an effective channel of communication mainly because of the involvement of exceptionally eminent individuals from India in each of the dialogues. H.E. Shyam Saran, Mr Arun Kapur and Ambassador Sudhir Vyas have provided continuity in membership and outstanding leadership from the Indian side. The Bhutanese side feels grateful to them, other delegates and the Government of India for the successes of the India–Bhutan Dialogue.

AN OVERVIEW: KEEPING ALIVE A PRECIOUS LEGACY

INDIA–BHUTAN RELATIONS IN THE NEW MILLENNIUM

SHYAM SARAN

If there ever was a framework for model inter-state relations in the contemporary era, India–Bhutan relations would qualify unreservedly, combining pragmatism with principles and enhancing deep-rooted cultural affinity with extensive economic collaboration. As in any relationship between states, there have been many difficult challenges. Just as Bhutan's aspirations have evolved over time, Indian perceptions about its Himalayan neighbourhood, too, have developed. In 1947, India's first prime minister, Jawaharlal Nehru, acknowledged Bhutan as an independent kingdom and also recognized India's responsibility, as a large and friendly neighbour, to promote Bhutan's development and contribute to its defence. The backdrop of Chinese incorporation of Tibet into the People's Republic of China in 1950, and the public assertion of Chinese claims over Nepal, Sikkim and Bhutan as erstwhile tributary states, made Indian security assurances welcome to the trans-Himalayan

states, including Bhutan. India's partnership with Bhutan for development focused on infrastructure and also on education and capacity building. The contributions to the development of the hydropower sector have enabled the country to emerge as one of the richest countries in South Asia. With economic prosperity has come a new sense of national confidence and a desire for expanded engagement with the region and the world. India has adjusted its policies towards Bhutan to take this reality into account.

There has also been a political transformation in Bhutan. A powerful and enlightened monarchy nurtured, and then handed over reign to a representative parliamentary democracy, and put a constitutional monarchy in place. India now has to deal with a more diffused and decentralized polity and engage with a much wider spectrum of opinion makers as well as decision makers. It should come as no surprise that relations with India are as much subject to critical scrutiny by the people of Bhutan as are other aspects of governance. It requires a high degree of maturity and mutual trust to navigate this complex landscape which India–Bhutan relations present today.

India too has evolved. Its economic and military capabilities have grown to make it a major regional and global power. There has been a corresponding expansion in its external engagement and the demands of its neighbourhood now compete with a wider circle of interests, both in the Asian region and beyond. South Asia itself has become a more contested geo-political space than it was in the early decades after India's independence. India no longer enjoys relatively unrivalled dominance in the sub-continent, even though its assets in maintaining a high degree of regional influence remain unmatched by any other power, including China. India–Bhutan relations will continue to be influenced by this changing context.

I believe that a study of India–Bhutan relations since 1947 provides important lessons which are relevant to taking the relations

forward. These lessons relate to the importance of leadership in demonstrating a mutual readiness to adjust the framework of relations in response to changing aspirations and requirements of both countries, the focus on building dense interdependency through expanding economic collaboration, a constant and mutual appreciation of each other's security imperatives and a constant effort to strengthen people-to-people relations and celebrate the deep cultural affinities shared by them.

LEADERSHIP

India and Bhutan have been singularly fortunate in having farsighted leaders with a commitment to deepening and expanding the close historical and cultural relations between the two countries. India became independent in 1947 and with imperial Britain's exit, relations with the sub-continent's Himalayan states required a new foundation, in keeping with India's own democratic credentials. At the same time, these relations had to take cognizance of the reality of Chinese power consolidating itself in Tibet and transforming the security dynamics in the entire trans-Himalayan region. A careful balance had to be struck. The leaders of India and Bhutan were able to achieve this in the Treaty of Friendship concluded in 1949. This treaty remained the anchor of the relations until 2007 when it was replaced by a new treaty better aligned to current realities.

In the crucial decades of the 1950s, Prime Minister Nehru and the Third Druk Gyalpo (King of Bhutan) took the bilateral relationship to new heights. Nehru's landmark visit to Bhutan in 1958, trekking and riding horse-back over remote mountains and valleys of the eastern Himalayas, made a deep and lasting impression on the people of Bhutan. Here was one of the most acclaimed leaders of the era, braving the elements to pay personal tribute to the people of

Bhutan. The Bhutanese-style pavilion from which Nehru addressed a mass rally in Paro still stands in testimony to that historic event.

The extensive talks between Nehru and the Druk Gyalpo, which Nehru later recorded in his own words, reflect the trust and empathy the two leaders were able to establish, despite having very different backgrounds and experiences. This tradition of leaders maintaining a relationship of trust and confidence, of constantly balancing pursuit of interests and respect for each other's sensitivities, has continued to be the hallmark of India–Bhutan relations. This is what enabled Mrs Indira Gandhi and the Fourth Druk Gyalpo to oversee the emergence of Bhutan as an increasingly confident and independent international actor.

India's relations with Bhutan were initially handled by the Indian Political Officer stationed in Sikkim. However, in January 1968, India appointed a Special Officer to Thimphu and India House was established there in May 1968. In 1971, soon after the coronation of the Fourth Druk Gyalpo, the two countries exchanged Resident Representatives. In 1978, ambassador-level relations were formally established and this year we are celebrating the 50th anniversary of this important event.

India sponsored Bhutan's membership of the United Nations in 1971, which also enabled Bhutan to form development partnerships with friendly countries other than India. Diplomatic relations were established by Bhutan with several nations. This may have led to anxieties in India that a Bhutan with a more independent stature and with more diversified international relations may be less mindful of Indian interests. However, on the Indian side, a leader like Mrs Indira Gandhi understood Bhutan's aspirations and the need to accommodate them. On the Bhutan side, the Druk Gyalpo made every effort to allay any Indian anxieties, including standing together with India in its period of crisis during the Bangladesh war in 1971.

Bhutan was one of the first country to extend recognition to the new state of Bangladesh and establish diplomatic relations with it.

At the United Nations, Bhutan has been a pillar of support for India on issues that were important for our country. For example, Bhutan has consistently voted with India against the Pakistan-sponsored resolutions on the setting up of a nuclear weapons free zone in South Asia. The Fourth Druk Gyalpo maintained a close, cordial and easy relationship with successive Indian prime ministers, all of who reciprocated his warmth and friendliness. His Majesty always treated Indian officials responsible for relations with Bhutan with unfailing courtesy and consideration. As Foreign Secretary (2004–2006) I had the privilege of interacting with His Majesty, particularly during negotiations on the revision of the Friendship Treaty. This was a difficult exercise but we were able to conclude it successfully, thanks to the great regard and trust that His Majesty enjoyed among our leaders and our confidence that revising the treaty to reflect the changed circumstances would strengthen and not diminish bilateral relations.

This tradition of regular engagement at the seniormost leadership level has continued with the fifth Druk Gyalpo and Prime Minister Narendra Modi. The special character of India–Bhutan relations was reflected in Thimphu being the first South Asian capital that the Indian Prime Minister visited after assuming office in 2014. It is my firm belief that as long as the leaders of our two countries maintain this tradition of regular high-level engagement, marked by mutual trust and understanding, the two countries will be successful in taking their relations to new heights in this century.

In this context, the careful handling of the three-way relations between India, China and Bhutan will be a critical challenge for our leaders. India will need to respect Bhutan's choices in this respect, and these choices should be exercised in a manner which safeguards

the shared security interests of both India and Bhutan. The security imperatives of India and Bhutan are convergent. The narrow Siliguri corridor, south of Bhutan and abutting the northern part of West Bengal, is important to India as a link between the North-East and the rest of the country. The same corridor provides the main access for Bhutan to the outside world. The recent confrontation between Indian and Chinese forces at Doklam, which is Bhutanese territory, reflects this reality.

It is true that some sections of Bhutanese public have a view that their country should have a more balanced relationship with India and China, and that there is no reason why Bhutan should not have embassy level relations with China. Thus, Bhutan may benefit from trade with their northern neighbour. There is a misplaced sentiment that these potential benefits are being denied to Bhutan because of India and this needs to be dispelled. With potential benefits there are potential risks, too. Decisions on these issues are within the sovereign domain of Bhutan and should be exercised on the basis of Bhutan's own calculations of its interests. Bhutan's leadership has a more balanced view of the pros and cons of expanding relations with China, preferring an incremental process, with confidence-building measures at each step.

While the China factor is a reality in India–Bhutan relations, the compelling logic of our relations is bilateral. There are enough reasons, both tangible and intangible, for the two countries to pursue closer relations. A Chinese prism should not be allowed to distort perceptions on either side, to the detriment of what is a remarkably strong, stable and multi-faceted relationship, drawing upon wide-ranging complementarities.

ECONOMIC COLLABORATION

Over the past decades, India and Bhutan have developed a symbiotic economic relationship. They form a Customs Union, have free trade across their border, and their currencies maintain a stable rate of exchange. But the pride of place belongs to their successful cooperation in developing Bhutan's hydropower resources. Currently over 1,500 MW of power has been developed jointly by the two sides and another 10,000 MW is in the pipeline. The sale of power from existing projects has already transformed Bhutan into the richest country, on a per capita income basis, in the sub-continent. The additional projects, once implemented, will make the country a prosperous middle-income country within the next decade. The economic interdependency between our countries has also strengthened political relations, rendering them more stable. In this process, India has gained significantly in terms of its energy security.

There are several challenges as hydropower cooperation is on the threshold of scaling new heights. One, all fresh projects will have to ensure that they conform to the highest standards of environmental sustainability. As Bhutanese society becomes more prosperous, educated and aware, these projects will face greater public scrutiny. Indian entities involved in such projects will have to be more sensitive to local environmental concerns.

Two, there are delays in implementation and cost over-runs of hydropower projects, which create a negative public sentiment in Bhutan. There are sometimes legitimate reasons for delays and increased costs, such as difficult terrain and design changes, so there is an urgent need to communicate these reasons effectively and to improve India's poor record of project delivery.

Three, Bhutan has been more comfortable with the execution of these projects through inter-governmental arrangements but some

projects such as Kolongchu are being carried out through a new joint venture model. The new model has its drawbacks, particularly since there are difficult and somewhat bitter negotiations on the terms and conditions, quite different from the inter-governmental process. For the future, the tried-and-tested inter-governmental model, which is also the Bhutanese preference, may be followed in the interest of maintaining a congenial environment for long-term hydropower cooperation.

Four, there is a sub-regional power grid being put in place in India, Bhutan, Nepal and Bangladesh. India has emerged as both a purchaser as well as a seller of power and we are moving towards a power market with tariffs being determined through demand and supply. There is a need to ensure that the interests of all stakeholders are respected in the regulatory framework which will govern this market. Bhutan has legitimate concerns on this new development and these should be addressed expeditiously and in a fair manner.

Hydropower cooperation is at the heart of India–Bhutan relations and it is its greatest asset. Its management by the two countries should reflect this reality.

SECURITY COOPERATION

There is a convergence in the security perspectives of the two countries. Based on this convergence, India and Bhutan have enjoyed a very strong defence relationship. India has maintained a significant Indian Military Training Team in Bhutan, known as IMTRAT. The Border Roads Organization (BRO), which is headed by the Indian Army, has been responsible for building several key highways and other infrastructure in Bhutan. It continues to perform an important maintenance role. The Indian objective has been to build Bhutan's own security capabilities through training

of Bhutanese military personnel and other security forces. Indian military deployments in Sikkim on Bhutan's west and in Arunachal Pradesh on its east, also contribute to Bhutan's defence.

The recent confrontation between Indian and Chinese security forces on Bhutan's Doklam plateau has drawn attention to the nature of the security relationship between India and Bhutan. What is the legal basis for this relationship? Article 2 of the India–Bhutan Treaty of 2007 states:

'In keeping with the abiding ties of close friendship and cooperation between India and Bhutan, the Government of the Kingdom of Bhutan and the Government of the Republic of India shall cooperate closely with each other on issues relating to their national interests. Neither government shall allow the use of its territory for activities harmful to the national security and interest of the other.'

From this article it is clear that Doklam was one of the 'issues relating to their national interests' requiring them to 'closely cooperate' in dealing with it.

It is only a strong and capable India with a demonstrated capability and resolve to defend its own interests which will inspire trust and confidence among its neighbours. The growing power asymmetry between India and China will influence the perceptions of our neighbours and complicate our relations with them. It is important that India address with a sense of urgency the task of shrinking this power gap with China as early as possible.

PEOPLE-TO-PEOPLE RELATIONS AND CULTURAL AFFINITY

India and Bhutan are fortunate in having very close cultural affinities. Buddhism is an obvious link and India is revered in Bhutan as the land of Lord Buddha. The people of Bhutan follow the Tibetan Buddhist

tradition, which is strongly rooted across the entire Himalayan zone, ranging from Ladakh in the west to Arunachal in the east. Guru Padmasambhava, an Indian Buddhist saint and teacher of the 8th century, is revered in this entire area. When Bhutan shed its ancient isolation and began reconnecting with the outside world, it was India which provided the window to the world. Bhutanese children began attending Indian schools and universities. Bhutanese pilgrims travelled all the way to sacred places in India. Traders found markets in India, particularly after the traditional trade with Tibet came to a halt in 1959 after the revolt there against Chinese rule. Indian teachers taught in schools being set up in Bhutan, while a stream of Indian experts and technical personnel went to the country to execute projects under India–Bhutan cooperation agreements. Bhutan's emerging elite had strong links with India. They were familiar with the country and had a network of Indian friends and colleagues. These people-to-people links and long-standing cultural affinities provided a strong foundation on which the two countries steadily built up a unique relationship.

These links have remained strong, but there are challenges ahead. Bhutan's prosperity has made education in schools and universities in countries other than India both aspirational and affordable. There is a greater exposure to more developed countries, both in South East Asia as well as in the West and India sometimes falls short of the standards which a more prosperous Bhutan expects. While Bhutanese students still come to study in Indian institutions, youth-to-youth exchanges have diminished in recent years.

Some people-to-people exchanges also have a negative impact. Indian tourists have a free entry into Bhutan but do not always follow the more strict laws and regulations on hygiene and environment. India–Bhutan border areas have law-and-order issues and Indian border towns have become congested and

over-crowded. In comparison, the Bhutan side has upgraded its infrastructure and facilities. In the future, these issues will have to be resolved so that the positive people-to-people sentiments and the immense goodwill which has so far prevailed in the relations is maintained and further strengthened. Familiarity should breed content, not contempt.

THE WAY FORWARD

India–Bhutan relations are remarkable for their resilience and adaptability. These qualities should enable the two countries to maintain their close and unique partnership as they navigate a very different regional and international landscape unfolding in this millennium. There are strong ties which drive their relationship. They have a shared security perspective, even though this remains discreet. It is in the common interest of India and Bhutan to ensure that the trans-Himalayan zone which they share does not get overwhelmed by a political dispensation hostile to its rich cultural and spiritual traditions and embrace of diversity. The two countries enjoy immense economic complementarities with hydro-power cooperation as the centre-piece. Many new opportunities are opening up as both their economies continue to advance. The two countries have strong cultural affinities which draw sustenance from their shared Buddhist heritage and a very large pool of goodwill in people-to-people relations. Above all, there is a strong commitment of the leaders of both countries to nurture this precious relationship, never taking it for granted and always remaining mindful of each other's sensitivities.

The context of India–Bhutan relations will undoubtedly change, throwing up new challenges and opportunities. Thanks to the bonds that exist, the future of these relations remains bright.

POLITICS: POLITICAL RELATIONSHIPS

SUHASINI HAIDER

Each step on the trip that led Nehru to Bhutan in 1958, and set the course for the unique engagement between the two countries, was a perilous one. Prime Minister Jawaharlal Nehru was then 69 years old and vehicles could not be used for much of the journey. Nevertheless, he and his entourage, which included his daughter and future Prime Minister Indira Gandhi, made the trek by yak, mountain ponies and by foot, over ridges at 10,000 feet, crossing passes that were even higher.

The trek was not without political undertones. Relations between India and China were at a tense phase at that time. Nehru decided to travel to Bhutan when a trip to Tibet, where he had been invited by the Dalai Lama and was going to be joined by the Chinese Premier Chou-en-Lai, fell through after the Chinese government pulled out. This made the Indian delegation's journey even more difficult, as transiting through the Chumbi Valley and the Tibetan town of Yatung for one night each way would need Chinese permission. Eventually, the passage to Bhutan went smoothly if awkwardly, with PLA units escorting Nehru's convoy to

the Amo Chu bridge, which formed the China–Bhutan boundary in Tibet, where they were given a warm personal welcome by Prime Minister Jigme Dorji. For the next four days, both prime ministers walked to Paro together, until they finally glimpsed a view of the Taktsang Monastery (Tiger's nest), where Bhutan's most revered Guru Padmasambhava meditated. Nehru and his entourage were introduced to His Majesty the Third King Jigme Dorji Wangchuck and Queen Ashi Kesang Choeden Wangchuck at the palace. The two leaders didn't just meet and exchange ideas, they built the foundation of a common understanding with which their countries would proceed.

In a few days, Nehru assessed Bhutan's greatest political worry, that of charting an independent course, safe from the perils faced by neighbouring Himalayan kingdoms – Tibet, Sikkim and Nepal, all of which, by the 1950s, were being drawn into the power vortexes of their much larger neighbours, and as a result, were ceding internal control. During their joint public address in Paro, Nehru said in a speech that His Majesty himself translated to his people:

'Some may think that since India is a great and powerful country and Bhutan a small one, the former might wish to exercise power and pressure on Bhutan. It is essential that I make clear that our wish is that you should remain an independent country, choosing your own way of life and taking the path of progress according to your will. At the same time, we two should live with mutual goodwill as members of the same Himalayan family. The freedom of both Bhutan and India should be safeguarded so that none from outside could do harm to us.'

The impact of the visit was seen in a comparison made by Queen Mother Ashi Dorji Wangmo Wangchuck at the Mountain Echoes literary festival that marked 50 years of the formal relationship between both countries in 2018.

'In AD 810,' Ashi Dorji Wangmo recounted, 'at the invitation of King Sindhu Raja of Bumthang, Guru Padmasambhava journeyed to Bhutan. Some 1, 200 years later, we witnessed repetition of history. At the invitation of His Majesty Jigme Dori Wangchuck, the Third King of Bhutan, Prime Minister Jawaharlal Nehru undertook the historic visit to Bhutan. The only contrast between these two visits was their mode of transport. While Guru Padmasambhava apparently travelled on a flying tiger, Pandit Nehru took the more arduous option of riding mules and yaks. However, both these visitors had transformational effect on Bhutan, which is still felt today.'

In the years that followed, India's relations with China took a dramatic turn with devastating impact – six months after Nehru's visit to Bhutan, the India-China crisis erupted and the Dalai Lama fled from Lhasa to India. In 1962, both fought a bitter war, which indicated to many that Beijing had a larger plan in mind when it came to its southern boundaries with the Himalayan states. Had Nehru's visit not taken place when it did, it would be hard to imagine what might have happened in terms of India's security challenges and Bhutan's sovereignty. Nehru's decision to use the time he gained from the cancellation of his visit to Tibet to initiate a new friendship with Bhutan, changed the course of history in many ways as later decades have shown.

It will be a mistake to think that the political relationship had always been on a smooth trajectory, however. At the time of partition, Bhutan's concerns over the area ceded to the British weren't a priority for the new Indian government. Finally, eight months after Indian independence, on 16 April 1948, a Bhutanese delegation led by the Second King Jigme Wangchuck's closest aide (and father-in-law) Gongzim Sonam Topgay Dorji came to Delhi to meet Prime Minister Nehru and the new foreign secretary K.P.S Menon, who had been appointed just that day. The meetings, as

recorded by the Gongzim's daughter Ashi Tashi Dorji, were often tense, especially after Nehru offered the delegation two alternatives – to join the Indian Union as an autonomous state, or to have an alliance in which Bhutan would 'hand over' her defence, external relations and communications (this condition was eventually dropped from the agreement) to India. At one point Nehru referred to the 'liability' of having to shoulder these responsibilities for Bhutan, and also pay an annual fee (₹50,000). 'Relieve yourself of the liability,' was the Bhutanese delegation's reply. After what appeared to be a very awkward moment, Nehru burst out laughing and the moment passed. The India–Bhutan Treaty of Perpetual Friendship was signed a year later on 8 August 1949, which included articles on defence, and Bhutan agreed 'to be guided by the advice of the Government of India in regard to its external relations'. India also returned 32 sq miles of Dewangiri territory taken by the British and revised the annual fee to ₹5,00,000.

The most significant article in the agreement, and one that remains a bedrock of the unique relationship of 'perpetual peace and friendship', was Article 2, which declared that India would not interfere in Bhutan's internal affairs, and Bhutan would allow itself to be 'guided' by India on external affairs (this was amended in 2007). Article 6 contained Bhutan's assurance that there would be 'no export of arms, ammunition, etc., across the frontier of Bhutan either by the Government of Bhutan or by private individual.' The inclusion of clauses on such sensitive issues is what sets the Bhutan–India relationship apart even today. While the text of the agreement may have changed over the years, governments in New Delhi and Thimphu have held close relationship precisely because they can openly discuss the most contentious issues, without needing to be defensive. It is implicitly understood that each has the other's best interests at heart.

The agreement also allowed both countries to negotiate on difficult matters without rancour. During the 1962 India–China war, for example, Bhutan's King explained that he could not allow his territory to be used as a base for Indian troops. However, when the troops needed to retreat quickly towards the end of the war, he gave them passage. The tricky issue of how to allow their weapons through was also resolved thus – as soldiers came through from battle lines in Arunachal Pradesh, they deposited their rifles at the Trashigang Dzong armoury and travelled west through Bhutan to India, unarmed. (The rifles lie there till today).

Another contentious issue was Bhutan's desire to engage China directly in order resolve their border dispute. In 1959, long before the India–China standoff over Doklam (Donglang or Doko La) plateau in 2017, Bhutan first proposed the idea of talks, but held back after India objected. It wasn't until 1984 that those talks finally began, and more than 24 rounds of negotiations have been held so far, with India being apprised of developments at every turn.

In particular, China is understood to have pushed for what it sees as a 'package deal', under which the Chinese agree to renounce their claim over the 495 sq km of disputed land in the Pasamlung and Jakarlung valleys to the north, in exchange for a smaller tract of disputed land measuring 269 sq km – the Doklam plateau. Several interlocutors have confirmed that the offer was repeated by China at every round, something the Bhutan's King and government would relay to India as well. While India was able to convince Bhutan to defer a decision, things did change after India and Bhutan renegotiated their friendship treaty in 2007, and post-2008, when Bhutan's first elected Prime Minister Jigme Thinley began to look for a more independent foreign policy stance. During this time, Bhutan also increased the number of

countries with which it had diplomatic relations from 22 to 53, and even ran an unsuccessful campaign for a non-permanent seat at the UN Security Council.

Earlier, there were other changes in Bhutan that many saw as possible flashpoints, but each of them was resolved by India and Bhutan diplomatically.

In 1962, Bhutan joined its first international organization, the 'Colombo Plan', with its foray into this Commonwealth-backed, Australia-led organization for countries of the Asia-Pacific, focused on the goals of development and education in the region. Plans for Prime Minister Jigme Palden Dorji to travel to Australia as an 'observer delegation' to the international conference were underway when the India–China war broke out and P.M. Dorji had to stay back. He sent, instead, his sister Ashi Tashi Dorji (who had accompanied their father Gongzim Sonam Topgay Dorji to that momentous meeting in 1948 with Nehru in Delhi), as the head of Bhutan's all-women delegation to Melbourne. In her account Ashi Tashi says that the decision for Bhutan to enter the international scene happened rapidly and dramatically, as within hours of a lunch where she suggested to her Australian hosts that Bhutan would like to be accepted as a full member, the organization had voted to induct it. India fully supported the move, despite any misgivings it may have had over the suddenness of the action. (In 2003, India and Bhutan set up their own development cooperation initiative, the India–Bhutan fund, to support many similar health and education projects.) Next, in 1968, Bhutan's King established a council of ministers for the first time, the High Court, empowered to review his powers and the Bank of Bhutan was tasked with transitioning the country from the barter economy that Jagat Mehta described seeing, to a monetary economy. As part of the moves to formalize the administration, Bhutan also set up a Ministry of Foreign Affairs

in 1969. In 1971, Bhutan was admitted as a member of the United Nations.

'As we and the relationship matured, Bhutan chose to engage with the world step by step, first joining the UN, then opening missions abroad, then negotiating with China on the Bhutan–China boundary. We reflected the changes in the revised India–Bhutan Friendship Treaty (2007),' says former National Security Advisor (2011–2014) Shivshankar Menon, who was the Indian foreign secretary (2006–2009) when the treaty was revised. 'From the start we knew that this was a unique relationship, and that it was driven by Bhutan's sovereign decisions on what she was comfortable with. It has been a joint voyage as India and Bhutan were transformed and grew their economies and capabilities, and increased their ability to deal with the world. Throughout this process, we have worked together harmoniously, coordinating our approaches and understanding each other's compulsions and needs and enhancing the congruence between our interests,' he adds.

While India was able to engender a common worldview with Bhutan, and both have voted mostly in accordance with the other, there were instances where they would diverge – in 1979, for example, Bhutan disagreed with India and accepted Cambodia into the Non-Aligned Movement, something India had opposed while the Khmer Rouge regime was in-charge. During the first elected Prime Minister Jigmi Y. Thinley's tenure, Bhutan went further in talks with China than India had been prepared for, and a meeting between him and Chinese Premier Wen Jiaobao in June 2012, on the sidelines of the 'Rio + 20' Summit in Brazil, ruffled feathers in New Delhi. At the South Asian Association for Regional Cooperation (SAARC), Bhutan was the first to back India's decision to pull out of the summit in Pakistan in 2016, citing the fact that its 'friend India's security had been undermined'. However, just some months later,

Bhutan's parliament refused to ratify the Motor Vehicle Agreement of another regional grouping—the Bangladesh–Bhutan–India–Nepal (BBIN) group – which India was keen on. As recently as December 2017, Bhutan acted differently from India on a UNGA vote that sought to criticize the US for its recognition of Jerusalem as the capital of Israel. While India voted for the motion, Bhutan chose to abstain from the vote.

With very few exceptions, India and Bhutan have been able to manage each of these divergences without a wrinkle in their relationship. During the India-China military stand-off at Doklam in mid-2017, New Delhi and Thimphu navigated the pressures from China, along with domestic pressures, to arrive at a peaceful resolution, respected by all.

India's ambassador to Bhutan, Jaideep Sarkar, who spoke at the Mountain Echoes literary festival recently, articulated the secret to the success of the relationship management by the two countries.

'Firstly, the pace of the relationship would be guided by Bhutan. Secondly, India would respond in full measure to any initiative from Bhutan. And lastly, they would be guided by the importance that India has always attached to its relationship with Bhutan,' he said, explaining the Indian policy towards Bhutan.

Another former ambassador points to the importance the leaders in the two countries have accorded to personal ties with their counterparts. In 1954, years before the two countries established full diplomatic relations, the Third King Jigme Dorji Wangchuck was invited to be India's chief guest for the Republic Day parade and celebrations. 'It was considered an unusual gesture by P.M. Nehru at the time, but showed the commitment of the leadership to building a special relationship.' After Nehru, every Indian prime minister has also given Bhutanese leaders a priority

position, and every Bhutanese leader, from the monarchy to the elected representatives, has done the same for Indian leaders.

Perhaps no better example of 'leading from the front' to strengthen relations can be given than the Fourth King Jigme Singye Wangchuck's decision to lead his army in the battle with the militants of three anti-India groups – National Democratic Front of Bodoland (NDFB), United Liberation Front of Assam (ULFA) and Kamtapuri Liberation Organization (KLO) – who had begun to infiltrate into Bhutan's south after fleeing from the Indian Army's operations in Assam and West Bengal in 1991-92. From 1995 to 2003, Bhutan tried to negotiate, without success, with the groups, asking them to shut their camps and leave peacefully. Eventually, on 15 December 2003, after a 48-hour ultimatum to the groups, military operations began. What followed was a rare instance in the past century, of the leader of the country, its head of state and commander-in-chief of the armed forces, stepping into the battlefield himself. Despite the fact that the Royal Bhutanese Army and the Indian Army have always shared close ties and the Indian Army maintains a permanent mission for training through the Indian Military Training Team (IMTRAT) in Bhutan's Haa valley, the King decided this would be a purely Bhutanese operation. While chasing the militants out of Bhutan was something that India wanted, doing it without India's support would affirm Bhutanese sovereignty in the issue, which was probably also, in hindsight, better for the relationship and maintained what the French diplomat Thierry Mathou called Bhutan's 'independence within interdependence'. Bhutanese author Tshering Tashi, who was then a young military volunteer in the two-day war, recounts how the Fourth King, codenamed 'Hotel Mike' by officers, addressed the troops before operations began.

'We must prevent Bhutan from becoming the area of conflict

between the Indian Army and the militants,' Hotel Mike told his soldiers, a mere fighting force of 6,000 men, of an army that had last gone into battle in 1865. 'If we cannot protect ourselves and have to depend on another country for our security, then we will pay a big price … in spite of all the inherent weakness of the army, we will prevail,' he exhorted them. At the end of the operations, after they won, he repeated that Bhutan would never seek war and would always attempt to resolve conflicts peacefully. 'Bhutan is sandwiched between the two most populous nations in the world, so geography does not allow us to entertain the idea of securing our sovereignty through military might.' India maintained a discreet distance, but Prime Minister Atal Behari Vajpayee spoke to the Fourth King before the operations, and after they ended, congratulating and thanking him for the effort.

'The launch of operations against Indian insurgent groups in Bhutan has struck a blow against terrorism and terrorist activities in our entire region,' said External Affairs Minister Yashwant Sinha while informing the Indian parliament of the operations launched by India's neighbour, adding, 'It will promote peace, stability and security in the region and further cement the strong friendship and cooperation between India and Bhutan.'

The ties at the senior-most levels have nurtured the relationship, but for ordinary Bhutanese and Indians, it is the construction of roads by India in Bhutan that has cemented their paths, and the hydropower projects that they collaborate in have kept them energized. Since 1960, when Bhutan's King Jigme Wangchuk (the present King's grandfather) entrusted the Prime Minister, Jigme Dorji, with modernizing the country which had previously stayed closed to the world, the Indian Border Roads Organisation (BRO) has built 1,500 km of roads across the Himalayan kingdom's most difficult mountains and passes under Project Dantak. When

requesting help with the roads, Bhutan's proposals were both strategic as well as functional.

'All the new roads (they) proposed to construct were being aligned to run southwards towards India from the main centres of Bhutan. Not a single road was planned to be constructed to the Tibetan (Chinese) border,' recounted one of independent India's pioneers in forging ties with Bhutan, Nari Rustomji, a bureaucrat who also served as the Dewan, or Prime Minister, of Sikkim from 1954 to 1959. When the Chinese presented a fork in the road, Rustomji said, 'with feelers to bring Bhutan within the orbit of their influence,' Bhutan stood firm in 'maintaining an independent stand.' Instead, India's orbit is one of goodwill, brought over those roads.

Equally important has been the role of hydropower, Bhutan's economic mainstay. The bulk of the projects are funded and built by India and the electricity produced is bought by Indian states. Allowing India to construct these projects, the first of which was commissioned in 1988, with about 1500 MW from six projects completed by 2015, has been a strategic and political move by Bhutan's leadership as well, aimed not only at strengthening economic ties, but also building a co-dependency between both countries in the signature style of the relationship.

'Bhutan has looked to India for economic and technical partnership, but has chosen its own goals and methods in its development strategy,' explains Salman Haidar, former Indian Foreign Secretary, who was ambassador to Bhutan during 1980–1983. 'In this, the imprimatur of the Fourth King is everywhere to be seen. He permitted the use of the country's abundant water resources to generate electricity for Bhutan, but insisted on projects with minimum environmental impact.'

Thus, Bhutan's distinctive model of development with 'Gross National Happiness' has merged with India's desire to preserve and protect its unique relationship with Bhutan, to build a political bilateral relationship between them, quite unparalleled in the world-order of today.

POLITICS: BHUTAN–INDIA RELATIONS

A BHUTANESE JOURNALIST'S PERSPECTIVE

TENZING LAMSANG

EARLY HISTORY, TREATIES AND FRIENDSHIP

Bhutan saw the real face of the British Empire after the British effectively annexed large parts of neighbouring Assam and Bengal in the 19th century. The result was the defining 1864–65 war, where despite stiff resistance and some initial victories, Bhutan formally ceded control of the Assam and Bengal Duars to the British.

A central and key figure in rallying the nation in the fight against the British was Desi Jigme Namgyel, the father of the First King of Bhutan. Bhutan may have lost all the Duars and with that valuable revenue and resources, but one positive outcome of the 1864–65 war was that it resolved the internal power struggle in Bhutan, with Desi Jigme Namgyel consolidating power, which was passed to and further consolidated by his son, the First King of Bhutan Gongsar Ugyen Wangchuck, in 1907.

The 1865 war also had an important outcome in the form of the 1865 Treaty of Sinchula which was the first foreign treaty between

Imperial British India and Bhutan. The treaty specified the handing over of the Duars to the British, and in return a payment of ₹50,000 as annual subsidy.

An update to this treaty came in 1910, in the Treaty of Punakha, which was more like an amendment to the 1865 Treaty, increasing the subsidy to ₹100,000 per year and declaring that the British would not interfere in the internal matters of Bhutan, but that Bhutan would agree to be guided by the advice of the British in its external relations.

The 1865 and 1910 treaties between Bhutan and the British recognized and reaffirmed Bhutan as a sovereign and independent country. The 1910 Treaty of Punakha also reflected the common security concerns of both the countries. The Manchu invasion of Tibet to reassert control took place in 1910 and there were fears that the Manchu, who had expanded the Chinese empire to its biggest territorial size ever, might pose a security threat to both Bhutan and British India. However, with the revolution in the Chinese mainland in 1911 and the removal of Manchu forces from Tibet by 1911, the British were reassured and saw no major threat at the borders.

Bhutan's requests for foreign aid, loans and investments from the British to develop the Bhutanese economy right from 1907 up to 1947 were largely ignored as the Manchu threat had receded.[1] This period in history, more than anything else, signifies Bhutan's strategic importance being related to a perceived threat from China.

The Constitutional Adviser to the Constituent Assembly of India, Sir Benegal Rau, correctly surmised that unlike the Indian states and princely states under British India, Bhutan was a foreign country with treaty relations with the British, and it was the Bhutanese who

1. Singh, Nagendra, *Bhutan,* a *Kingdom in the Himalayas: A Study of the Land, Its People, and Their Government*, Thomson Press, 1972.

willingly agreed to be guided by British advice in its 'foreign relations'. Moreover, the legislative writ of British India never extended to Bhutan.[2]

With the British leaving the subcontinent and independent India as Bhutan's neighbour, Bhutan and India signed the 1949 Indo-Bhutan Treaty. The Treaty reasserted Bhutan's independent status as a sovereign country, entering into a foreign treaty relation with the newly-independent India. The 1949 Treaty, which was an improvement on the 1910 Treaty, removed the title of 'Maharaja'and mentioned the title of 'Druk Gyalpo' as the head of Bhutan, which was another symbolically important acknowledgement of the difference between Bhutan and the princely states in India.

Article 2 of the Treaty said that Bhutan agreed to be guided by the advice of India in its foreign relations. The Bhutanese understanding and interpretation of this aspect of the treaty meant that Bhutan would consult India, but as a sovereign country it would be up to Bhutan to follow the advice.[3]

The situation in Tibet had remained relatively peaceful between 1911 and 1949. It saw a major change with the People's Liberation Army (PLA) launching an invasion of Tibet which saw its completion around 1959. Overnight, the security and strategic calculations changed as both Bhutan and India now had China and the PLA on their international borders. A look at the geographical and political map of South Asia will immediately make it apparent that after1949 onwards Bhutan, once again, acquired an enormous

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2. Nagendra Singh, *Bhutan,* a *Kingdom in the Himalayas: A Study of the Land, Its People, and Their Government*, *Thomson Press*, *1972*.

3. Sunanda K. Datta-Ray, 'An Unresolved Dispute in Our Backyard', *The Free Press Journal*, 26 December 2015, http://www.freepressjournal.in/analysis/sunanda-datta-ray-an-unresolved-dispute-in-our-backyard-sunanda-dutta-ray/743247.

strategic importance and value, and this only increased as Chinese troops came closer to the Indian and Bhutanese borders. Bhutan itself was alarmed by the developments in Tibet and realized that it would have to break out of its isolation and economic backwardness.

In 1958 Pandit Jawaharlal Nehru made an important landmark visit to Bhutan, after a planned trip to Tibet was cancelled. With the 1949 Treaty already signed and the developments on the international border, Nehru's visit symbolized the close cooperation between Bhutan and India. Pandit Nehru's visit was important in adding a personal element to the relations. It provided a big push in bringing a better understanding, but the bedrock of the relationship between the two countries was based on international law and treaties between two sovereign nations.

INDIAN ASSISTANCE

While there were clear geo-strategic reasons for India to give developmental assistance to a strategically vital Bhutan, independent India was markedly much more positive than the British had ever been towards Bhutan. The British had been happy as long as Bhutan was politically stable and did not create any trouble for them. Their only attempts at trade with Bhutan were to try and see the possibility of using routes through Bhutan to trade with Tibet.

The first four of Bhutan's five-year plans (FYP) from 1961 to 1981 were mostly funded by the government of India. These plans allowed Bhutan to modernize effectively, with focus on modern highways, schools, hospitals, agriculture, mini-hydroelectric plants, administrative structures, revenue producing economic activities and other social programmes. From the fifth to the tenth plan, India's assistance to Bhutan's planned development averaged around 30 per cent.

These planned activities do not cover the important hydropower projects between India and Bhutan like the 60 MW Kurichu project, the 336 MW Chukha project and the 1,020 MW Tala project, which are still Bhutan's largest source of revenue.

The plans increased tremendously in size from Nu 107 million in 1961–66 to Nu 216 bn in the 11th plan period from 2013–2016. In the 11th plan, India gave Nu 45 billion in assistance.

Bhutan, with India as its sponsor, joined the United Nations in 1971, marking yet another monumental step in Bhutan's history.

THE 2007 FRIENDSHIP TREATY

Despite the close friendship, there was anxiety in many quarters in Bhutan to not be seen as a protectorate of India on the international stage. In the 50th session of the National Assembly in 1979, a *chimi* (elected people's representative) asked the Foreign Minister the extent to which the foreign policy of Bhutan was controlled by India. His Majesty, while supplementing the Foreign Minister's reply, importantly said that while it may discuss with India on foreign policy matters, Bhutan had the right to take a decision on any issue, in keeping with its national interests. Therefore, the change in Friendship Treaty in 2007, removing the clause from the 1949 Indo-Bhutan Friendship Treaty on seeking advice from India on foreign relations and also the need to seek permission to import arms, was only a recognition of the Bhutanese understanding of the 1949 Treaty.

BHUTANESE CONTRIBUTION

Developmental assistance from India to Bhutan over the decades has not been a simple one-way street. Bhutan, in its relations with

the British, far from allowing any permanent military presence in Bhutan, did not even host the political officer of the British to Bhutan, Sikkim and later, Tibet. However, after developing close economic and strategic ties with India, Bhutan started hosting a significant Indian military presence in the form of Indian Military Training Team (IMTRAT) to train the Royal Bhutan Army and also DANTAK, an arm of the Border Road Organizations of the Indian Army, to build roads in Bhutan. However, these days most roads are built by the Bhutanese government and private Bhutanese contractors.

These two Indian military agencies have offices all over Bhutan. IMTRAT has a huge base in Haa Dzongkhag or Haa district, which is close to the disputed Doklam region. Even in the capital city of Thimphu, where land is increasingly scarce and prices are going through the roof, IMTRAT, DANTAK and the Indian Embassy sit on enough prime land to fit a small new township for Thimphu.

On the foreign affairs front, while Bhutan takes an independent stand on many occasions, India has found Bhutan to be a useful and reliable ally in the international fora on many issues critical to India's interests. In Bhutan's border negotiations with China since 1984, Bhutan even refused an opportunity to solve its boundary issue and get some disputed territory, primarily out of concerns for India's security interests. Since the 1990s, China came up with a 'package deal', where in return for the smaller disputed Doklam area, it was willing to give bigger territorial concessions in disputed territories in central Bhutan. By 1996, the Chinese offer was repeated in a comprehensive way. Apart from gains of disputed territories, it was an opportunity for Bhutan to solve its boundary dispute with China.

Bhutan's National Assembly resolutions from the late 1970s onwards show the unresolved boundary with China was giving

Bhutan severe headaches, with multiple Chinese encroachments creating an air of uncertainty.

Unknown to many in India, Bhutan had to subsequently pay the price for rejecting the package deal of 1996 as the Chinese became noticeably more assertive and active in building roads in the border areas, even encroaching into traditional Bhutanese areas. In the 2005 session of the National Assembly, the Bhutan government revealed how China was building six roads towards Bhutan, with four roads already intruding well into Bhutanese territory. Bhutan, as usual, protested vociferously and China, after this extensive intrusion, agreed to freeze the construction of the roads.

Bhutan has also had to pay the price in another way as the Chinese, as a negotiation tactic, have made large claims towards the Bhutanese side on even well-accepted Bhutanese areas which were recognized and respected in 1958 when Nehru visited Bhutan through Chinese-controlled Tibet.[4]

Bhutan has not joined the China-led Asian Infrastructure and Investment Bank (AIIB), but India itself recently took a USD 1.5 bn loan.[5]

Bhutan supported India on the issue of Comprehensive Test Ban Treaty even though it has no nuclear industry or aspirations.

Bhutan, in the past, took a diplomatic position not to establish ties with China and also with the other five permanent members

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4. Tenzing Lamsang, 'Giving Bhutan Its Due', *The Indian Express*, 31 August 2017, http://indianexpress.com/article/opinion/columns/giving-bhutan-its-due-doklam-standoff-india-china-relation-4821334/.

5. Reuters, 'AIIB Approves $1.5 Billion of Loans to India for Infrastructure Projects', *Live Mint*, 27 February 2018, https://www.livemint.com/Industry/w9icp6SUtAYE9LUgcHUeiP/AIIB-approves-15-billion-of-loans-to-India-for-infrastruct.html.

of the UN Security Council. This was in large part due to Indian security and diplomatic concerns.

In 1990, the Indian Army launched Operation Rhino and Bajrang against Assamese militant groups, pushing the United Liberation Front of Assam (ULFA) and National Democratic Front of Bodoland (NDFB) cadres and camps into the thick forests of Bhutan. The militants who were joined by the Kamtapur Liberation Organization (KLO), had grown to between 3,000 to 3,500 strong by 2003 located in 30 militant camps.[6]

In December 2003, His Majesty the Fourth King launched Operation All Clear and led the Royal Bhutan Army (RBA) troops to successfully remove the camps and dislodge the militants.

Earlier, His Majesty had personally walked and trekked most of the 699 km distance in southern Bhutan, through thick forests, observing the geography and making plans to deal with the camps of the militants in each area. In a meeting with the top military heads at the RBA headquarters in Thimphu, His Majesty said that the operation against such strong adversaries would have to be an unconventional one.[7] This fact may not be well-known in India, but the 2003 Operation All Clear was a make-or-break moment for Bhutan. Failure was not an option.

Be it the protracted border negotiations with China, Operation All Clear in 2003 or its diplomatic activities, Bhutan has been enormously sensitive about Indian strategic and security concerns. Some may say Bhutan, recognizing the geographical reality of

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6. 'Operation All Clear', *Wikipedia*, 13 May 2018, https://en.wikipedia.org/wiki/Operation_All_Clear#cite_note-XdF-6.

7. Tenzing Lamsang, 'The Militants Matched Us Almost Evenly in Manpower &Weapons but We Had His Majesty', *The Bhutanese*, 11 July 2015, https://thebhutanese.bt/the-militants-matched-us-almost-evenly-in-manpower-weapons-but-we-had-his-majesty-goonglen-batoo/.

India, has taken a pragmatic path. Author Sunanda K. Datta-Ray has pointed to how Bhutan has managed the impossible feat of getting closer to India and at the same time creating more space for itself and strengthening its sovereignty.[8]

From the Bhutanese point of view, the relationship with India has never been a simple transactional one. There has always been a high regard and warmth for the relationship in Bhutan, both at the government as well as the people's level.

ADDRESSING THE ISSUES

Bhutan has always taken the bigger share of the load to protect, nurture and strengthen the relationship with India, which at times came at the cost of ridicule from other regional neighbours. Some senior Bhutanese officials have observed that, over the years, even in delegation-level meetings, while the Bhutanese side goes with great awareness of the importance of the relationship, the attitude from the other side, especially at the senior bureaucratic level, lacks the same level of enthusiasm and commitment.

The Bhutan–India relationship needs to evolve, and especially so in the post-2008 democratic scenario of competitive politics, where governments are accountable to ordinary people. In this democratic era, foreign policy can no longer be conducted behind a veil, as the people are increasingly observant and at times critical about Bhutan's foreign policy moves. Also, at the official level, if the vital concerns between the two countries are not addressed, they can become a source of mistrust and suspicion.

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8. Sunanda K. Datta-Ray, 'An Unresolved Dispute in Our Backyard', *The Free Press Journal*, 26 December 2015, http://www.freepressjournal.in/analysis/sunanda-datta-ray-an-unresolved-dispute-in-our-backyard-sunanda-dutta-ray/743247.

This now takes us to a few important issues that need to be addressed, both now and in the future, for a better and a more sustainable relationship between the two countries.

The first and the most important issue is to reduce the growing gap between India's commitments and actual delivery on the ground in the crucial field of hydropower. In 2008, the Indian prime minister committed to additional power projects of 10,000 MW by 2020 and subsequently agreements were signed between the two governments.

It would be an understatement to say that hydropower is now the most important aspect of Bhutan's relationship with India. This is because, for now, it is only hydropower that will help Bhutan to achieve its long-cherished political and economic goal of economic self-sufficiency. This will also reduce the growing and unsustainable trade deficit between India and Bhutan which led to the painful 2012-13 economic crisis in Bhutan.

While India is Bhutan's largest donor in its five-year plans, it is also a fact that any Indian assistance for Bhutan's five-year plan is virtually wiped out in a year or a year-and-a-half's worth of trade deficit with India. This trend has only been increasing over the years.

In 2014, Bhutan was shocked when the Indian government made it clear that additional hydropower projects of 10,000 MW by 2020 would no longer be possible due to 'financing concerns'. The ongoing under-construction projects of 2,940 MW (consisting of the 1,200 MW Punatsangchu I project, 1020 MW Punatsangchu II project and 720 MW Mangdechu project), where Bhutan would have full ownership, would continue as agreed. However, for the new projects, the Indian side proposed to implement four joint venture (JV) projects of 2,120 MW capacity, with 50 per cent Indian public sector unit (PSU) ownership. These are the 770 MW Chamkarchu

project, the 600 MW Kholongchu project, the 570 MW Wangchu project and the 180 MW Bunakha project.

This left Bhutan flummoxed. The financing conditions were also tougher. From the earlier 60 per cent grant and 40 per cent loan, it would now be 30 per cent grant and 70 per cent loan. The earlier terms were a part of the larger 10,000 MW deal which included the government-to-government 2,500 MW Sunkosh reservoir project and the 2,640 MW Kuri Gongri reservoir projects.

The two reservoir projects are important for Bhutan, as unlike the other run-of-the-river projects which cannot generate much power in winter, the reservoirs would generate power on a year-round basis and thus allow not only export of power but also enhance Bhutan's industrial development.

The JV companies from the Indian side, which were Indian PSUs, from day one rubbed the RGoB the wrong way. They made demands that went beyond the larger agreement between the two governments and asked for more management control and even refused to come up with the agreed financing.

If this was not enough, India's power ministry, on 5 December 2016, issued Cross Border Trade of Electricity (CBTE) guidelines with inputs from India's Ministry of External Affairs. The CBTE, though meant to be general guidelines for all cross-border electricity trade, were seen to be mainly targeting Bhutan by using India's monopoly buyer status and restricting the type of hydropower investments that could be made in Bhutan. This put Bhutan at a disadvantage as the guidelines set future tariff rates differently from the current government-to-government formula. They denied Bhutan access to India's primary power-trading market where tariff rates are more competitive. Strangely, CBTE even asked that any power trading company exporting power to India from another country (read Bhutan) would be required to have 51 per cent Indian ownership.

With such a drastic change in the 10,000 MW commitment, followed by such unfavourable terms, especially with the JVs and CBTE, Bhutan has refused to sign the Concession Agreement for the JV projects, citing the manner in which CBTE and the demands of JVs violate the agreement between the two governments.[9]

There can be no doubt that positive results in the hydropower sector have the potential to enhance Bhutan–India relations. At the same time, if India cannot fulfil its commitments then it will lead to disillusionment and strengthen those who argue against having such a close relationship with India.

Apart from hydropower, another issue between the two countries is about Bhutan's diplomatic prerogatives. Even though the 2007 Treaty of Friendship dropped the need for Bhutan to consult India on its foreign affairs, Bhutan has always been sensitive of India's concerns and interests. However, some of these perceived Indian interests are outdated and not consistent on the ground.

One example is that Bhutan decided not to join the China-led Asian Infrastructure and Investment Bank (AIIB) but India itself recently took a USD 1.5 billion infrastructure loan from the bank. This is in the context of Bhutan having growing economic needs and also challenges like youth unemployment, which cannot be addressed without diverse foreign investment and financing.

There is increasing public criticism at home on the lack of RGoB's diplomatic engagements and lack of relations with many major powers of the world. Bhutan has a diplomatic enclave enough to fit 15 new embassies, but so far only one plot has been

9. Tenzing Lamsang, 'More Than the Doklam Issue, Bhutan Worried About Hydropower Deficits', *The Indian Express*, 30 July 2017, http://indianexpress.com/article/opinion/columns/more-than-the-doklam-issue-bhutan-worried-about-hydropower-deficits-4768598/.

allotted to Bangladesh, which is the second full embassy in Bhutan, after India.

Bhutan is the only South Asian country which has not joined China's One Belt One Road (OBOR) project, even though it remains land-locked in terms of transportation and trade. Even the promised 18 km rail line, called the 'Golden Jubilee Rail Line' which would connect Bhutan to the entire railway network of India was shelved in 2014 as the Indian government was unable to get the land for the railway line.

On Doklam, as pointed out earlier, Bhutan has made many sacrifices and suffered the consequences for it.

A maximalist position by China, Bhutan and India on the issue will only lead to a potential conflict point in the Himalayas. A better and more creative way must be found, where the concerns of all three countries are adequately addressed.

At the larger policy level, New Delhi must start seeing Bhutan from a less China-centric view. There is growing fatigue in the Bhutanese public space of Bhutan being treated like a buffer state between the two great powers of Asia, and every move made by Bhutan dissected for any possible China angle or the China hand.

It is also important for Indian agencies working in Bhutan to keep Bhutanese sensitivities in mind. An example is DANTAK's signboards all over Bhutan welcoming people to Bhutan or giving cheesy driving tips. It is taken as an affront by most Bhutanese.

Bhutan has come up with efforts to regulate mass tourism and encourage high value, low impact activities which also protect the environment. But many of the measures cannot be successful without the cooperation by India or the Indian Embassy in Thimphu and the Indian Consulate in Phuentsholing.

A HOPEFUL FUTURE

Bhutan and India, for many years, have had a pragmatic relationship, with Bhutan recognizing India's contribution to its development as well as the geographical reality of India, and India recognizing Bhutan's strategic and buffer value. However, this relationship has to evolve with the changing environment and the growing awareness and aspirations of both the peoples. New Delhi must accept this natural progression from pragmatism to dignity and equal treatment. Otherwise it risks unhealthy pressures building up below the calm surface.

It is a hopeful and bright future, where Indian aid and all the implications and complications that comes with it, is replaced by trade in energy, carbon credits, organic agricultural goods and other economic possibilities between the two sides.

With increasing development, the world is grappling with the problems brought about by the changes. There is a growing recognition of the value that Bhutan brings to the international community with its philosophy and practise of Gross National Happiness (GNH). India can tap into this experience and the value provided by Bhutan.

Bhutan can benefit from the high-end and regulated tourism from India. Also, as India develops and deals with the problems of pollution and climate change, Bhutan can be an important source of clean and reliable energy and an important part of its renewable energy mix.

If South Asia has to grow and prosper then it has no choice but to follow the European Union (EU) example of cooperation. India can be like the Germany of today in the EU, encouraging fair trade and transit across its borders, so that Bhutanese electricity and products can be sold with ease in other South Asian or international markets.

It is a hopeful future where, as the relationship and attitudes mature, India would be at the forefront of encouraging international trade and investment in Bhutan, including in hydropower, and standing to gain in the process. It is a future where Bhutan can play a more active diplomatic role on the regional and world stage without having to worry about old and outdated sensitivities. It is one where old notions of 'buffer states' and 'spheres of influence' are replaced by bridges and spheres of cooperation.

Bhutan has always been a realist, and so it knows that its position and future is linked to developments on the larger regional and international stage. History shows that old hostilities and enmities never last. As relations between India and China are visibly improving post-Doklam, Bhutan, in time, can be that important and trusted bridge between the two giants, and in the process benefit from the potential trade and transit.

The aspirations of Bhutan are actually quite basic and not unreasonable. All it wants is economic self-sufficiency, protection and enhancement of its sovereignty, peace, stability and a positive international image.

India frequently cites its relationship with Bhutan and also its hydropower cooperation as a possible template for other South Asian countries. India also appreciates Bhutan as its closest and most reliable ally and friend, sticking together with it through thick-and-thin. Bhutan has and will always have a high regard and warmth for India. It will always remain a reliable and trustworthy friend of India and never do anything that would compromise the security and strategic interests of its closest friend. Actions speaks louder than words. Even on the international stage Bhutan's actions for India have demonstrated this more than once, much more than all the flowery but meaningless words of diplomats.

The proposals presented here are not to dramatically alter anything between Bhutan and India, but to only allow the relationship to evolve naturally and organically, with the changing times and, importantly, to respect and uphold Bhutan's natural aspirations and national goals.

The Bhutan–India relationship is an enormously important one for both countries and it is important for both sides that this relationship continues to flower and strengthen well beyond the first 50 years. For this to happen, the issues highlighted need to be addressed.

ECONOMIC LIFE: 50 YEARS OF INDO-BHUTAN ECONOMIC COOPERATION

DASHO PENJORE

BACKGROUND

The commemoration of 50 years of formal diplomatic relations between India and Bhutan provides a unique opportunity to showcase to the world how two vastly different neighbouring countries can peacefully co-exist and successfully collaborate for the mutual benefit of people in both the countries. Over the past 50 years, Bhutan and India have worked closely together in the political, economic and social spheres. Indo-Bhutan relations are founded on mutual trust and respect, based on shared human values and built through decades of dedicated and selfless service by our visionary leaders. In particular, Bhutan's benevolent kings and the leaders of both nations have worked hard to nurture this relationship.

Indo-Bhutan relations can be traced back to much earlier than the 50 years of formal ties forged by our respective leaders. I would say the origins of our relations were cemented on natural and even divine roots – through the creation of the Himalayas and the Indian

plains to the spread of Buddha Dharma from India with the visit of the Buddhist Saint Guru Padmasambhava[1] in the 8th century. Even today, we say that the biggest import from India to the Kingdom of Bhutan is Buddhism. Bhutanese people, young and old, visit Bodh Gaya (Bihar) in India at least once in their lifetime. This is the place where Gautama Buddha received Enlightenment and from where the seeds of Buddha Dharma spread across the world. The basic founding values in Bhutan, the concept of Gross National Happiness propagated by our Dharma Kings, have also emanated from Buddhism.

Prime Minister Nehru's visit to Bhutan in 1958 and his extraordinary friendship with His Majesty, the Third King Jigme Dorji Wangchuck, laid the foundation of close relations between our two countries. His Majesty the Third King also paid a state visit to India, further strengthening the relationship. During an All India Radio interview in February 1968 he said, 'The friendship between India and Bhutan is solid as a rock and I have no doubt will always remain so. It's not only geographical proximity but a mutual love and friendship that has kept us close to each other. Nothing is more valuable than mutual friendship and love.' Three years after Pandit Nehru's historic visit, India helped to finance Bhutan's first five-year development plan (FYP) in 1961, around the time I was born as a fortunate Bhutanese. At that time, Bhutan did not have any modern infrastructure and was largely a barter economy. The Indian rupee circulated as the de facto legal tender – the Bhutanese currency, the Ngultrum, was introduced in 1974, pegged at par to the Indian rupee since its introduction until now.

As we celebrate 50 years of Indo-Bhutan friendship, I would

1. Indian Buddhist master of the 8th century who was said to have been born from a lotus flower in lake Dhanakosha, in the kingdom of Oddiyana.

like to express my gratitude to the Centre for Escalation of Peace (CEP) for providing me with this wonderful opportunity to share my experiences. While for a human's life 50 years may sound long but in the life of a nation, it is small and the young relationship has a huge potential to grow.

BHUTAN'S MODERNIZATION JOURNEY

Before the start of planned development and modernization in 1961, the efforts were concentrated on maintaining internal harmony and securing the sovereignty and security of Bhutan. Modernization effectively began only in the middle of the 20th century during the reign of the Third King, who is popularly remembered as the 'Father of Modern Bhutan'.

Economic life prior to 1961 was confined to subsistence agriculture and forestry-based activities. The first FYP, which was fully financed by the Government of India (GoI), focused on the creation of basic infrastructure. Construction of road networks, agriculture and livestock facilities and modern health and education were prioritized. The second FYP (1966–71) continued expanding basic infrastructure under the full financial assistance of the Indian government. The first two plans thus laid the foundations for modern economic development and are identified as the first development phase. Within the first five years itself, 1,770 kilometres of roads were constructed, 15,000 students enrolled in 108 schools and modern communication facilities were established.

With the first development phase addressing many challenges related to accessibility, the second development phase was the consolidation of gains from the available infrastructure. The third and fourth plans (1972–82) further strengthened transportation,

communications, education, health, agriculture and power services, focusing on cost-effective delivery of goods and services. This was also the period when my generation received modern education in schools, with teachers from India largely coming from the state of Kerala. We pay our humble tribute to these teachers from India who endured hardships of travelling through difficult terrains and bearing with the cold winters of Bhutan, teaching most of the leaders of today. The wisdom and foresight of our leaders in making English as a medium of education (or as a second language) is a blessing today in a highly integrated world and more so in the digital environment.

Bhutan enjoyed considerable economic growth towards the end of the fourth plan, driven mainly by the construction of the first hydropower project and completion of the Penden Cement Factory under Government of India (GoI)–Royal Government of Bhutan (RGoB) investment cooperation.[2] Increasing government expenditure without a parallel increase in internal revenues, however, posed fresh difficulties for budgetary sustainability. As a result, the third development phase recognized industrial development as the means to achieve economic self-reliance. The fifth and sixth plans (1982–91) emphasized modern economic development and identified hydropower and mineral-based industries as sources of exports and revenue earnings. The completion of the 336 MW Chhukha Hydel Project resulted in historic economic development and spurred the growth of power-intensive industries. Revenue generated from hydropower

2. The 336 MW Chhukha hydro project was the first hydro project built under the GoI–RGoB investment cooperation initiated in 1975. Similarly, the construction of Penden Cement factory was fully financed through a grant from GoI and it started production in 1981.

and mineral-based industries contributed to domestic resources, financing about 60 per cent of the plan outlay, in line with the goal of economic self-reliance.

In addition to hydropower, international connectivity through telecommunications and airline services were also developed. The seventh and eighth plan periods (1992–2002) marked the fourth development phase of continued investment in hydropower and in modern telecommunications and connectivity. Grants for budget support from the GoI financed about 48 per cent and 25 per cent of the plan outlays respectively, in the two periods.

Starting from 2002, the ninth plan focused on improving the income and quality of life, and promoting the private sector. Driven by the commissioning of the largest hydropower project in Bhutan (the 1,020 MW Tala project) and two medium-sized projects (Kurichhu and Basochhu), the plan period saw considerable economic growth. The availability of cheap and reliable hydro energy induced an industrial boom. The tenth plan focused on broad-based growth by targeting quality infrastructure and rural economic development for poverty reduction. About 19 per cent of the outlay was allocated for local-government developmental activities. The poverty rate declined from 23.2 per cent in 2007 to 12 per cent in 2012. The construction of four mega hydro projects was also initiated during the tenth plan. The 11th plan focused on economic self-reliance and broad-based growth with allocations to local government increased to 30 per cent. The period 2002–18 was the fifth development phase and characterized by intensive and inclusive growth. Per capita income increased to USD 3,438 in 2017 from USD 879 in 2002 while poverty reduced to 8.2 per cent in 2017 from 31.7 per cent in 2002.

With successful planning of economic development and the unstinted cooperation and support of the GoI, Bhutan has today

reached a stage of graduating from the group of Least Developed Countries.

HYDROPOWER: INDIA AND BHUTAN'S ECONOMIC MODERNIZATION

The development of hydropower in Bhutan is an example of successful bilateral cooperation between Bhutan and India, with benefits for both countries. This transformed the nature of the bilateral economic relationship from a donor-recipient model to one of mutually beneficial economic cooperation. Three out of the current five major hydropower projects, with a combined generation capacity of 1,606 MW were constructed with financing, technical assistance and manpower from India. The export of hydropower to India and the subsequent earnings helped finance Bhutan's socio-economic development and aided the growth of many hydro-intensive industries, while also supplying India with reliable electricity at competitive rates.

Bhutan's first major hydropower project, the 336 MW Chukha hydropower project, was financed by GoI through a loan-to-grant financing ratio of 60:40. Being the first major project, around four years (1974–1978) were spent on the construction and development of infrastructure. The project was completed at a cost of Nu 2.5 billion with the first 84 MW hydro-turbine unit commissioned on 7 September 1986, and the remaining three units commissioned by 22 August 1988. Chhukha was inaugurated by His Excellency R. Venkataraman, the President of India, in the presence of His Majesty the Fourth King, Jigme Singye Wangchuck, on 21 October 1988. His Majesty expressed his deep appreciation for the generous technical and financial assistance given by India, stating, 'This project could not have been undertaken if India, our close friend

and neighbour, had not come forward so generously with men, money and materials.'

Bhutan began exporting hydropower to India with the completion of Chukha. This has transformed Bhutan's economy and the lives of its people. In my generation alone, we have witnessed a seismic shift in living standards and lifestyles at both the household levels and in the economic structure of Bhutan, enabled by the hydro sector.

The development of hydropower in Bhutan is guided by the wisdom from our Kings through the recognition that hydropower is a resource which belongs collectively to all the people of Bhutan. This recognition drives Bhutan's commitment to ensure that the benefits from hydropower positively impact all Bhutanese through the prudent use of the revenue for socio-economic development as well as through the supply of electricity to all Bhutanese households. Given Bhutan's tough mountain terrain and sparsely populated distant settlements, the provision of electricity to every household is not an easy task. It often requires carrying heavy transformers and other supplies through dense forests and slippery mountain slopes. However, Bhutan remains firm in its commitment to ensure that hydropower should benefit all Bhutanese.

By now, almost 100 per cent electrification of the nation has been achieved and electricity is available even in the most remote and inaccessible parts of the country. I have travelled the length and breadth of the country and seen how having reliable electricity in the remote areas brings comfort and well-being. Now electricity will bring about more economic activities, promote home production of local goods and also improve liveability to a great extent. It will reduce migration to the urban area, too, nourishing happiness in the rural settings.

India has been and will continue to be Bhutan's most important

hydropower development partner and market. Three out of the five current major projects were financed by GoI, while three more mega projects with a combined generation capacity of 2,940 MW are currently being constructed. All six projects are developed as inter-governmental (IG) undertakings where the two governments establish an authority that gets 100 per cent financing (through a mix of loan and grants) from GoI to carry out the construction. After completion, the projects are handed over to Bhutan.

Based on the success of the Chukha, Kurichhu and Tala hydropower projects, a more ambitious target of achieving 10,000 MW by 2020 with the assistance of the GoI was established in order to accelerate development. The challenges in constructing several mega projects simultaneously are large. There are public apprehensions about delays and cost overruns and concerns relating to overheating and unmanageable spillovers in the rest of the economy. There are pressures on the external sector such as high volatility in growth. There are increasing demands on foreign exchange reserves from the transportation, domestic construction and services sectors as a result of intensified hydropower activities. All this suggests that a more measured pace of hydropower development would be prudent.

To meet the target of 10,000 MW by 2020, the joint venture (JV) model with partnerships between the Druk Green Power Corporation Limited and different Indian public sector undertakings (PSU) was introduced, with the expectation that corporate entities would be able to implement projects much faster. Though several years have elapsed since the signing of the agreement, no JV projects have taken-off as several important issues remain to be resolved. From this experience it is clear that the time-tested and successful IG model would be the best model for hydropower development in Bhutan. The IG model has not been

without its hurdles, though, in the phases of construction, operation and maintenance. Fortunately, both governments have been quick to resolve the impediments successfully, bearing further testimony to the efficacy of the IG model and the underlying goodwill and trust in Indo-Bhutan relations, in general.

While there has been concern about the debt being incurred for these hydropower projects, we are confident that with the IG model and the cost-plus tariff framework, debt repayment will not be a problem. The World Bank–IMF joint debt sustainability analysis (DSA) concludes that Bhutan's debt is at a 'moderate risk of debt distress' as 'the Government of India covers both financial and construction risks of these projects and buys the surplus electricity output at a price reflecting cost plus a 15 per cent net return.' Therefore, though there may be delays and cost overruns leading to increasing debt levels, the cost-plus methodology and the 15 per cent net return will ensure that hydropower debt will be sustainable and is unlikely to lead to a debt crisis.

TRADE AND COMMERCE

Bhutan has a Free Trade Agreement with India, a Preferential Trade Agreement with Bangladesh and a Trade and Economic Cooperation Agreement with Thailand. Bhutan is also a member of the South Asian Free Trade Area (SAFTA) and the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC).

Trade between Bhutan and India began with the trading in agriculture, livestock and forestry-based products. Trade entered a new era with better road connectivity and increased developmental activities in Bhutan, necessitating a formalized trading relationship. The first formal agreement on trade,

commerce and transit between the two countries was signed in 1972.[3] The trade agreement was renewed every ten years, with the recent renewal in 2016 further enhancing bilateral trade and also facilitating the rights for Bhutanese trade with third countries, minimizing documentation and procedures. With more than 85 per cent of merchandise trade and 36 per cent trade in services with India, the Free Trade Agreement serves Bhutan well and has benefitted Indian producers, too, especially those in the nearby states of Assam and West Bengal.

Until the early 1980s, goods covering basic necessities dominated Bhutan's trade with India. The composition of exports from Bhutan shifted from primary to the secondary sector (electricity, cement calcium and ferro-silicon products) by the end of its third development phase. Imports consist largely of capital goods, raw materials and food items. Import expenses, however, are double that of export income, resulting in Bhutan having a large trade deficit with India.

In the future, further deepening of bilateral trade and investments largely depends on aligning the tax regimes of the two countries. For instance, the new tax policy of India, Goods and Service Tax (GST), has put Bhutan in a difficult situation, both in terms of exports to India and import substitution.

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3. *Kuensel*, 23 January 1972: At a simple but solemn ceremony held at Tashichhodzong, an agreement concerning India–Bhutan trade and commerce was signed at 9 a.m. on 17 January 1972 between Bhutan and India. The agreement was signed by HRH Tengyel Lyonpo, Minister for Trade and Industries, on behalf of the Government of Bhutan and H.E. Mr B.S. Das, Representative of India in Bhutan. This is the first agreement signed between the two countries after the lone Treaty of 1949. This agreement was signed to further strengthen the bonds of friendship and cooperation between the two countries.

The Government of India considers the GST reform in India, introduced on 1 July 2017, as one of the most important tax reforms adopted since independence in 1947. This historic tax reform exercise is expected to result in a significant economic transformation – strengthening and facilitating the 'make in India' policy, promoting economic activity and containing inflation.

Given our close trade links with India, the implementation of the GST has a visible impact on Bhutan. In the short run, imports into Bhutan may become cheaper, which may benefit the Bhutanese consumers. But in the long run, it may lead to higher imports, making it difficult for local production to compete and substitute imports, thus further widening Bhutan's trade deficit with India. We, at the central bank, are worried as there will be increasing pressure on INR reserves, threatening the fundamentals of Bhutan's pegged exchange rate regime.

Although raw materials and intermediate goods from India may be cheaper, benefiting the manufacturing sector, the application of export tax (GST) on Bhutanese goods exported to India (at the point of entry) may result in loss of competitiveness of manufactured goods and exports to India.

The Government of Bhutan is also concerned about the loss of government revenue in the coming years from the discontinuation of excise duty refunds and lowering of import values for application of domestic taxes (Bhutan's sale tax and green tax).

However, the understanding is that the authorities of the two governments are urgently considering and discussing the issues affecting Indo-Bhutan trade, particularly relating to the impact of GST on Bhutan. The manufacturers, small and big, are looking anxiously to the considerations GoI will be providing in mitigating the adverse impacts that they are experiencing now.

EXCHANGE RATE PEG

One of the distinguishing characteristics of close economic and financial linkages between Bhutan and India is the one-to-one peg of the Bhutanese Ngultrum to the Indian Rupee (INR). The one-to-one peg arrangement provided a stable exchange rate, which served as a nominal anchor for monetary policy, to manage inflation. The pegged arrangement also helped to promote confidence in the local currency, which supported the process of monetization and economic development.

India is fast becoming one of the leading economies of the world. With huge diversification of global trade and investments, the possibility of INR becoming a fully convertible currency in the global financial market is plausible. For Bhutan, being driven by hydropower exports to India, INR will continue to be the most important part of our foreign earnings and international reserves. Therefore, if INR becomes a fully convertible currency, it will enhance the scope of managing Bhutan's external trade and reserves.

In the meanwhile, however, to defend or hold the existing pegged exchange arrangement, prudent management of international reserves is critical, in particular holding an adequate amount of INR reserves. The level of INR reserves with Royal Monetary Authority of Bhutan (RMA) and its availability on demand provides the confidence to the public in the peg policy.

In 2012-13, Bhutan experienced unprecedented depletion of INR reserves, arising from extensive credit expansion and imports from India. The authorities not only sold convertible currency reserves for INR, but also borrowed from commercial banks in India at commercial rates to meet the INR needs of the public. The depletion in reserves, leading to rationing of INR to the public,

threatened the peg. Unofficially, the Ngultrum was depreciated by about 10–15 per cent in the parallel markets, resulting in hoarding of INR. The authorities had to use unconventional monetary measures to ease pressures of INR demand by freezing of bank loans for construction activity and import of vehicles, and rationalizing public expenditures, thereby compromising on economic growth and development.

The situation normalized by 2016, about the time I returned to the central bank. In order to restore confidence in the peg and stabilize macroeconomic fundamentals, restrictions on loans were removed and more importantly, INR was made available for almost all purposes (but largely through the banking channels). International reserves have now reached unprecedented levels of over USD 1 billion, out of which around 30 per cent is held in INR. Another incident, more recent, threatening the policy of the pegged exchange rate was the demonetization of higher denomination INR in November 2016. On 8 November 2016, when the Government of India announced the demonetization of the 500 and 1,000 denomination currency notes, which were actively circulating in Bhutan, the RMA immediately responded by informing the Bhutanese holding those denominations of INR to return them to the banks in Bhutan. However, cognizant of the serious risks associated with the open border and the huge cash transactions across the border, the central bank had to institute stringent conditions such as requiring all Bhutanese depositors to submit the serial numbers of all the notes and also declare their source of INR. While the public complained that the procedures were very tough, they served well to contain possible abuses, which could occur and respecting the purpose of the reform measures in India.

Although Bhutan experienced several inconveniences in meeting the public demand of other denominations of INR,

particularly since the timing coincided with the winter pilgrimage travel of Bhutanese to Bodh Gaya, the process of demonetization was implemented very effectively. Over the period of one month, only around 26,000 depositors, including companies, deposited around INR 1.6 billion in various banks in Bhutan.

Considering the sensitivity of the operation, there was a close collaboration and exchange of information with the authorities in RBI as well as between the two governments. After careful observation and study, the RBI provided the counter-value of deposits with the confidence that that the Bhutanese authorities would carry out their due diligence of scrutinizing the sources of INR of the depositors. The RMA also worked very closely with the Department of Revenue and Customs and the Anti-Corruption Commission to ensure proper procedures and due diligence. After almost a year of review, the authorities concluded that the sources were legitimate, no incidence of tax evasion was found and no incidence of money laundering was detected. Therefore, the counter-value of all 26,000 depositors for a value of Nu 1.6 billion was credited to their local bank accounts. Reflecting back, the situation was very tricky, but was successfully handled by winning the trust and confidence of the officials in India.

We learnt several lessons from the demonetization process. First, the central bank was able to assess the INR in circulation in Bhutan alongside the Ngultrum. The actual amount of INR 1.6 billion was only about 18 per cent of the money in circulation in Bhutan, which was way below the official estimate of about 30 per cent. Therefore, even if Bhutan continues to have INR in circulation in the future, the estimate for studies and review will be more realistic. Second, the Bhutanese learnt the hard lesson of not hoarding INR earnings in cash. This will encourage them to follow the advice of the authorities to deposit all INR earnings in banks, which helps

to build up the INR reserves and reinforce the confidence in the peg and full convertibility. Finally, the authorities realized the problem of allowing a foreign currency to circulate along with the national currency. Considering this lesson, Bhutan has already recognized INR as a foreign currency in its Foreign Exchange Management Regulations 2018, and is strategizing to move away from the current dual currency system. The central bank will work with commercial banks and the public to gradually move towards a single national currency for all purposes of domestic transactions, while continuing to make INR available for remittances to India, and even cash for travel and incidental expenses.

One of the most doable and immediately available means to improve payments between the two countries is to improve the interoperability of all digital banking payment systems between the two countries. This can be effected through digitization of payments, which is discussed later in this article.

FUTURE OF INDO-BHUTAN ECONOMIC COOPERATION

The Royal Government of Bhutan is working on the 12th plan, which will tentatively commence from 2019, to be implemented by the third democratically elected government (the third national elections were completed in October 2018).

With the objective of creating a 'just, harmonious and sustainable society' through enhanced decentralization and productivity, the 12th FYP has an indicative outlay of Nu 310 billion. Of this, the GoI has committed Nu 45 billion (14.51 per cent) and domestic revenue is expected to finance about 80 per cent, which makes the plan historic by the size of domestic financing.

The 12th FYP focuses on the implementation of 16 key areas of national importance, which include enhancing economic

diversity and productivity; enhancing climate and disaster resilient, carbon neutral development; improving quality of education and skills; reduction of poverty; strengthening democracy and decentralization of administration; improving liveability, safety and sustainability of human settlements; and strengthening justice services and institutions.

To be a more economically self-reliant nation and to prepare for graduation to a Middle Income Country from the group of Least Developed Countries by the end of the 12th Plan, emphasis has increased on diversification of the economy, besides continuing to harness the hydropower potential. This strategy is also relevant from the perspective of increasing local production, fighting the trade deficit and providing employment opportunities to the growing number of educated youth.

Hence, there is a need to explore newer areas of economic cooperation between our two countries. Economic cooperation between Bhutan and India has so far largely been at a government-to-government level. The strong bonds of mutual respect, trust and goodwill must now be leveraged to encourage economic cooperation at a people-to-people level. I had the experience of serving as the Secretary General of Indo-Bhutan Friendship Association during 2005–2013, promoting people-to-people relationships along the border towns. Activities such as exchange of cultural tours, festivals, exhibitions and car rallies which continue to take place can be enlarged in scope, deepening the relationships and also business.

For the historically strong economic cooperation to sustain and to grow even further, the governments of the two countries must look to encouraging more private sector collaboration especially in the areas of foreign direct investment, tourism, digitization, financial inclusion and employment opportunities in India.

An area of concern for Bhutan is related to the recent implementation of GST in India in July 2017. This has resulted in the loss of Bhutan's protected trade relations with India. While benefits were expected to accrue from cheaper imports for selected items, Bhutan's major exporters (cement, steel and mineral-based industries) have been hard hit, losing their competitiveness in the Indian market. Given the difference in sizes and economic strengths of Bhutan and India, and Bhutan's economic and financial links with India, macroeconomic conditions in India influence the state of Bhutan's economy to a large degree, and India's domestic macroeconomic policy ends up having an immediate impact on Bhutan as well. Sensitivity to such macroeconomic shocks and policy concessions for a small neighbouring economy would help to further strengthen economic partnership and take bilateral relations to new heights.

FOREIGN DIRECT INVESTMENT FROM INDIA

Some of the basic enabling factors already exist to attract more investments from India, such as political and economic stability, peace and security, free trade agreement, double taxation avoidance agreement, geographical proximity and political goodwill. Besides adopting a business-friendly Foreign Direct Investment (FDI) policy, Bhutan has been actively involved in introducing a number of reforms, creating public information systems and simplifying the procedures for business establishments in an attempt to improve the ease-of-doing-business ranking. Bhutan is ranked 75 out of 190 economies in Doing Business 2018 and the country has been recognized as one of the economies improving the most across a number of parameters of the Doing Business index.

The government is also actively working with the Government

of India in seeking concessions on the application of GST on exports of Bhutan to India, and also its tax reforms to promote FDI and related exports to India.

Going forward, the expected completion of three major hydropower projects in the 12th plan and four upcoming industrial estates, three of which are located in southern Bhutan, provide much scope for additional investments from India, particularly in the power-intensive manufacturing sector. Supply of reliable electricity, which is already available at the most competitive rates in the region, is expected to increase significantly, thereby attracting more investments. The initiation of SASEC[4] (South Asia Sub-regional Economic Cooperation) project to improve transport infrastructure, logistics and trade is an additional factor that should be leveraged to attract Indian business investments in Bhutan. The increasing numbers of regional tourists visiting Bhutan also provide opportunities for Indian investments in the hospitality and services sector. Policies now need to be focused on providing an enabling business environment for economic cooperation to flourish at the people-to-people level.

REGIONAL TOURISM

The tourism sector is one of Bhutan's largest convertible-currency earners. Bhutan's cautious approach to tourism is based on the policy of 'high value, low impact' to ensure that adverse impacts from tourism on our socio-cultural and natural environment are

4. SASEC programme brings together Bangladesh, Bhutan, India, Maldives, Myanmar, Nepal and Sri Lanka in a project-based partnership which aims to promote regional prosperity, improve economic opportunities and build a better quality of life for the people of the sub-region.

minimum. International tourists pay a minimum daily tariff[5] of USD 250 or USD 200 depending on the season. Regional tourists (visitors from India, Bangladesh and Maldives) are exempted from the prepaid tariff policy.

Regional tourist arrivals have been increasing rapidly over the last few years. In 2017, some 176,654 regional tourists visited Bhutan, out of which 65 per cent were Indian. A large proportion of visitors from India travel to Bhutan by road in big groups in their own or hired vehicles. The rising middle-class in India will be a major source for Bhutan's regional tourism.

In order to ensure Bhutan's guiding principle of low impact on our natural and socio-cultural environment, regional tourism should be promoted in an organized manner focusing on high quality and convenience for the visitors and minimal adverse impacts on the host. Bhutan's policy on regional tourism therefore needs to balance the special concessions, which are provided to regional tourists with the risk of mass regional tourism and its impact on our fragile eco-system and limited infrastructure.

DIGITIZATION AND FINANCIAL INCLUSION

This chapter would not be complete without a section on information technology. The digital movement in Bhutan is necessary for financial inclusion and equitable economic transformation. Trade, commerce and tourism between Bhutan and India has been increasing every year – Bhutanese going on pilgrimage to India has been growing every year (in 2017, RMA released INR 750 million in cash to 60,339 Bhutanese individuals visiting India as religious

[5] The tariff covers a minimum 3-star accommodation, meals, logistics and taxes as well as a royalty of US$ 65 to the government.

tourists) and similarly the number of Indian nationals visiting Bhutan has been on the rise as well. However, because of the lack of proper infrastructure to facilitate cross-border payments between the two nations, a significant portion of transactions are believed to be executed through physical cash which usually goes unrecorded in the formal banking system.

Although banks in both countries provide international cards, the facilities are expensive with large transaction fees and vending facilities are inefficient and not easily available. Consequently, tourists from both countries have to resort to carrying large amounts of physical cash, posing significant risks and inconveniences. After the demonetization, RBI allows currency notes of only INR 100 or lower for use in Bhutan and this restriction itself poses huge inconveniences in cash transactions (recently the RBI has allowed the use of INR 200 and 500 denominations in Bhutan).

The pace of development of financial technologies and modernization in the digital payments landscape of both the countries is growing at a remarkable pace. There is an increase in the deployment of ATMs, electronic fund transfers, mobile banking and payments, cashless solutions and national e-payment gateways. These payment systems are supported by enabling regulatory frameworks and tools such as mobile money, agent banking and funds transfer clearing.

Cognizant of these developments and opportunities, the RMA is currently implementing an iconic project to connect the Bhutan Financial Switch, owned and operated by RMA, with the National Financial Switch, operated by the National Payments Corporation of India (NPCI) and join the RuPay network. This initiative, a distinguished flagship project in the region to commemorate the 50th anniversary of India–Bhutan friendship this year, is expected to improve and facilitate cross-border remittances between the

two nations. Although Bhutan's financial sector is much smaller than India's – comprising five commercial banks, one pension fund, three insurance firms and three microfinance institutions, the interconnectivity of these national switches is congruent with the objective of promoting digital payments transactions, which is initiated by the authorities of the both the countries.

Through this initiative, cross-border interoperability would allow citizens of both nations to seamlessly perform banking transactions using their local bank ATM or debit cards through any of the delivery channels such as ATMs, PoS or merchant's e-commerce sites. The integration is expected to pave way for the RuPay brand to become one of the growing payment networks in the cards space, at par with the dominant international players.

Using the ICT (Information and Communications Technology) platform in promoting further digitization in the financial sector is another opportunity for collaboration between the two countries. The tourism sector, in particular, can benefit from a digitally integrated payment system. Similarly, promotion of payment gateways could help in enhancing easy and effective means of payments and settlements for promoting trade and commerce between the two countries. Real Time Gross Settlement (RTGS) system, which India has already implemented, is another area for future cooperation.

Collaboration between Bhutanese and Indian financial institutions is also an area for future cooperation. The Bhutanese capital market is still at a rudimentary stage and financing is largely dependent on bank loans. Developing the Bhutanese stock market through cross-listing of stocks on the Indian stock exchanges and raising funds through marketable securities remains to be explored. Promoting cooperation in the area of anti money-laundering (AML), combating financial terrorism (CFT)

and dealing with cross-border financial surveillance has also become very critical.

The entry of Bhutanese banks in the Indian financial sector is an area for future cooperation, which would help Bhutanese people to avail quality banking services and financial products. The Bank of Bhutan is in the process of opening its fully owned subsidiary in India and is working with its counterparts in the State Bank of India (SBI) to complete the process. The RMA has already provided the in-principle approval and is also assisting with the process.

EMPLOYMENT OPPORTUNITIES IN INDIA

Since the start of economic development in Bhutan, India has been the main supplier of professionals employed in the field of education, health, infrastructure (roads and bridges) and, more recently, in the construction of hydropower plants.

Now, with India emerging as one of the fastest growing economies in the world and with a huge, open economy, the scope for Bhutanese youth to work in India looks very promising.

The Royal Government of Bhutan (RGoB) has implemented numerous employment promotion and facilitation programmes to address youth unemployment. However, these interventions are not adequate. The Overseas Employment Programme was also adopted as a short-term measure to engage youth through overseas placements for job experience and enhancement of knowledge and skills.

Between 2014 and 2017, the RGoB placed 5,020 job-seekers through such programmes, out of which 2,211 youth were placed in India. Placements in India are mainly in the hospitality sector (5-star hotels) where the youth are gaining on-the-job experience and then trying for jobs in hotels in Bhutan.

However, except for the hospitality sector, job placements in India are very competitive and wages are comparatively low. Therefore, there is a potential for both the governments to work together to explore other areas of interest such as IT, banking and financial services, automobile industry and retail, among others.

CONCLUSION

India has been a steadfast partner in the journey of Bhutan's modernization and economic development. Indian grants and investments in hydropower have been the key force in driving growth and development over the last four decades. India also continues to be Bhutan's largest trading partner – 85 per cent of Bhutan's exports are to India while 81 per cent of imports are from India (2017 data).

The exchange rate peg of the Ngultrum to the Indian rupee has been beneficial for Bhutan. Given that an estimated 52 per cent of Bhutan's Consumer Price Index (CPI) basket constitutes imported items from India, inflation management in India has an important effect on Bhutan. Low and stable prices in India through India's recently adopted inflation targeting framework will benefit Bhutan in achieving sustainable socio-economic growth, by maintaining confidence in the local currency's value, ensuring stable exchange rate and encouraging national savings through a positive real interest rate.

India's own economic development has been a journey of successes and failures; of recognition of failures and a willingness to lead change and reinvent to find new ways of providing dynamism and growth. And most importantly, it has been a journey made by a resilient people who have overcome many hardships and obstacles. Under the leadership of Prime Minister Narendra Modi, India has entered a new era of unprecedented

growth and prosperity and we, in Bhutan, have much to gain from a stable and strong India.

While the foundations for a strong Indo-Bhutan friendship have been laid by the leaders of our two countries and nurtured through government-to-government collaboration, the future, for more vibrant Indo-Bhutan relations, rests on people-to-people collaborations in all economic spheres, leveraged by technology and assured through decades of political goodwill and mutual respect.

Leaders and policy makers have a role, and a more important one, to play in providing an environment under which business collaborations and personal networks and exchanges thrive and flourish.

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ECONOMIC LIFE

SUDHIR VYAS

> When I speak of the future, I am speaking of you, our youth … Bhutan's success or failure will ultimately depend on the strength of your commitment, your willingness to embrace challenges and hard work … it is not enough that a few of you excel. Every single one of you must strive to be the best.
>
> —His Majesty the King, addressing the public on the occasion of Bhutan's 100th National Day in 2007 as he assumed his royal responsibilities

Every visitor landing at Paro airport on a first visit to Bhutan will definitely be impressed by the picture-postcard landscapes of the valley. The terraced paddy-fields shimmering in the sun, the traditional architecture of the villages and the impressive infrastructure, the airport, the roads snaking along the hillsides, a relaxed pace of life and rosy-cheeked children in their uniforms, returning from school – all come together to convey a sense of how well-managed everything is. It is always a sigh to remember.

Sooner or later our visitors will no doubt be back for another visit, drawn irresistibly by the hills and valleys of this delightful land and its warm people. Much will be the same, timeless in its

beauty and character, yet as they look around, they will be struck by how much has changed, and how rapidly.

Our visitors will be impressed, as they talk to some of their Bhutanese friends – and they are all so polite, so friendly and eager to help – by how fresh and contemporary their reactions are. But they will also tell them of their own perceptions of how things are changing, so much for the better, but so much else that demands attention, of how the youth need greater focus, how they were happy and relaxed in their earlier lifestyles, contemplative but rich, but these youngsters now fritter their time away at discos and bars. And as the visitors pick up a Bhutanese newspaper, they will read of much that is truly inspiring but also tales of growing unemployment, of violence and corruption.

They will see the reverence the Bhutanese people hold for His Majesty the King and the Royal Family and the absolute trust and loyalty they repose in his persona. And see how cosmopolitan much of urban Bhutan can be and the variety of faces and tongues in the cafes and handicraft stores of Thimphu.

Bhutan is not the Shangri-La of the tourism promotion brochures, nor is it going to remain untouched by the changes in the world and the region. The Bhutanese are an independent-minded, self-confident people, proud of their country, religion and culture and will not get easily swept off their feet by the flattening influence of global culture. Nevertheless, Bhutan's youthful population now has far wider horizons through vastly improved communications, the internet, travel and education abroad than was the case even a decade ago. Their aspirations will need to be met. Education and job creation for the youth are critical challenges which face the Bhutanese government.

None of what Bhutan is today has come about by chance. It has been the result of many conscious decisions over the years

under a succession of wise rulers, inspired by a religion that can be surprisingly modern and relevant in its thought and the pride and love that the Bhutanese have for their homeland. And in this process of growth and development, Bhutan's partnership with India has played a big part. Its foundations were laid, with great foresight, in 1958 during Pandit Nehru's visit to Bhutan and the conversations he held with the Third King, Jigme Dorji Wangchuck. We may recall the circumstances of that time – the Chinese advance into Tibet had upset the geo-politics of the region and threatened the main channel of communication which Bhutan enjoyed with the outside world through its representation at Kalimpong, across the Chumbi Valley. The decisions reached during Nehru's visit to develop road connectivity with India and initiate the process of planned development in the Kingdom with Indian support have today matured into an enduring, mutually beneficial partnership. Bhutan could not have remained an isolated Kingdom; it had to stand up to the challenge. Education, health and essential infrastructure were priorities and it was very clear, even at that time, that it would be for Bhutan to decide the pace and direction of its development effort.

The process of economic and social development and expansion of Bhutan's relations with the outside world was carried forward with vision and skill by His Majesty Jigme SingyeWangchuck, the Fourth King, over a reign of 35 years from 1972 to 2007. India remained Bhutan's preferred strategic partner in a relationship characterized by close consultations and cooperation in areas of common interest. Hydroelectric power generation, which today occupies such a central position in accelerating Bhutan's economic development, was initiated in the 1980s. At the same time, infrastructure was expanded and health and education were brought to remote mountain villages through a model that will repay study. The Fourth King's development strategy, which sought

to promote Gross National Happiness, which rested on four pillars consisting of sustainable economic growth, quality governance, ecological health and cultural integrity, caught the imagination of many across the globe.

In a similar calibrated fashion, the Fourth King oversaw the process of political evolution of the kingdom from an absolute to a constitutional monarchy. For drafting the constitution, Bhutan studied the models and best practices followed in other democratic nations and worked closely with Indian constitutional experts, adapting the ideas to weave them into its own drafts to serve its specific contexts and purposes.

When His Majesty Jigme Khesar Namgyel Wangchuck was crowned the King of Bhutan in 2008, he would have found himself leading a country and a people very different from what his father had inherited in 1972. His extensive tours within the country have given him an unparalleled exposure to the needs and growing aspirations of his people, winning him their love and trust. The dynamics of multi-party democracy came into play at the same time, introducing new dimensions in the political environment of the country and its institutions of governance. This new energy that has been unleashed has to be harnessed and channelled to serve the best interests of the country.

King Jigme Khesar has led by example and inspiration. He has encouraged and supported the hopes, processes and engagements of the democratic dispensation. As King, he remains deeply conscious of the value of the India–Bhutan partnership and its relevance to his country and people. All this places an enormous responsibility on his shoulders, a responsibility that he is committed to fulfil with characteristic thought, grace and sophistication.

The Bhutan–India engagement, at government level and also at other levels – youth, civil society, cultural personages – given our

common stake in promoting democratic and liberal values, has to respond to these new dynamics in the relationship as well.

Bhutan remains India's largest development partner in terms of the quantum of developmental support extended by it. From 1961, when Bhutan initiated its process of planned development and Indian grant assistance had met 100 per cent of the first plan budget, the nature and direction of our economic partnership has evolved and diversified. While the contribution of Indian development support has fallen to 23 per cent of the budget in the 11th (2013–2018) plan, there is continuity in many of the sectors of cooperation, even as new areas and opportunities relevant to contemporary Bhutan take on greater importance in our agenda. Infrastructure, education and capacity building remain core themes in our cooperation effort. Bhutan's avenues of revenue generation have expanded as education and skills, growing capacities and on-the-job training have permitted Bhutanese nationals to take on roles themselves for which they depended on expatriates in the past years. Programme grants are now a progressively minor component in our economic partnership. Reflecting these new and emerging priorities, Bhutan and India are working together in areas of health, higher learning and professional education, building governance institutions, entrepreneurship capacity development and employment generation, IT and ITES, connectivity – both physical and digital and other growth areas.

India and Bhutan have a liberal free-trade and transit regime to meet the requirements of a land-locked Bhutan and India remains Bhutan's largest trading partner. The transactions are conducted in fully convertible Indian rupees, at par. Bhutan sources the majority – over 80 per cent – of its import requirements from India, while its exports to India constitute an even larger percentage – over 90 per cent – of its exports, and one third of this is hydroelectricity.

A great deal of emphasis is placed on hydropower development as a vehicle for Bhutan's economic growth, and rightly so. Mega-projects in hydropower development which provide green energy for Bhutan's use while surpluses are exported to meet the demands of the huge Indian market, occupy a central place in Bhutan's development strategy. Export of hydroelectricity to India constitutes the primary revenue source, other than tourism, for Bhutan, which has based its future economic growth on this resource.

India–Bhutan cooperation in the hydropower sector began with the commissioning of the first mini hydropower plant in 1967. The revenues generated by the mega projects that followed – the 336 MW Chukha (1986), the 60 MW Kurichhu (2002) and the largest to date, the 1,020 MW Tala (2007) hydroelectric projects – have transformed Bhutan's economic landscape.

Soon after it took over, the first elected government launched an ambitious programme in 2008 of expansion of hydropower infrastructure. Four mega hydroelectric projects, Punatsangchhu I and II in western Bhutan, Mangdechhu in central Bhutan and Kholongchhu in eastern Bhutan, are presently under implementation. When complete, they will add an additional 3,400 MW to the existing capacity. And more are under study, including a very large storage scheme, the Sankosh Hydroelectric Project, with an installed generation capacity of 2,560 MW. Bhutan's own energy needs have more than doubled in the past decade. But it is already producing far more hydropower than it needs. Hydropower is the major component in Bhutan's exports to India and as capacity is added through these projects, with their employment, energy and revenue generation potential, it will provide Bhutan the flexibility and advantages of a self-reliant economy in the future.

There has been criticism that total reliance on a single export commodity and a single buyer may not be the best approach for

Bhutan, though the structure of intergovernmental arrangements that underpin bilateral government-to-government cooperation in this sector substantially minimize such risk. Power pricing issues have been bilaterally negotiated so far to the satisfaction of both parties, but ways and means that enable hydroelectricity generated in bilateral cooperation projects to be traded in Indian or sub-regional power exchanges on market principles offer a possible solution. There has also been an impression that these hydroelectric projects do not provide for job creation for Bhutanese in the longer term, after the construction phase is complete. This is incorrect since capacities for design and management of projects have been created and with on-the-job training, the local people are now being usefully employed. In addition, spin-off benefits of cheap hydroelectricity are a driver for energy-intensive, job-creating industries in non-power sectors too (like mining, quarrying and manufacturing), which now contribute substantially to the GDP, as also in competitive pricing of the industrial products. Hydroelectricity provides clean energy to households and commercial entities as well, thus reducing dependence on forests and fossil fuels.

It has been argued in the past years that long gestation periods of hydroelectric projects tend to the distort balance-of-payments positions while they are under construction, leading to a compression of imports until fresh generation in the medium term improves the balance of trade with India, to correct the situation. With total hydel capacity expected to increase from 1,600 MW at present to nearly 5,000 MW within the next few years, most of which is slated for export to India, this is of lesser concern.

India and Bhutan have to look at facilitating the production and export of other items that can help in diversifying Bhutan's exports to India. Extractive industries and related manufactures such as

ferro-silica, cement and dolomite, all of which have benefitted from the competitively priced power generated by Bhutan's hydroelectric plants, have issues of pollution and environmental impact that need to be managed. Niche agricultural products can be promoted in Bhutan's mountain landscapes, including spices such as cardamom, varieties of mushrooms, organic and off-season vegetables, herbal medicines and floriculture. These are all possibilities, but require improved transport and rapid off-take facilities to send to India and other sub-regional markets.

THE FUTURE

If there is one bilateral relationship in our neighbourhood that provides substantive content to the term 'strategic partnership' it is with Bhutan. Indo-Bhutan relations today are in good health. At the highest levels, both sides value the deep roots from which their partnership springs, and recognize that they will stand them both in good stead in the years to come. And this is not new, it has always been so.

Our economic cooperation and our trade and investment linkages will move forward. Past experience gives us the confidence that the ambitious programmes of mutually beneficial development projects in Bhutan can be managed and taken forward efficiently and well.

But the Bhutan–India relationship, neighbours who wish each other well, is far too intense and wide-ranging a tapestry to be totally free of complexities. It cannot be taken for granted; it will need to grapple with difficult questions, with new and emerging challenges of the 21st century, with changes in the regional and global environment. And yet, when such concerns do come up, the partnership will ultimately rise to meet the challenge. Efforts will be

required from both sides, and on a sustained basis, to nurture and enhance their privileged partnership as an anchor in the regional sea of rapid and far-reaching changes.

Three broad sets of emerging issues now require serious attention and should form the foundation of India's bilateral engagement with Bhutan in the coming years.

Firstly, the responsibility for nurturing this partnership will fall on the shoulders of our youth, Bhutanese and Indian, for the future belongs to them. An entire generation has grown up in Bhutan with far wider horizons and aspirations than ever before, since internet and television first came to Bhutan two decades ago. The change has been striking and as the age-old social structures and cultures of Bhutan's villages begin to change, as the pace of rural-urban migration increases, tensions grow. More and more young people come to the cities and towns to be educated, to look for jobs and governance takes on a whole new imperative for Bhutan's policy-planners and administrators. Economic, social, political and environmental challenges have to be faced, and the opportunities that these developments present need to be harnessed with imagination and wisdom.

Many of the earlier generation of Bhutanese had lived and studied in India. They retained an understanding and appreciation of India, with a valuable network of friends and acquaintances which served them and the bilateral relationship well. This is changing, naturally, and Bhutanese students are finding it increasingly difficult to obtain seats in professional courses in the highly-competitive reputed colleges in India, while educational institutions in other countries are aggressively marketing themselves. Education and skills development, an ecosystem that will support entrepreneurship and business ideas, should remain a priority area for our cooperation, and there is a clear need to expand the access of Bhutanese youth to

high quality education in India. Indian and Bhutanese institutions, schools and universities should be working together to build a network of linkages where the best of both countries can exchange ideas and projects for the benefit of our region and shared heritage.

A second set of issues draw from Bhutan's land border with India. This is a critical interface, as all of Bhutan's lines of communications, electronic or physical, pass through the border districts of northern West Bengal and lower Assam. The stability, security and efficient governance of these borderlands has a direct impact on the bilateral relationship. These areas are also the first experience of India for many Bhutanese as they cross the land border for transit, commerce, pilgrimage or education. Yet these ecologically priceless and politically sensitive Duars remain afflicted by social and political strife, violence, poverty and under-development, in spite of their substantial prospects for sustainable wealth generation through eco-tourism, production of local handicrafts and products and services.

The scale and intensity of competing demands placed on the India–Bhutan border towns and landscapes will only grow, and the two countries will have to rise to the occasion to meet the myriad challenges. Many of these issues have received attention in bilateral dialogues. As the programmes of hydroelectric and infrastructure development in Bhutan move forward, heavy demographic and logistics pressures will be placed on these sensitive borderlands. Careful planning is required to prevent any undesirable outcomes. Further, with economic growth and infrastructure development in Bhutan, the contrast with the lands across the border in India will be even more accentuated, with the attendant problems and the potential to become a serious irritant in the relationship in the coming years.

The open border itself needs much better management, with

better infrastructure, better cross-border coordination and regulation of movement of people and goods to combat smuggling and trafficking in timber, wildlife and narcotic substances, with all their concomitant implications and security risks. This has to be done imaginatively, and trans-border linkages, coordination and cooperation can provide innovative options which should be factored into the planning process. A broad-based approach to ecosystem-based adaptation for people and livelihoods that addresses biodiversity and climate change impacts in these highly ecologically vital areas, through developing habitat connectivity and an iconic Indo-Bhutan trans-boundary landscape conservation programme, would serve multiple desirable objectives and be a critical component in the effort.

These projects need to be designed so as to gain recognition and acceptance from the public and can even be included in the 50-year celebrations of India–Bhutan diplomatic relations. Indeed, here is an opportunity for our border states to work constructively with our federal authorities to further our foreign policy objectives with benefits to everyone.

The third set of issues that should occupy a prominent position in our cooperative endeavour revolve around Bhutan's water resources. The crucial link between climate, water and energy holds a special relevance for Bhutan. Whatever developmental scenario for Bhutan is considered – whether based primarily on hydropower generation and export, or a natural and cultural assets-based economic growth scenario, underpinned by cultural, adventure and eco-tourism, or an industry and agriculture-supported economic growth based on primary products – water emerges as the primary resource which integrates all objectives and holds the highest relevance as an economic driver for Bhutan. Water is the key asset with interconnections across diverse sectors

of relevance to Bhutan – agriculture and food, forests and forestry, wildlife, tourism, hydroelectric power and the overarching issues of climate change. The priority for Bhutan – and in turn India–Bhutan cooperation wherever it can usefully contribute through geo-spatial studies and exchanges, capacity building and other steps – should therefore remain the ecological integrity and stability of Bhutan's water resources through imaginative governance and financing arrangements for their management and conservation. The fragile mountain ecology of the Himalayan region is under severe stress. Global warming is exacerbating the pressures with retreating glaciers adding a very dangerous dimension to a critical situation. Sustainable development requires a birds eye-view approach. At a landscape level, understanding how the environment copes with change is the key to keeping the ecosystems healthy and resilient.

Bhutan is a beacon of hope in this rather bleak picture. It is not a resource-rich country – its primary assets lie in its water resources, its extraordinary natural beauty and biodiversity, its unique and very special culture and, above all, its people led by their wise King. Gross National Happiness, in the Bhutanese scheme of things, is not an alternative to economic development, but a strategic objective which can prevent societal and political discontent and conflict.

That is also Bhutan's challenge. A sensitively worked-out development strategy can lay the groundwork for Bhutan's well-being and security, even as adverse influences in its neighbourhood begin to have their impact. Bhutan has the potential to articulate a vision for our region, and India the capacity to partner in this effort.

The challenges will come in the future; whether we succeed depends on whether we can foresee the issues and plan well.

CULTURE AND ITS REPRESENTATIONS: GOING BEYOND THE ELEPHANT AND THE DRAGON

OMAIR AHMED

Culture is a slippery concept, one that is not caught easily in the broad framework of religion, arts, language, food, literature, and even politics. It includes all these, and more. We are always so immersed in our culture that we find it hard to see. More problematically we find it hard to say what is, or is not, part of a culture. This book is supposed to focus on India–Bhutanese relations after 1947, but culture is hard to pin down with such boundaries.

Let us look, for example, at Bhutan's national dish, the *emadatsi*, or chilli and cheese. Everyone who has had this fiery dish remembers its flavours. My wife once brought the chilli back to cook with meat in Delhi, and then spent an hour with her hands dipped in ice and water because she had not realised how hot they are. Nevertheless, red chillies, as everybody knows, are not native to South Asia, and were first cultivated in South America, approximately 6,000 years ago. They entered South Asia most likely through the Portuguese colony of Goa (Robinson, 2007), spreading throughout South Asia, and obviously into Bhutan.

This icon of Bhutanese culture, and a staple part of its diet, only entered its cuisine – as it did Indian cuisine, replacing the black pepper that is indigenous – only over the last few hundred years. And yet one cannot separate chillies and cheese from Bhutan, or the red hot chilli pepper from the Indian diet.

Maybe more important is the issue of language. There is no ethnic marker as important as language. It goes to the core of culture. How we express ourselves, the way that an idea is phrased, is terribly important and loaded with cultural and social factors. Ethnologue (Bhutan Country Profile) lists 23 living languages in Bhutan (India has 448 living languages), which seems to indicate an enormous diversity in a country of less than 800,000 inhabitants.

I make these points as a preface that we need to understand when we talk of culture. The examples I pick of India–Bhutan cultural interaction since 1947 will capture only a very small part of the huge area this field covers. My view of the field is that of a man looking through a keyhole. It is necessarily subjective, and excludes far, far more than it includes.

THE VISIT OF THE KING

One of the most culturally defining moments of the India–Bhutan relationship was the visit of the first Indian Prime Minister, Jawaharlal Nehru, to Bhutan in 1958. While this was a political event – and one that became one of immense significance from the moment that the Third King of Bhutan, Jigme Dorji Wangchuck, decided to take the microphone when the translator started struggling – Bhutan was also going through a massive change. While this one was primarily political, the changes were so big that they left no facet of Bhutan's life untouched.

These changes were piloted by the Third King, and found their legal and political articulation in the Thrimzhung Chenmo, or Supreme Laws, that were first placed before the National Assembly – another new creation by the Third King – in 1953 and finally enacted in 1959. The codification of the Thrimzhung Chenmo involved, in large part, putting down the already existing legal structure of the country, but it also involved a radical reshaping of a feudal society dominated by landlords and monastic orders. Until the passing of the Supreme Laws, Bhutan was a highly stratified society, which included the institution of serfdom, but the Thrimzhung Chenmo changed all that, it created a framework where, 'the mighty and the humble … [were] both made equal before the law' (Whitecross, 2003).

While a great deal of this can be attributed to the initiative of the Third King, this massive political, cultural and social transformation did not happen in isolation. While Bhutan has often been portrayed as a 'hidden kingdom', it was not ignorant of the world around it. One of the main reasons was the advisors from the Dorji family. This relationship stretched far back from before the first Druk Gyalpo, Ugyen Wagchuck, was first crowned, establishing the remarkable Wanghchuck dynasty that has steered the fate of Bhutan for more than a century. According to Ashi Kesang Choden Wangchuck, the Royal Grandmother, in their first meeting, Ugyen Wangchuck apparently discovered some family connection between himself and the famed and prosperous Kalimpong-based trader, Ugyen Dorji, and went so far as to say, 'We are definitely sons of brothers' (Choden, Summer 2003, Volume 8).

It was Ugyen Dorji who was one of Ugyen Wangchuck's closest advisers in dealing with colonial India, and his son, Sonam Topgye Dorji, continued in this role with the Second King, monitoring

India as it transitioned from colonial rule to a Republic. It was Jigme Palden Dorji, the grandson of Ugyen Dorji, who was in this key position after India's Independence.

That role did not just mean looking at politics, but at the culture of change all around the borders of Bhutan. The key city where all of this was happening was Calcutta, the old capital of British India, and post-Independence, still one of the most happening cities in South Asia, both the cultural and social capital of eastern South Asia. It was at the Calcutta Turf Club that Jigme Palden Dorji, and it was the love of horses that was one of the bonds of friendship between him and Major General Enaith Habibullah, the first Commandant at the National Defence Academy at Khadakvasla. It was also a love of riding that bound together the friendship between Habibullah and India's Prime Minister, Jawaharlal Nehru.

A RAPIDLY CHANGING BHUTAN

While the work was politics, it was a love of culture that bound these ties together in all sorts of different ways. Seeing the delight on the features of the Third King in the pictures on his official visit to India in 1951, you see his dreams of transforming his country as he looks over agricultural machinery, at railways, and all sorts of things.

This developmental transformation, backed by funding from India, had a radical impact on Bhutan's society. A standing Army was created in the 1950s, and in one of those coincidences that these changes made, two people from villages that would probably never have met, did. These were a young soldier in the new Army, and a woman who was helping build the roads, who would meet, marry, and raise a son who would go on to become the second elected Prime Minister of Bhutan, Tshering Tobgay.

EDUCATION, MOVIES AND JOURNALISM

In a more traditional sense the cultural cooperation was seen in education. In 1920 the First King, Ugyen Wangchuck, had written a twenty point letter to the Viceroy of India asking for help to develop the country, the first point being education of its citizens. The British responded with an offer to log the country's rich forests to pay for the costs. That cooperation died, but the dream of education did not. After India's Independence many Indian teachers would travel to teach in Bhutanese schools, but the travel would not be one way. Ashi Dorji Wangmo Wangchuck, Queen Mother of Bhutan, has written movingly of travelling by jeep to her school, St Helen's Convent in Kalimpong, in India's northeast (Wangchuck, 2006). The first elected Prime Minister of Bhutan, Jigme Yoeser Thinley, studied at North Point, and Delhi's prestigious St Stephen's College. My own research was facilitated by the fact that, upon arrival, one of the first people I met in Bhutan was one of my seniors, Palden Tshering, from a school I attended in Mussoorie, Woodstock, where a number of Bhutanese have studied.

Palden's case also illustrates another aspect of this two-way traffic, in that – despite their small number in comparison – Bhutanese have left their impact on India as well. I had not recalled Palden's nationality from my schooldays, but I did see him as part of a TV advertisement of Eveready Red batteries. A far more prominent role has been played by the model and actor Kelly Dorji, who has starred in both advertising campaigns and movies. Maybe what is most fascinating about Kelly's career is how he has gone beyond Hindi films, acting in numerous Telugu and Tamil films, and even a Kannada one.

Given Bhutan's population is only 0.06 per cent of India's, this is remarkable prominence.

My schoolmate, Palden, also took part in another cultural interaction, that of journalism. After returning to Bhutan he also worked at *Kuensel*, Bhutan's oldest newspaper. Set up in the late 1960s, *Kuensel* began as a government publication, more for the dissemination of information than for investigative journalism or holding the government to account. Since the 1990s this has changed (Dorji, Summer 2006, Volume 14), and after the transition to democracy and the election of the first government in 2008, this changed radically. A number of other publications had already emerged before that transition, but they have taken on a different character, often with the participation and cooperation of Indian journalists working with the publications. This cooperation has been reflected, too, in the programmes of the Bhutan Broadcasting Service, where many reporters have travelled to Indian TV studios to study how Indians TV journalists report on issues.

BOOKS, BOOKS, BOOKS

Maybe the deepest cooperation has been through books, though. It is instructive that Kunzang Choden, who is one of the major Bhutanese authors writing in English has books published by Zubaan, a publishing house set up with the specific mandate to pursue and promote feminist voices. Choden has been a welcome guest at Indian literary festivals, including and especially at the Jaipur Literary Festival, still the biggest literary festival in South Asia, as has the Queen Mother, Ashi Dorji Wangmo Wangchuck, and Dasho Karma Ura, one of Bhutan's foremost intellectuals.

The Queen Mother is also the patron of Mountain Echoes, Bhutan's own annual literary festival, which began with Indian partnership in 2010. This was a propitious time to begin this cooperation. Bhutan had just transitioned to democracy, and with

that transition had come an unprecedented level of discussion of what Bhutan was, and where its journey should lead it. The change from a state ruled under the direction of a monarch, to a state where the people had to now think for themselves about the direction of that journey.

Over the years the festival has seen authors, artists, musicians, and movie stars – primarily from India but also from other countries – descending on Bhutan and discussing their experiences with their Bhutanese peers. It has grown larger in size and moved from being accommodated in fairly small auditoriums to being hosted in multiple large auditoria at multiple venues.

Not all cultural cooperation has been as successful. The Nehru–Wangchuck Cultural Centre, a beautiful building, well-resourced and located at the centre of Bhutan's capital city, Thimphu, remains a place where relatively few Bhutanese find themselves (Bhutan Broadcasting Service, 2014). This seems to be in sharp contrast to the popularity of Hindi movie songs playing at bars, movies that are seen on TV, or even TV serials. In fact this huge preponderance of Indian content on TV has become a cause of concern to some Bhutanese who seem somewhat overwhelmed at the extra-large presence of Indian cultural content in their lives without a corresponding balance of Bhutanese content.

This is a concern that is more usually voiced by older Bhutanese who worry about children growing up with a cultural universe that is largely devoid of local content as they mimic the Hindi dubbed cartoon serials like Doremon available on cable TV. But it is a concern that is natural. Bhutan is, after all, a very small country compared to India, its cultural output will never be as large.

This is one of the reasons that the Mountain Echoes festival works as well as it does. The numbers of Indians and Bhutanese is roughly balanced, and is also offset with the number of people

from other countries. In its own way, Bhutan's own prosperity is providing some of this balance. For many young Bhutanese the fashions to follow are from South East Asia, and at hairdressers across Thimphu are plastered with pictures of Koreans.

THE SUBTERRANEAN CURRENTS OF RELIGION

Bhutan is a country with an official religion, the Drukpa Kragyu school of Himalayan Buddhism. The Je Khempo is the official head of the monastic order – although the reincarnation of the Zhabdrung occupies a special place. On a Druk Air flight into Bhutan the inflight magazine lists four important personalities – the King, the Je Khempo, the Prime Minister and the Leader of the Opposition. For centuries the monastic orders have been part of the glue that held Bhutan together, with the Dzhongs, being both the religious and administrative centres of a province. During those centuries it was customary for families to assign one of their children for a life in the monastic orders. Consequently almost every family in Bhutan, whether from aristocratic or peasant families has a blood connection to the monastic order.

Bhutan is not the only society with these characteristics. To its north, its largest neighbour for many centuries was Tibet, whose polity was very much like Bhutan's. It is like that no longer. Tibet's monastic institutions suffered deeply after the 14th Dalai Lama fled Lhasa after an uprising against Chinese rules. Thereafter they suffered a second round of destruction during the Cultural Revolution that gripped China from 1966 to 1976, during which the 'Four Olds' – customs, culture, habits, and ideas – were attacked and vilified.

Although monastic orders and religious institutions across China recovered somewhat after the end of the Cultural Revolution

and certainly after Deng Xiaopeng instituted the 'Open Door Policy', Tibetan institutions remained restricted. In 1995 the Chinese government kidnapped the small child recognised by the 14th Dalai Lama as the 11th reincarnation of the Panchen Lama (Hilton, 2001). He has never been seen since. The self-immolation by almost 150 Tibetans between 2009 and 2017 – many of them monks – bears eloquent, painful testimony to the lack of freedom that the community lives with.

Monastic orders in Bhutan have struggled to deal with the changing environment that they operate in, with fewer children being given to monastic orders as fertility rates fall and people prefer their children to follow other paths. There have also been issues with sexual abuse in monasteries (Arora, 2013), among other controversies such as money-oriented celebrity monks. But these problems have been dealt with through investigative journalism, the processes of a society self-regulating rather than being forced through coercion or external force.

In a way India shares similar challenges. Religion, faith of all kind, has been a very important issue for Indians of all segments of society. The Indian independence movement functioned both as political movement as well as a social and religious reform movement focussing on deep problems of communal violence, misogynistic social codes, and caste inequality. These problems continue to trouble both our politics and society, but we have chosen to use the legal systems of a democratic state, assisted by the work of investigative journalists and civil society to tackle these complex challenges.

This is not a direct form of cooperation. It cannot be. Faith is a personal matter, and religions – while they can communicate to each other – do not have the ability to directly affect each other. Nevertheless it may be one of the deepest ways that Indian and

Bhutanese cultures are cooperating and interacting. The challenge of holding on to core cultural values while navigating the modern world, is one of the most difficult questions of our current times.

In this, coincidentally enough, India and Bhutan have an example to turn to that they both share. One of the most iconic people to have left their presence was the scholar-saint known as Guru Padmasambhava and Guru Rinpoche. Few real historical documents exist detailing his life, but we know he lived in the 8th century, and that he was born in a land then called Odiyyana. There is intense debate as to which place this would be in today's world, with a number of academics arguing it to be in the Swat Valley in current day Pakistan, which used to be a centre of Buddhist learning at that time. There is, though, consensus that he taught at the great Nalanda University in present-day Bihar.

There is also consensus that he travelled to Tibet with the Buddhist scholar Shantarakshita at the invitation of the Tibetan King, Trisong Detsen (Schaik, 2012). Guru Padmasambhava's impact on Tibet, Bhutan, and surrounding areas is hard to overstate. His ability to meld and find a path between indigenous belief systems and Buddhism led to an explosive expansion of Buddhism, both a revival and a re-imagining of the past to create a way to live in the present and lay the foundations of the future. It is for these reasons, for his massive impact, that Guru Padmasambhava is regarded as 'the Second Buddha'.

Guru Padmasambhava's life resonates strongly with other South Asian examples, such as the Bhakti movement, and figures like Kabir. And it points to the fact that we share a common challenge that has recurred repeatedly.

India and Bhutan occupy a unique place in the world. India began its life as the largest, poorest, most diverse democracy in the world. The fact that it has survived as one, and prospered, is

one of the great stories of the post-colonial world. In its own way, Bhutan's story is no less surprising. There are no real examples of a monarchy which faced no real resistance to its rule within its territory, slowly, carefully transforming into a democracy. At a time when democratic systems across the world are increasingly under pressure, the example of the world's largest democracy, and one of the world's youngest democracies, is hard to overstate. At the root of whatever answer we would find is the culture in these countries. That the spirit of Guru Padmasambhava may guide that search, is something we can all devoutly hope for.

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CULTURE AND ITS REPRESENTATIONS: BHUTAN

KUENGA WANGMO

AN ANCIENT INDIAN GIFT THAT KEEPS GIVING

Buddhism represents the essence of the Bhutanese identity. From major philosophical explorations to cultural expressions, there is very little that is Bhutanese which isn't influenced and inspired by Buddhism. Bhutan not only embraced the teachings of the Buddha but both internalized and externalized the truths he taught to construct Bhutan's spiritual and cultural heritage. Bhutan is today the last bastion of Vajrayana Buddhism and Buddhism to the Bhutanese is indeed the gift that keeps on giving.

Buddhism is one of India's greatest gifts to the world,[1] and most certainly it is a lasting one to Bhutan. For many Bhutanese of my parents' generation, the centre of the world was Bodh Gaya, the place where Buddha Sakyamuni attained enlightenment some 2,500 years ago. Using that frame of reference, everything else in

1. Dzongsar Jamyang Khyentse, a Bhutanese Buddhist teacher pronounced Buddhism as India's greatest export. https://www.huffingtonpost.in/dzongsar-jamyang-khyentse/how-india-is-squandering-_b_7008922.html.

my parents' world existed in relation to Bodh Gaya. Bhutan, their own country of birth, lay to the northeast of *Dorjiden* (rdorjegdan), or Vajrasana, 'the diamond throne of enlightenment', and the centre of their universe. Travel, especially outside of Bhutan, was both logistically and financially difficult for people of their generation. Yet, year after year, thousands of older Bhutanese, many without knowing a word of Hindi or English, would spend their life's savings to travel to Bodh Gaya in order to connect with the land that gave them the Buddha. Not much has changed today except the rising number of Bhutanese visiting Bodh Gaya due to ease of communication and economic prosperity. Now some 60–80,000 Bhutanese pilgrims visit Bodhgaya annually.

The Bodh Gaya complex including the Mahabodhi Temple, however, was excavated out of oblivion only in the late 19th century. Buddhism's glorious spell, which spread from India to Tibet and the Himalayas and to central Asia during the early half of the first millennium, was all but lost in its birthplace. And what was once familiar became unknown in former Buddhist places like Afghanistan and Baltisthan. Though the Buddha physically never made it to Tibet or the Himalayas, Buddhism was practised with fervour there. People relied on their own renditions of Buddhist lands and sacred sites. In that regard, for Bhutan, all credit must go to yet another Indian, the Lotus-born Padmasambhava, who travelled from India to the Himalayas in the 8th century, propagating Buddha's teachings along the way. Padmasambhava arrived in Bhutan at the invitation of a refugee Indian King, Sindhu Raja, who had taken sanctuary in the Bumthang valley.[2] Bhutan transformed in major ways after his arrival, from everyday functions to complex cultural programmes.

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2. Karma Phuntsho, *The History of Bhutan*, Routledge, 2012.

Padmasambhava's influence still persists in Bhutan. The Bhutanese name *Pema* (or Padma) is a telling example of the impact that Padmasambhava had on the Bhutanese. Many Bhutanese, it is fair to say, have never seen a lotus flower but its centrality in their practise of Buddha Dharma as a symbol of purity is palpable. My own mother is called Pema, or Lotus, along with tens of thousands of Bhutanese, honouring the Lotus-born teacher. Visually too, every Buddhist teacher or deity, presented either as a statue or in paintings, sits or stands on a lotus throne. The Bhutanese embrace new ideas and concepts, even though in actuality there may be no real references, much like the physical lotus flower to most Bhutanese; it is the conceptual reference that allows for the transcendence of this material limitation. The ancient Indian reflection on a lotus flower growing untainted in muddy waters becomes the key takeaway.

On a more tangible sphere, few recognize that Bhutan's unspoiled environment is, in large part, a direct result of our spiritual and cultural beliefs, most of which emanate from the teachings of the Lotus-born. For example, our belief in sacred landscapes or *Beyul* and empowered sites or *nye/ney* originated during Padmasambhava's time. From him, we have also inherited our preoccupation with death and impermanence; every year, religious events called *tsechu* are performed in all 20 *dzongkhag* or districts of the country. The star attractions of these events are the re-enactment of the Judgement Day and the functions of karma according to Buddhist scriptures and the final-day blessing by Padmasambhava. The legacy of Padmasambhava, greatly revered as Guru Rinpoche or the Precious Teacher across the Himalayan Buddhist world, formed the worldviews of Bhutanese then and continues to do so today.

India gave Bhutan ancient Buddhist wisdom, and Bhutan's unwavering commitment to remaining a non-porous vessel for this

precious wisdom sustains the relevance of the Buddha's teachings today. Buddhism inspired innovations such as the concept of Gross National Happiness (GNH) and the middle-path conservation policies intrigue people from across the world who come to experience a little bit of this world. Unfortunately, only vestiges of this precious wisdom remain in India and the flow of Buddhist practice is largely reversed. India, however, has the physical sites associated with the Buddha and therefore remains a spiritual guide to millions of Buddhists around the world.

It is no secret that the Buddhist world, including Bhutan, feels that India plays a reluctant and underwhelming role and has therefore benefited the least from Buddhism's unlimited gifts. India could reclaim her legitimate place as the originator and spiritual leader of the Buddhist world. Significant strides under Mr Modi's leadership, such as the proclamation of Buddha Vesak (Buddha Jayanti/Purnima) Day as a national holiday makes one believe that India is cognisant of the extraordinary potential and soft power her ancient wisdom, whether it is yoga or spirituality, holds in positively influencing both Indians and people around the world. This is only a re-visitation of the Indian literary luminary Rabindranath Tagore's (1861–1941) attempt 'to raise support for his vision of an Asia-wide investment in spirituality in a rapidly materializing world' (Gvili 2018:181) in the 1920s. For Bhutan, this would be a celebration of our shared Buddhist heritage.

Although small, Bhutan is a vast receptacle for Buddhist wisdom which, when understood and utilized, becomes the quintessence of decent, compassionate and mindful living. It allows us to create room to accommodate many views of life. It allows for tolerance and plurality. It allows for contentment and happiness, which is what we all aspire for.

Through the centuries, teachers from the sub-continent came

to the Himalayas and Bhutan benefited greatly from their presence – from NgagiRinchen, the 14th century Indian (present-day Bangladesh) adept who lived in the Punakha region, to the Indian Princess who later became Gelong Mapelmo in the 14th century, to the precious masses of Indian schoolteachers in the 20th century.

DEVELOPMENT AND CULTURAL ADJUSTMENTS

Bhutan unified under a single ruler, Zhabdrung Ngawang Namgyel, in the 17th century. The period between 18th and 20th centuries was one of volatile and confused self-determination. The two hundred years of volatility gave the Bhutanese resolve and a determined eagerness for stability and unification under a strong leader. The first Bhutanese state under the great Zhabdrung was inspired by Buddhism. The second unification under Bhutan's first monarch in the 20th century followed a similar Buddhist influence, continuing the old Buddhist values and system of governance. The first half of the 20th century witnessed two world wars, but the Bhutanese kings adopted a more self-reflective approach, focusing on strengthening the security and position of the Bhutanese state instead of getting involved with outside forces. No major changes were thrust upon the Bhutanese. Instead, only gradual social and economic reforms were introduced.

The latter half of the 20th century saw the development of infrastructure and modernization of healthcare and education systems in the country. Bhutan underwent major transformations and changed from a primarily illiterate, agrarian society to a modern nation-state. The formal monastic education system instituted by the Zhabdrung in the 17th century with just 30 monks at Chari Monastery continued to expand across the country and was the only educational system until the 20th century. A great cultural

shift took place since the commencement of the first secular schools initiated by King Ugyen Wangchuck, Bhutan's first monarch. However, it was only during the Third King, His Majesty Jigme Dorji Wangchuck's reign, that modern education and the creation of a formal bureaucracy to advance development programmes, designed through the country's five-year development plans, came into full form.

The introduction of secular education through modern educational institutions brought about potent shifts in the evolutionary path of the Bhutanese society. More children, especially girls, were able to get educated. As the roads got constructed, life became easier and these children were able to travel longer distances to bigger and better schools. Modern development affected not only the aspirations of the state for its people and parents for their children, but the children themselves and the entire country. Slow and gradual shifts in outlook, cultural expressions and environmental changes gave way to rapid and vivid external and internal changes. Externally, communication infrastructure like roads and telephones, and service facilities such as hospitals and schools, had a major impact on the traditional Bhutanese way of living. Internally, embracing new technology and ideas brought about a sea change in what the Bhutanese aspired for themselves.

Bhutan's first exposure to modernization and development came from India. Indian teachers taught in the new secular schools which were established. Many young Bhutanese were sent to the Indian hill stations of Kalimpong and Darjeeling to study.[3] One could indeed look at these as a continuation of the ancient relationship between the two neighbours centred around learning. In the 1980s

3. Jagar Dorji, *Quality of Education*, Thimphu: KMT Publisher, 2005.

and the 1990s when I was a student in Bhutan, I had many Indian teachers. They were masters at getting the students to rote-learn anything and everything. And we worshipped our teachers for 'if a teacher who taught you a word wasn't regarded with respect, one would be reborn 500 times as a dog!' Of course, this was not new to the traditional ways of learning in Bhutan. Monks learn texts and chants by rote and many do so in Sanskrit or classical text even today.

Pedagogy has changed since and rote learning is often frowned upon now. In those times, however, we learnt through the sheer investment of time in repeating and memorizing what was taught to us. Time wasn't an issue as we had few distractions – no television, no internet, no shopping malls and no smartphones. I feel that this is one of the reasons why many in my generation assume that if we put in enough time in a task, we can get anything done. No smart or innovative thinking, just a disciplined approach to life, hard work and a measured expectation is enough. This approach has its merits and indeed produced many capable students who went on to lead successful and useful lives, but the method is desperately inadequate for today's student.

Today, students have to reckon with too many distractions, from television and the internet[4] to the guileless creativity that comes from being left unattended in a nuclear family[5] by parents who constantly travel or are too busy with their own work. But this lack of time and attention has given the youth the ability to learn by questioning in contrast to the older generations. Whether it is

4. Bhutan had its first television channel in 1997, followed by internet in 1998.

5. The average Bhutanese family size is getting smaller. Living as a part of extended family is no longer common.

Buddha's teachings or a lesson in mathematics, students today need to comprehend all the uncertainties and variables. Their outlook is influenced by their access to information. With immense options and the whole world at their fingertips, it takes more than physical proximity, a sense of history, or real-life experiences to inspire and hold a young mind's interest. In that regard, India is no longer the influencer that it used to be to my generation of Bhutanese. It is now the whole world which influences.

Just as the 8th century arrival of Buddhism changed Bhutan completely, the arrival of modern development in the latter half of the 20th century changed the Bhutanese forever. From livelihoods to food habits and family structures, the transformations in the last 50 years or so have been several times greater than the last 500 years, according to Bhutanese historian Karma Phuntsho.[6] Twentieth century Bhutan showcased the flexible and open-minded nature of the Bhutanese for being able to adapt to modern environment. Yet, it wasn't just people's willingness that made the changes happen. These changes required resources, financial as well as technical know-how. Bhutan did not have the resources for the future it had begun dreaming of. The tangible shift from a self-sufficient agrarian society to an aid-dependent developing country left a lasting impact on the Bhutanese attitude to development and modernization.

In general, the Bhutanese have an uneasy relationship with development. On the one hand, material development is embraced and this is reflected in the attraction that modern education and cities have for the Bhutanese. This is reflected in the increasing rural-urban migration, dwindling farming communities and the growth of

6. Karma Phuntsho, 'The Cultural Construction of Bhutan: An Unfinished Story', *The Druk Journal*, Spring 2015, Volume 1. Issue 1, http://drukjournal.bt/the-cultural-construction-of-bhutan-an-unfinished-story/.

the bureaucracy. On the other hand, however, we place extraordinary importance on traditions and our traditional way of life. Though not always mutually exclusive, our need for modernization as well as the desire for traditions can, at times, be in conflict.

The primary objective of Bhutan's development planning is to strike a balance between material advancement and being grounded to spirituality through the 'middle-path' approach. Yet, the speed with which Bhutan embraced major development projects in recent years has shown just how difficult it is to maintain that balance. Whether it is a road through Bhutan's national parks or the hydropower projects, it is the physical, social and psychological impact that such activities have on people's minds that need addressing. The India–Bhutan relationship, in the last few decades, has been defined largely by the cooperation between the two countries in the hydropower sector. Bhutanese of my generation believed that the benefits from harnessing our rivers would get us to a position of further, careful development. Instead, recent hydropower projects presented a relationship that appeared imbalanced, asymmetric, rigid and complex. Even with all the right intent, when a small country sees itself in enormous debt and its inflation grows, the small country instincts of conservatism kick in.

Missteps and unmatched expectations associated with these developments have not been helpful for the India–Bhutan relationship, at least at the people-to-people level. Future economic or developmental cooperation must lay out clearly and honestly what the inputs and the expected outputs are so that all sides comprehend the benefits and limitations of these ventures. People seek information all the time and without accurate information, tend to draw inaccurate or wrong conclusions. This must be avoided if we are to uphold the strong and healthy relationship between our two countries.

HIMALAYAN HERITAGE AND CLIMATE CHANGE

The greatest threat to humanity is the lack of appreciation of the urgency with which we ought to tackle climate change. India and Bhutan's shared Himalayan heritage makes us firm partners in reducing our negative impact on our fragile environment and in mitigating risks associated with climate change in our region. Our environment influences our way of life and that, in turn, impacts how we construct our cultural identity. The Himalayas, whether it be the mountains to the Bhutanese or the rivers to the Indians, have shaped our cultural identity in fascinating ways. This has allowed us to innovate means of living beneficially within our environment. Our spiritual beliefs and practices, emanating largely from our relationship with our environment, have guided us in constructing a worldview that shapes our thoughts and actions. For example, it cautions us on the dehumanizing effects of a purely materialistic market economy.

Yet, we are quarrying our mountains for stones and changing the course of our rivers by removing their sand for construction. Paddy fields have given way to concrete jungles and the adhesives that keep a society together like village festivals and community rituals are losing out to televised song-and-dance competitions. The irony is that we expect our Bhutanese cultural identity, which is intimately tied to nature and our belief in Buddhist principles and ethos, to remain intact. But culture is dynamic and changes with time – some aspects are discarded and newer ones incorporated and this has always been the case.

Exposures to myriad contents on the internet and also to the tens of thousands of visitors who come to Bhutan from around the world every year are bound to leave impressions on our people, some lasting. In addition, as modern conveniences such as cars

grow in our cities, along with senseless consumerism and endless hours on social media, the erosion of the Bhutanese traditional way of life seems inevitable. Bhutanese cultural identity, however, will evolve to accommodate these new developments. A few unwavering characteristics of Bhutanese culture will remain and it is these that make the core of our cultural identity.

Bhutanese are characteristically mountain people. Nothing makes us more happy and comfortable than to be close to our mountains. The Himalayas are not just a silhouette or backdrop, which the stunning images of the country make them out to be, but are intimately interwoven into the way of life that the Bhutanese embrace. Making them the abodes of our deities, we ensure that we do not climb to conquer our high peaks. We appreciate the awesome powers of our mountains in giving us our rivers which give us life. We choose to live in the protected folds of these mountains and recognize that we share this space with many species of living beings, and we pick their protection over modern development. Though in our cultural reality, this protection is a show of respect and adherence to an implicit code of etiquette as we are mere guests of the *yu-lha*[7] who govern or host the territories we inhabit. But this is not the fear of our animistic days, when nature was seen as a force to be reckoned with, or our early Buddhist days, when aspects of nature had to be tamed. It is an evolved relationship of respect and gratitude to the environment which provides for our lives. Our deliberate preferences, expressed by our spiritual and cultural heritage, have defined the Bhutanese identity for centuries.

We are richer because of these choices. The Bhutanese, therefore, recognized and easily comprehended what His Majesty the Fourth

7. Francoise Pommaret,'Yul and Yul Iha: The Territory and Its Deity in Bhutan', *Bulletin of Tibetology*, 1999, 39–67.

King meant when he first spoke about Gross National Happiness being more important than Gross Domestic Product. The tail end of the 20th century in Bhutan has been employed in defining and branding GNH for the outside world while using it as a guide for development within the country. One is often asked by passers-by whether GNH is a tool of 'governmentality' as expounded by Foucault. But GNH is so inherently us, its principles are from Buddhism and even with the branding, there is nothing that is forced upon us.

Development is important, but without a guiding principle like Buddhism's middle-path, which in embodied in Bhutan's GNH, it can lead people astray and into the abyss of sickening materialism and individualism. Sadly, those formerly dominant spiritual and cultural beliefs and practices, which long sustained Bhutan's inclusive worldview and the middle-path approach of avoiding extremes, are now giving way to global trends, materialistic habits and a capitalist economy. Fortunately, most of the developed world has come to the realization that infinite growth is not possible within the finite resource base of mother earth.[8] There is a strong push for green, sustainable and circular growth which will help bring back the focus to our development model based on the middle-path development and value systems. Circular growth is mindful growth, which endeavours to derive maximum value from resources and puts reuse and regeneration at the heart of every 'growth' activity as opposed to linear growth that does not take into account the exorbitant waste humans create in the process of this 'growth'. Both Bhutanese and Indian cultures, steeped in traditional spirituality, could be the beacon for paradigm shifts in

8. K. Raworth, *Doughnut Economics: Seven Ways to Think Like a 21st Century Economist*, UK: Chelsea Green Publishing, 2007.

global development philosophy. We understand better the need for distributed circular growth while caring for our planet, too, as these values are embedded in our cultural ethos.

We must come from a place of strength to counter the unhealthy trends. Our strength is our spirituality. Tagore would agree because ours is a 'civilization, whose basis is society and the spiritual ideal of man' (Tagore 2004:41; cited in Gvili 2018:187). Unapologetically using religious imagery in his poems and lectures, Tagore focused on religious sensibilities rather than the institution of religion. We falter in two major ways today. One, we are afraid to talk about religion in a quickly modernizing world lest we look 'traditional' which we think is backward. Two, we do not have the wisdom to distil religious sensibilities from the institution of religion, thereby binding ourselves to the exclusive rather than the inclusive fundamentals of all religions. Tagore, of course, had no such dilemma.

Development is a strong determining force which can define a people's identity. Gazing into the future of this country, based on its history, development trajectories and resources, it will not be the big hydropower projects or development in lucrative but polluting industries that will hold the Bhutanese. Though small, we are a proud country. And though poor, we have sacrificed profits for the preservation of our environment, traditions and customs. We could, instead, leverage people's spiritual beliefs towards constructive and mindful living and inclusive development which sees beyond material growth.

One of the limitations of writing about culture and identity for the nation is the appearance of a singular narrative or a monolith tone, which is a departure from reality. The dominant cultures I have discussed here have, within them, other subsumed cultures. For example, within the Buddhist culture which I discussed, there are

animism and bon religions which were practised by pre-Buddhist Bhutanese and whose elements are still prevalent in rituals today. The same is the case with Hinduism, with whom Buddhism shares several common areas of worship – Mount Kailas and river Ganges hold spiritual significance for both Hindus and Buddhists. This essay is littered with generalizations but the objective is to present common threads of spirituality and shared heritage between India and Bhutan.

THE WILD: FOR THE BENEFIT OF PRESENT AND FUTURE GENERATIONS

THINLEY NAMGYEL

I have vivid memories of listening in wonder as my uncle, Ap Tshering, told us how the family guard-dog was picked off by a leopard outside the house, right in front of my late grandmother as she was stacking firewood. This story must have been told to me about 35 years ago, during our family's annual winter visit to attend the *lochoe*[1] at our ancestral home in Pangbisa village in Paro. Back then, every trip to Pangbisa would be like travelling back in time to medieval Bhutan when there were no motorable roads, electricity or running water in houses. At night homes were lit by dim oil lamps and flaming wooden torches were frequently used when walking outside on moonless nights.

As children our days would be spent outdoors without the distractions of modern electronic gadgets. We would play in the fields and chase jungle fowl into the forests, or watch the deer

1. Lochoe is an annual religious ceremony conducted in homes to give thanks for the past year and to seek blessings for the coming one. It is the time for families to gather and guests are invited for the blessings and feasts.

and wild boars foraging in the dry fields at dusk. Every evening, domestic animals were corralled into the courtyard of the house to keep them safe from bears, leopards and other wild predators. The nights were filled with folk tales narrated while sitting around an open wood stove, and sometimes we would hear stories of how someone from the village encountered tigers and bears, and even the elusive yeti, in the densely forested ridges above the village.

Encounters with wild animals were not uncommon as most villages in Bhutan were scattered and surrounded by forests. These forests around the villages were, and still are, integral to the traditional agrarian way of life. Farmers roamed the forests to graze their livestock or to collect a multitude of forest produce such as timber, firewood, leaf litter, edible plants and medicinal herbs. Occasionally, livestock and crops would be lost to wild animals, but most Bhutanese farmers and herders were generally tolerant of such losses[2] as their outlook and relationship with nature and wildlife were tempered by Buddhist values of compassion for all sentient beings.[3] These ethics and cultural beliefs have long contributed to the conservation of Bhutan's forest cover and rich biodiversity.[4]

BHUTAN'S NATURAL INHERITANCE

This vast forest cover and biodiversity of Bhutan, and its environmental policies, is now well-known around the world.

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2. T. Sangay and K. Vernes, 'The economic cost of wild mammalian carnivores to farmers in the Himalayan Kingdom of Bhutan'. *Proceedings of the Ecological Society of Bhutan* 1: 98–111, 2014.

3. T. Tobgay, 'Buddhist Contributions to Human Development', *Journal of Bhutan Studies*, Vol. 38, Summer 2018, Center for Bhutan Studies, Thimphu.

4. D. Penjore and P. Rapten, 'Trends of Forestry Policy Concerning Local Participation in Bhutan', 21–27, *Policy Trend Report 2004*, Institute for Global Environmental Strategies (IGES), Kanagawa, Japan.

With 70 per cent of land under forest cover, Bhutan has the highest proportion of forest cover in Asia, and it is one of the ten most biologically diverse regions in the world.[5] Over 5,600 species of flowering plants, 400 lichens, 200 mammals and more than 700 species of birds have been recorded so far.[6] Such rich diversity is due to the bio-geographical conditions of the region as Bhutan is located completely within the Eastern Himalayan biodiversity hotspot, at the junction of the cool Palearctic biogeographic realm to the north and the warm Indo-Malayan realm to the south. In addition, the vast elevation differences of the rugged mountain landscape from the sub-tropical foothills at the Indian border, to the permanent snow-capped peaks in the north results in extremely diverse climatic zones and a wide range of forest-types and habitats.[7]

While geography blessed Bhutan with a rich and diverse ecosystem, a small agrarian population with its Buddhist ethics and cultural practices put little pressure on the natural environment and allowed this rich natural heritage to persist into the 20th century.[8] Such an outlook also influenced government policies and decisions during Bhutan's journey through the second half of the 20th century and to this day.

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5. World Wildlife Fund for Nature, 'Bhutan's conservation vision and world standing', 2018, http://www.wwfbhutan.org.bt/bhutan_for_life/.

6. 'National Biodiversity Strategies and Action Plan of Bhutan (NBSAP), 2014'. National Biodiversity Centre, Ministry of Agriculture and Forests, Royal Government of Bhutan.

7. Aparna Banerjee and Rajib Bandopadhyay, 'Biodiversity Hotspot of Bhutan and its Sustainability', *Current Science,* DOI: 110. 521. 10.18520/cs/v110/i4/521–528, 2016.

8. National Environment Commission, *Conservation in Bhutan*, Royal Government of Bhutan, 1994.

CONSERVATION FOR THE BENEFIT OF PRESENT AND FUTURE GENERATIONS

The modern history of environment and natural resource management in Bhutan started in 1952 with the creation of a forestry unit under the Ministry of Trade and Industry with a permission for logging.[9] About a decade later when the country's first five-year development plan started in 1961 with the assistance of the Government of India, the forestry unit was upgraded to a Department.[10] Eventually, by the early 1980s, the Department was transferred to the Ministry of Agriculture, with a mandate for the conservation and sustainable management of forests and natural resources that continues to the present.[11]

As with other sectors in the initial five-year plans, Indian assistance was vital in the development of the forestry sector in Bhutan. Since the inception of the forest department and until the early 1980s, Indian foresters on deputation provided the necessary human resources as national capacity for forest management was lacking.[12] Trainings of forest officers from Bhutan were undertaken with Indian Forestry Service Scholarships (IFS) from the early days and still continues. Surveys of Bhutan's forest resources were carried out during 1974–1981 by the Pre-investment Survey of Forest Resources,[13] an organization that would become the

9. National Environment Commission, *Conservation in Bhutan*, Royal Government of Bhutan, 1994.

10. E.L. Webb and L. Dorji, 'The evolution of forest-related institutions in Bhutan', *Decentralization, Forests and Rural Communities*, Asian Institute of Technology, Bangkok, 2004.

11. Ibid.

12. DOFPS, 'About Us', 2018, http://www.dofps.gov.bt/?page_id=36.

13. S.S. Negi, *Himalayan Forests and Forestry*, Indus Publishing, 2008.

Forest Survey of India.[14] The data and information from these initial forest assessments have been used for forest planning and management for a long time and it was only very recently that the National Forest Inventory 2016 updated forest resources information.[15]

Forest and Conservation Policies

A landmark decision for conservation in Bhutan was taken quite early with the Forest Act of 1969. The Act nationalized all land not privately owned as Government Reserved Forests and codified provisions and procedures for managing forest resources. It is notable that the Act's intent was for sustainable forest management. The preamble states that the 'future economy of the people and the country is very much dependent on its protection, conservation and scientific management' of the forests, and it highlights that 'forests play a vital role in the preservation and continuation of aesthetic views, rainfall and temperature regime and as a deterrent factor against soil erosion.'[16]

Forestry was an important source of revenue in the early phase of Bhutan's development plans, but uncontrolled felling by private companies with logging concessions and by the rural population near roads in the 1970s led to environmental problems such as bare hillsides and soil erosion.[17] Today the forest cover stands at about 70 per cent but the situation from the 1970s to 1980s was very

14. Forest Survey of India, 'An Introduction', 2018, http://fsi.nic.in.

15. Department of Forest and Park Services, *National Forest Inventory Volume 1*, Royal Government of Bhutan, Thimphu, 2016.

16. Preamble of the Forest Act 1969.

17. Library of Congress, *Nepal and Bhutan: Country Studies*, Third Edition, Washington D.C., 1993.

different, with some reports estimating forest cover to be below 60 per cent[18] and with some even estimating the cover to be as low as 50 per cent[19] in the late 1980s.

It was during this period that the policies evolved to address the shortcomings in sustainable forest management and to further strengthen the conservation efforts. The National Forest Policy of 1974 ended commercial logging by private companies and directed the Forest Department to carry out timber harvests through a Logging Division. This Division was later separated and became the Bhutan Logging Corporation in 1984 to ensure financial independence and is now the Natural Resources Development Corporation Limited, a subsidiary of the Druk Holdings and Investment.[20]

The 1974 forest policy was a key instrument for conservation and development in Bhutan. The policy laid the foundations for a balanced approach, or the 'middle-path' to development, by emphasizing the need to consider both 'physical balance and economic development of the country'. One of the most significant impacts of this policy was the requirement to maintain 60 per cent of the total land under forests 'in consideration of the geo-physical conditions of Bhutan and the necessity of maintaining soil and climatic equilibrium'. Another key measure was the integration of the 'protection of wildlife and natural vegetation' through the creation and maintenance of national parks and sanctuaries.[21]

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18. I. Jadin, 'Land use displacement and forest conservation: the cases of Bhutan and Costa Rica', Doctoral Dissertation, University of Catholique Louvain, 2016.

19. Library of Congress, 1993.

20. NRDCL, History of National Resources Development Corporation Limited, http://www.nrdcl.bt/page.php?id=1.

21. Ibid.

The motivation for the provisions is clear in the preamble where it is stated that forests are to provide 'vital protective functions with regard to soil, water and climate and as a result influence the agriculture economy, the development of hydro-electric projects'. The policy also goes on to note the trans-boundary benefits of such functions, stating that it would benefit the 'general welfare of not only the country in which the forests are located but also neighbouring countries'.[22]

The evolution of conservation policies continued with the Bhutan Forest and Nature Conservation Act 1995, which further strengthened the provisions of the Forest Policy of 1974. This Act introduced the principle of intergenerational equity in the preamble by stating that the instrument is 'an Act to provide for the protection and sustainable use of forests, wildlife and related natural resources of Bhutan for the benefit of present and future generations.' This was followed by the National Environment Protection Act 2000, which is considered the overall umbrella legislation for environment and conservation.

Finally, in 2008, the Constitution of the Kingdom of Bhutan was adopted with Article 5 on the environment. Under Article 5, every Bhutanese 'is a trustee of the Kingdom's natural resources and environment for the benefit of the present and future generations' and has a fundamental duty to contribute to the protection of the natural environment. The government is also mandated, among several other environmental protection mandates, to maintain 60 per cent of the country under forest cover.

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22. Department of Forestry, Ministry of Trade, Industry and Forests, Royal Government of Bhutan, 'National Forest Policy 1974'.

Protected Landscapes

The conservation areas in Bhutan also evolved over the same period. In 1966, Manas Game Sanctuary became the first protected area in Bhutan and in 1974 six other protected areas were established.[23] This early system of protected areas covered 20 per cent of the country but was unbalanced. The designated areas largely covered the entire northern range of Bhutan comprising alpine zone, rock and ice, and didn't face much conservation threats. The other areas covered the sub-tropical southern part of the country and was already degraded by logging, poaching and agricultural encroachment while the middle Himalayan temperate zones were unrepresented.[24]

The protected areas system was revised in 1993 to be more representative of the different ecosystems in Bhutan and covered 23 per cent of the country. A total of four national parks, four wildlife sanctuaries and one strict nature reserve were designated, along with several other smaller conservation areas such as the winter grounds of the black-necked cranes.[25] To respect the rights and needs for timber, fuel, wood and other resources of communities that fell within some of the parks, the management regime followed International Union for Conservation of Nature (IUCN) criteria and zoned the parks into core, administrative, buffer and multiple use zones.[26]

Later, in 1999, biological corridors linking the different reserves were declared as Bhutan's 'Gift to the Earth' to allow the movement

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23. BTFEC, http://www.bhutantrustfund.bt/?page_id=159.

24. National Environment Commission, *Conservation in Bhutan*, Royal Government of Bhutan, 1994.

25. Ibid.

26. FAO, *Forest Resources of Bhutan – Country Report*, FRA Working Paper 14, 2000.

of wildlife and also to act as a buffer to climate change.[27] Covering 9 per cent of the country, the corridors were selected by considering several criteria and largely fell in uninhabited areas or areas with low potential for human use.[28]A modification to the protected areas system was the declaration of Wangchuck Centennial Park on 10 June 2008 as a tribute to the visionary and selfless leadership of the Wangchuck dynasty.[29] Protected areas now cover about 51 per cent of the country[30] in a nearly contiguous and interconnected system across the country.

PRESENT AND FUTURE CHALLENGES

Although much progress has been made in conservation in Bhutan, old challenges continue and new threats have emerged both from within as well as outside the country. There are still significant gaps in knowledge about the biodiversity of Bhutan. Even with a low level of taxonomic work and explorations, new discoveries are being made each year and thirty-one species new to science were discovered in Bhutan over the past decade.[31] There are still more discoveries to be made as the invertebrates, which include insects and molluscs, are poorly studied. Along with economic

27. WWF, 'Bhutan–Creation-of-biological-corridors-linking-Bhutans-protected-areas', 1999, http://wwf.panda.org/?164652/BHUTAN---Creation-of-biological-corridors-linking-Bhutans-protected-areas.

28. FAO, *Asia and Pacific National Forestry Programmes: Update 34*, Bangkok, 2000.

29. DOFPS, 'Wangchuck Centennial Park', 2018, http://www.dofps.gov.bt/?page_id=327.

30. NBSAP, 2014.

31. Choki Gyeltshen and Tobgay, Kezang & Gyeltshen, Nima & Dorji, Tshering & Dema, Sangay, *New Species Discoveries and Records in Bhutan Himalaya*, 2018.

growth and developmental activities, there is an increased demand for natural resources to feed the growing urban areas, industries and infrastructure development, threatening the forest functions and wildlife habitats.[32] While it may be possible to handle internal threats and pressures to the forests and biodiversity domestically, global and regional pressures can only be addressed through bilateral, regional and international cooperation.

Human–Wildlife Conflict and Cross Border Trade

With dense forests and villages scattered over the mountains of Bhutan, human–wildlife conflicts have long been a part of rural life in Bhutan. However, loss of livestock and crop damage can be significant and endangered species like tigers and snow leopards may risk retaliatory killings from farmers.[33] Species such as the endangered Asian elephant have become a nuisance for Bhutanese farmers in the areas bordering India, as they increasingly raid crops after facing habitat loss in India.[34] Direct threats from poaching and illegal trade to feed global demand for endangered animals and plants also threaten many other species. With a porous Indo-Bhutan border that sees a large movement of people and goods, Bhutan is also becoming a conduit for wildlife traffickers to smuggle both wildlife and other illicit goods to China and other countries.[35]

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32. NEC, 'Bhutan State of the Environment Report 2016'.

33. T. Sangay and Karm Vernes, 'The economic cost of wild mammalian carnivores to farmers in the Himalayan Kingdom of Bhutan', *Proceedings of Bhutan Ecological Society*, Issue 1, 2014.

34. Paljor J. Dorji, 'The Asian Elephant in Bhutan', *Proceedings of Bhutan Ecological Society*, Issue 1, 2014.

35. Vivek Menon, 'Wildlife trafficking trainings continue in Bhutan', 7 July 2015, https://www.ifaw.org/africa/news/wildlife-trafficking-trainings-continue-bhutan.

The wildlife crimes are not limited to animal parts, as illegal logging and timber smuggling from Bhutan to India is becoming a growing problem in southern Bhutan.[36] Alarmingly, it is reported that illegal logging and trade in timber from Bhutanese forests, including from parks like Manas, are carried out by armed gangs from India and has sometimes resulted in conflict with poorly equipped forest rangers.[37]

Climate Change

The Eastern Himalayas, including Bhutan and northeast India, are one of the most climate sensitive regions due to the fragile ecology and general underdevelopment.[38] The projected changes in the climate include warmer temperatures, decreasing water availability, drier winters and increased frequency of heavy rains. These changes will have serious implications for agriculture, health, human settlements and also hydropower generation. While the risks of floods in Bhutan due to outburst of glacial lakes has caught the attention of most media, of equal concern are the increasing number of reports of drying up water sources.[39] The impact will not

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36. Dawa T. Wangchuk, 'Bhutan struggles to control illegal wildlife trade', *The Third Pole*, 16 October 2012. https://www.thethirdpole.net/en/2012/10/16/bhutan-struggles-to-control-illegal-wildlife-trade/.

37. 'Gun-trotting Indian timber mafia loots Bhutan forests', *The Bhutanese*, 10 October 2012, https://thebhutanese.bt/gun-trotting-indian-timber-mafia-loots-bhutan-forests/.

38. G.B. Pant Institute of Himalayan Environment & Development, 'Contribution towards Developing a Roadmap for Biodiversity and Climate Change: Indian Part of East Himalaya', *Climate Summit for a Living Himalayas – Bhutan 2011*.

39. RGOB, 'Second National Communication from Bhutan to the UNFCCC', *National Environment Commission*, 2011.

be limited to just the human systems of cities and rural areas – the forests and biodiversity will also undergo changes over the coming decades.

While the impact of climate change is mostly felt locally, there are cross-border implications as well. Episodes of flooding due to extreme precipitation are already leading to misunderstandings in the neighbouring states of India. It is now not uncommon to read news stories from Assam or West Bengal by unlettered journalists every flooding season where flooding due to extreme rainfall is incorrectly blamed on release of water from non-existent reservoirs on Bhutan's rivers.[40]

Trans-Boundary Air Pollution

Global greenhouse gas emissions alone do not account for all of the observed warming of the atmosphere. Regional air pollution affects the South Asian monsoon and accelerates the melting of glaciers in the Himalayas. The blanket of brown haze that forms over the Indo-Gangetic plains every dry season, initially called the Asian Brown Clouds and now the Atmospheric Brown Clouds, is distressingly clear in satellite images.[41] The brown clouds are basically caused by air pollution and consist of black carbon (soot), sulphate aerosols and nitrate aerosols that are released from burning fossil fuels, agricultural waste, cooking fuels and vehicle exhausts.

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40. O. Ahmad, 'Massive flood on Bhutan–India border triggers blame game', *The Third Pole*, 15 October 2016, https://www.thethirdpole.net/en/2016/10/15/massive-flood-on-bhutan-india-border-triggers-blame-game/.

41. 'Atmospheric Brown Clouds: Floating Continents of Pollution', *Madras Courier*, 26 October 2017, https://madrascourier.com/environment/atmospheric-brown-clouds-floating-continents-of-pollution/.

The brown clouds have weakened the monsoons, have direct health impacts and have reduced agricultural yields.[42] The Himalayas are warming two to three times faster than the average global rate and the pollutants in the haze play a key part in this effect.[43] In addition, the melting of glaciers in the region has accelerated with the darkening ice and snow resulting from deposition of soot from the haze.[44] In Bhutan this haze is visible over the foothills in the dry season and the trans-boundary impacts of this brown haze on agriculture and farmers in Bhutan are already being reported.[45]

PROSPECTS GOING FORWARD

In the 50 years since Bhutan's launch and implementation of its first five-year development plan with India's support, there has been great progress in many fields. Bhutan is now poised to graduate from its status as a Least Developed Country by the end of the 12th five-year plan, in 2022. The latest population and housing census of Bhutan shows that life expectancy in Bhutan has doubled from 34 years in 1960[46] to 70.2 years in 2017, and literacy rate has

42. ICIMOD, 'Atmospheric Brown Cloud – Regional monitoring and assessment', International Centre for Integrated Mountain Development, Kathmandu, Nepal, 2010.

43. IGSD, *Primer on Short-Lived Climate Pollutants*, Institute for Governance & Sustainable Development, Washington DC, 2013.

44. UNEP, 'Air Pollution in Asia and the Pacific: Science-based Solutions', 2018.

45. Linda Pannozzo, 'In with the Bad: Ambient Air Quality and Transboundary Pollution in Bhutan', *Journal of Bhutan Studies*, Vol 23, Winter 2010, Center for Bhutan Studies, Thimphu.

46. The World Bank, https://data.worldbank.org/indicator/SP.DYN.LE00.MA.IN.

reached 71.4 per cent.[47] The population is still young with half of all Bhutanese being younger than 26.9 years. It is this youth of Bhutan and the future generations that will inherit the natural heritage of the country and, at the same time, deal with the impacts of regional and global environmental pressures.

The latest census also shows that the Bhutanese population is becoming urbanized.[48] With the rapid rural-urban migration, many of the ancient villages of Bhutan are emptying out. With this demographic shift accompanied by economic growth and 'modernization', there is a high risk of losing our traditional connection with nature and the land. Studies around the world indicate that urbanization is linked to the loss of people's connection with nature, with negative implications for our well-being and the environment.[49]

In addition, technology and the rise of television and the internet have largely replaced the leisure time that was previously spent outdoors and further decreased people's connection with nature.[50] At the same time, globalization may be affecting the traditional values and worldview of the Bhutanese and may threaten not only our cultural heritage but could also lead to loss of our biodiversity.[51] The potential for this double risk of increasing disconnect with nature and a slow erosion of traditional values, is likely to diminish

47. National Statistics Bureau of Bhutan, 'Population and Housing Census of Bhutan', 2018.

48. Ibid.

49. J. Gelsthorpe,'Disconnect from nature and its effect on health and well-being – A public engagement literature review', The Natural History Museum, London, 2017.

50. K. Kesebir and P. Kesibir, 'How Modern Life Became Disconnected from Nature', *Greater Good Magazine*, 20 September 2017, Greater Good Science Center, UC Berkeley.

51. K. Ura, 'The Bhutanese Development Story, 2005', Center for Bhutan Studies, Thimphu.

the values and traditional reverence for nature that has until now fostered conservation in Bhutan.

It is in this context of changing values, increasing local pressure for natural resources and external threats of regional and global environmental problems that Bhutan will have to continue the delicate balance of the middle-path to development over the next 50 years. The measures will have to be anticipatory and follow a 'no regrets' approach at all levels – from domestic actions, to bilateral, regional and international cooperative programmes. Some of the issues to be considered include: (i) Conservation challenges and climate change impacts in the trans-boundary area; (ii) The regional phenomenon of the atmospheric brown clouds; and (iii) Changing values towards conservation in a globalizing world. While changing values will have implications more relevant to the domestic level, the challenges in the trans-boundary area will be important in the context of bilateral cooperation as they affect the landscape and people in both the countries.

Integrating Climate Change Action and Conservation in the Trans-Boundary Landscape

Most of the conservation challenges in the trans-boundary region between Bhutan and India can benefit from collaborative efforts that synergize climate change action and biodiversity conservation. The trans-boundary area is geologically and ecologically fragile and as is often the case with nature, the problems are interlinked and should be addressed in a holistic manner. The groundwork has already been laid by the ongoing Trans-boundary Manas Conservation Area (TraMCA) initiative, where conservation stakeholders on both the Indian and Bhutanese side of the Manas National Parks have been working together towards shared objectives of

conservation of a world-renowned ecological landscape. Under the TraMCA initiative, programmes are already underway and include regular coordination meetings to address issues such as poaching and illegal wildlife trade, joint survey and monitoring of species and engaging communities to address human–wildlife conflict.

As the trans-boundary area is highly vulnerable to climate change, the landscape approach to conservation of tigers in TraMCA should be scaled up and designed not just for present climate vulnerabilities but also in anticipation of climate change impacts that will only get worse in the coming decades. This anticipatory and holistic approach will need to integrate the ongoing conservation actions with the need for people and ecosystems to adapt to a changing climate, in what is known as 'Ecosystem Based Approaches to Climate Change Adaption' (EbA). The Convention on Biological Diversity defines ecosystem-based adaptation as 'the use of biodiversity and ecosystem services as part of an overall adaptation strategy to help people to adapt to the adverse effects of climate change'. Such an approach provides an opportunity to synergize activities and programmes to address multiple environmental and developmental challenges and promote efficient use of limited resources.

The value of the connectivity of this landscape has been demonstrated by research which shows that the Bhutan side of Manas functioned as a refuge for wildlife, including tigers, during the decades of political disturbance in Assam, with the tigers now starting to make a comeback on the Indian side.[52] The ability to

52. D. Lahkar, M.F. Ahmed, R.H. Begum, S.K. Das, B.P. Lahkar, H.K. Sarma and A. Harihar, 'Camera-trapping survey to assess diversity, distribution and photographic capture rate of terrestrial mammals in the aftermath of the ethnopolitical conflict in Manas National Park, Assam, India', *Journal of Threatened Taxa* 10(8): 12008–12017, 2018.

save these unique species can also be increased by protecting more of the ecologically vulnerable landscape that is under threat from degradation. Towards this purpose of increasing the viability of trans-boundary conservation efforts and to buffer the impacts of climate change, it was proposed during the TraMCA meeting in December 2017 that the conservation areas be increased as part of a 'Indo-Bhutan Friendship Park' to celebrate the 50 years of uninterrupted friendship.[53] The areas in Bhutan already include the Royal Manas National Park, Phibsoo Wildlife Sanctuary and Jomotshangkha Wildlife Sanctuary and in India it includes the Manas Tiger Reserve and would necessitate protecting adjoining areas on the Indian side that are facing habitat loss. The proposal appears to have received positive indication from the local stakeholders for its conservation value and also its potential to increase nature-based tourism and other benefits.

Brown Clouds to Blue Skies

Regional air pollution is an issue that has impacts within boundaries and also for the entire region, as the atmospheric brown cloud is penetrating deeper into the valleys of Bhutan and also beyond to the Tibetan plateau. Reducing pollutants such as the short-lived climate pollutants (SLCP) will provide immediate and tangible benefits for the region including direct improvements of human health and agriculture, as well as reduce the rate of glacial melting in the Himalayas.[54]

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53. R. Goswami, 'Bhutan bids for border friendship park', *The Telegraph*, 4 January 2018, https://www.telegraphindia.com/states/north-east/bhutan-bids-for-border-friendship-park/cid/1438534.

54. UNEP, 'Air Pollution in Asia and the Pacific: Science-based Solutions', 2018.

Regional efforts to control air pollution have been made as far back as 1998 when the 'Malé Declaration on Control and Prevention of Air Pollution and its likely Trans-boundary Effect for South Asia' was adopted under the South Asian Cooperative Environment Programme. However, it has taken 20 years of meetings and programmes under the Malé Declaration to make the case for implementation of action, while the situation has become more critical as exemplified by the Atmospheric Brown Cloud. Collaborative actions in capacity building, data collection and research can and should continue for regional cooperation, but clearly, in the next 20 years there is a need to actually improve the situation by implementing environmental standards and laws that already exist at national levels in the region. The United Nations Environment Programme (UNEP) has already recommended a suite of science-based solutions that could be taken up within countries or collaboratively in Asia and the Pacific.[55] It is high time that efforts are increased to tackle air pollution, as the measures will have a positive impact on human health, crop yields, climate change and socio-economic development.

Changing Values and Growing Disconnect with Nature

The decisions regarding Bhutan's environment and society over the next 50 years will be shaped by what people actually experience and the prevailing outlook. Over the next few decades, most Bhutanese will be living in cities and towns, which have planned green spaces. Green spaces are important for many reasons, including the well-being of the population, providing buffer spaces for natural hazards and providing the vital physical connection to nature in

[55] Ibid.

the environment of cities which is full of concrete. It is imperative that our urban areas are truly green in the larger sense of energy efficiency and waste management and also in providing physical green spaces for citizens.

Environment education and awareness will need to be stepped up and the communication has to adapt to the growing online and virtual space. There will be no escaping the fact that spare time not spent outdoors is spent watching television or surfing the internet. Education and outreach programmes will need to be made available in these virtual spaces and also build on and support 'citizen science' to engage general scientific observation and research. Programmes and apps could also use new technologies like augmented virtual reality to encourage people to spend more time outdoors and interact with nature.

In addition, support is needed to produce local content to showcase the richness of our natural heritage. It is a fact that due to the available television programmes, our children probably know more about the migratory animals in the Serengeti than the tigers of Bhutan that migrate between the sub-tropical jungles of Manas and the highland forests of Jigme Dorji National Park.

FOR THE FUTURE GENERATION

An old family house in Pangbisa village is now very much connected to the 21st century – there is electricity, piped water in the kitchen and toilets, a television in the family room and a smooth, black-topped road runs through the village. And the mobile phone is everywhere. My cousin Chencho has taken charge of the farm and family home from Ap Tshering. Tending to the farm over the past decades, he appreciates the positive changes from economic development, but he also observes the changes brought about by

global warming. He tells me about his concern that the winter snow, which is vital for dry land farming, does not fall as much as in the past. In the summer the rainfall periods have become shorter but there are heavy downpours whenever it rains. He also observes that natural signs like the arrival of birds and blooming of flowers in the spring have become less reliable traditional signals for starting work on the fields. The springs above the villages have also started drying and water scarcity is a growing concern.

Now when I visit Pangbisa village for the annual *lochoe*, I take my daughters along. They look forward to feeding the farm animals and playing with Chencho's son and the other children out in the fields. The visits now are much easier and more comfortable than in the past and I am reminded of how economic and technological development has made life more comfortable and easier for each subsequent generation. However, these same advances also present challenges as almost everyone is now glued to their mobile phones and the children do not spend as much time outdoors as I remember doing myself.

It will be the youth of today who will feel the brunt of global and regional environmental challenges caused by past and present generations. The world has been debating the challenges of climate change and biodiversity loss for over 25 years, and our region has been studying and talking about trans-boundary air pollution for 20. This amount of time is longer than the age of the present youth who will be the trustees of our natural heritage, but they will need the right decisions to be made by the present generation of Bhutanese, regional and global leaders.

THE WILD: INDO-BHUTAN

RAVI SINGH, URVANA MENON AND DIPANKAR GHOSE

Wildlife and the ecosystems they reside in follow no political or geographical boundaries. Therefore, effective management of trans-boundary ecosystems, habitats and species requires an integrated approach. The story of the Eastern Himalayas is that of regional and ecological integration. Due to varied altitude and climatic conditions, this region supports an incredible array of biodiversity. One of the areas which is in the middle of the Eastern Himalayas is the Indo-Bhutan region. The Indo-Bhutan region is a large trans-boundary space that connects wildlife habitats, corridors and the people living in this area.

The Manas National Park in India and Royal Manas National Park in Bhutan form the core of this extraordinary trans-boundary landscape which is located at the junction of Indo-Gangetic and Indo-Malayan realms. It is a key conservation area in the Jigme Dorji–Manas–Bumdaling conservation landscape in the eastern Himalayan eco-region (Wikramanayake et al., 1998). This is also the prime tiger conservation landscape in the region. This unique landscape represents immense habitat diversity, ranging from

tropical grasslands at 40m to sub-tropical forests at 300m to warm broad-leaved forest above 1,000m reaching up to 2,000m. The river Manas flows through Bhutan into India, making both parks a large tract of a highly significant watershed area. The entire complex is characterized by its rich and unique biodiversity as well as its spectacular scenery created by the meandering river, forested hills, alluvial grasslands and tropical evergreen forests. This trans-boundary complex is a part of the Eastern Himalayan eco-region which is identified as one of the 200 global eco-regions of the world and one of the natural treasures of the planet.

The landscape harbours several threatened large mammals apart from a plethora of birdlife including the highly endangered Bengal florican. The Indian part of the Manas Tiger Reserve is home to four large herbivores – the Asian elephant, greater one-horned rhinoceros, wild buffalo and sambar. Several threatened mammals are also found here, including the hispid hare, clouded leopard and tiger. The pygmy hog is another endangered ungulate of the tall grasslands which is endemic to this eco-region. The national parks together report 60 mammal species, 42 reptile species, 7 amphibians and 476 species of birds of which 26 are globally threatened. In addition, around 1,000 species of plants are also found in the area.

TRAMCA: A TRANSBOUNDARY CONSERVATION SPACE BETWEEN INDIA AND BHUTAN

The Transboundary Manas Conservation Area (TraMCA) is a transboundary landscape with unique biological significance. The vision of setting up TraMCA is to manage the area for the benefit of its wildlife and people in the long term.

Trans-boundary conservation of the Manas region entails many challenges, with poaching, habitat fragmentation and civil unrest

being the most significant threats. The Manas National Park within TraMCA has had to confront ethnic and political disturbance with grave security and conservation implications. The decade-long ethnic strife and rebel insurgent groups directly affected park staff, infrastructure, wildlife and habitats, as a result of which Manas lost all its rhinos. Remote border locations, rugged landscape and poor basic infrastructure limit geographical mobility, hamper road access and create communication bottlenecks. The situation constrains efficient patrolling and monitoring of the protected areas.

With the return of political stability and overall improvement of law-and-order in the region, wildlife in the area is also showing promising signs of recovery. The State Forest Department of Assam, together with the Bodoland Territorial Council, WWF India and other organizations, supported by the US Fish and Wildlife Service and International Rhino Foundation, together launched a programme aimed at bringing rhinos back to Manas. Poaching of wildlife and smuggling of timber have been largely brought under control in the Manas Tiger Reserve and Royal Manas National Park.

Manas is also not free from developmental and anthropogenic pressures. Increasing focus on infrastructure development such as hydro projects, road construction, laying of power transmission lines, irrigation and industrial enterprises have a long-term bearing on the ecology of the two critical protected areas. The conservation complex also faces pressure from the thickly populated settlements along the protected areas as well as from inadequately regulated entry of people across the national borders. Dependence on forest resources for domestic consumption, illegal extraction for commercial markets, livestock grazing and land encroachments continue to create challenges for the park authorities.

Furthermore, inadequately skilled personnel and limited resources for scientific research and monitoring of habitat

and wildlife impact the ability of managers to make informed interventions in conservation. Incorporating principal concepts of modern ecological and social sciences in management and monitoring is imperative for ensuring the maintenance of the natural attributes of the protected areas.

CONSERVATION HISTORY

In India, the conservation history of Manas dates back to 1905 with the creation of a proposed reserve forest called the North Kamrup Reserve Forest in the state of Assam. Manas Reserve Forest came into being in 1907. It was declared a protected area in 1908, prohibiting wildlife hunting. In 1928, Manas Reserve Forest, which was in an area of 360 sq km, was declared as 'Manas Wildlife Sanctuary'. In 1973, Manas Wildlife Sanctuary became the core area of Manas Tiger Reserve, covering 2,837 sq km, one of the first of nine tiger reserves launched in India under the prestigious Project Tiger. In 1989, the national Man and Biosphere Committee declared Manas as a biosphere reserve. In 1985, Manas Wildlife Sanctuary (391 sq km) was included in the list of World Heritage Sites, as a site of outstanding universal value. Manas Wildlife Sanctuary was subsequently upgraded to a National Park, with an area of 500 sq km, in 1990. In 2003, Manas National Park (MNP) became a part of Chirang-Ripu Elephant Reserve (2,600 sq km) under the umbrella of Project Elephant. The Manas National Park has been recognized as an 'Important Bird Area' on the basis of the excellent birdlife and significant population of some globally threatened species (Islam and Rahmani, 2004).

The Royal Manas National Park is Bhutan's oldest national park and the Royal Government of Bhutan considers it the 'conservation showpiece of the Kingdom' and a 'genetic depository' of valuable

plants. It has an area of 1,057 sq km and covers eastern Sarpang District, the western half of Zhemgang District and the western Pemagatshel District. It is connected via 'biological corridors' to Phibsoo Wildlife Sanctuary, Jigme Singye Wangchuk National Park, Thrumshingla National Park and Khaling Wildlife Sanctuary.

Royal Manas National Park in Bhutan directly abuts the Manas National Park in Assam, India, to the south. Manas National Park in India is divided into three ranges – Panbari (western range), Bansbari (central range) and Bhuiyapara (eastern range). The ranges are not well connected and two major rivers need to be forded while going from the Bansbari to Panbari. There is a rough trail (the Daimari road) connecting the central range to the eastern range. Most visitors come to Bansbari and then spend time inside the forest at Mathanguri Forest Complex located on the bank of Manas river on Indo-Bhutan border.

INDO-BHUTAN COLLABORATION

The first bilateral meeting on trans-boundary cooperation between Bhutan and India for biodiversity conservation was organized in the Bansbari range, Manas National Park, India, on 20 February 2013. The meeting had the participation of senior government officials from both Bhutan and India and also representatives from major non-government organizations working in the area, including WWF. Deliberations from the Indian delegations were led by Dr Rajesh Gopal, Additional Director General – Project Tiger and Member Secretary, National Tiger Conservation Authority, Government of India and the Bhutan delegation was led by Mr Chenchu Norbu, Director General of Forests, Royal Government of Bhutan. Areas under the TraMCA that could be considered for trans-boundary cooperation and its scope of work were highlighted

during these discussions. Recognizing the biological value of the region and the need for co-operation for conservation, it was agreed that India would support the capacity development of officers and researchers from Bhutan. WWF also committed to work for the long term conservation in the area with the government and other stakeholders, including local communities.

The second bilateral consultative meeting between India and Bhutan on biodiversity conservation which took place in February 2016, discussed strengthening collaboration for conservation of tigers, co-predators, prey and their habitats and knowledge sharing to support effective management of the trans-boundary region.

Manas River, Its Shifting Channels and Impact on People

The Manas, a major tributary of the Brahmaputra, is a trans-boundary river in the Himalayan foothills between southern Bhutan and India, which holds these two pristine landscapes together in one contiguous ecosystem. It is named after Goddess Manasa, the serpent goddess in Hindu mythology. This landscape is defined by its rivers and understanding river dynamics is the key to effective management of this landscape. Initial studies on smaller tributaries of the Brahmaputra have highlighted the changes in river morphology, biodiversity, sediment and nutrient dynamics, which in turn impact the lives of communities living near the rivers and dependent on them.

Tigers and Co-Predators of Manas

In 2011-12, a study by the Assam Forest Department, Bodoland Territorial Council, WWF India and the Wildlife Institute of India attempted to estimate the number and density of tigers in the TraMCA. More than 80 photographs of 14 individually

identified tigers comprising 8 males and 6 females were captured. The population estimated was 15, with a range of 15 to 29. Tiger density was estimated as 1.9 individuals/100 sq km. Furthermore, five other important and threatened mammal species were photo-captured during the study, including dhole, clouded leopard, Himalayan black bear, sloth bear and leopard. Scientists believe regional ecology could be playing a role in the presence of such diverse carnivores in the Manas National Park, which necessitates further research.

Mahseer

One of the best-known fishes of the South Asian waters is the golden mahseer or *Tor putitora*. Growing to a length of up to 9 feet and weighing up to 40kg makes it one of the most sought-after game fish in the world. Unfortunately, environmental degradation and unrestricted fishing have had a catastrophic impact on its population. Today, it is listed in the IUCN Red List of threatened species. The iconic fish is found in the Punatsangchhu river, which runs for 320 km, from its source in Bhutan to the point where it meets the Brahmaputra in India. The golden mahseer migrates all the way from India to upstream rivers in Bhutan for breeding and feeding. Two major hydroelectric projects – Punatsangchhu-I and Punatsangchhu-II – are being developed on this river. Since no proper scientific study had been conducted on this species in this area, there is no way of knowing how the dams planned on the river will affect the fish. Since the fish has been sighted upstream in Punatsangchhu earlier, it is likely that the dams may prevent the mahseer from migrating for spawning and feeding. Earlier in 2015, Fisheries Conservation Foundation engaged in a partnership with WWF Bhutan and the Ministry of Agriculture and Forests,

Government of Bhutan, for a golden mahseer conservation research project. The overall goal of this project is to help generate information describing the life-history of mahseer in an effort to create conservation strategies and management plans. To assess the golden mahseer migration patterns, radio telemetry is being used to track where the fish travels during the monsoon season and where it moves to in the winter.

BACK FROM THE BRINK: THE REVIVAL OF MANAS IN INDIA

Manas, which was declared a World Heritage Site in 1985, was put on the List of World Heritage Sites in Danger in 1992 due to ethnic violence which affected its outstanding universal values (OUV). Thereafter, decade-long work by the authorities, including the Government of Assam and Bodoland Territorial Council and various conservation organizations, together with a large support from the local communities, resulted in restoration of its lost biodiversity wealth. On 21 June 2011, the 35th session of the UNESCO World Heritage Committee in Paris allowed withdrawal of Manas Wildlife Sanctuary from the List of World Heritage Sites in Danger.

The Bodoland Territorial Council, after its creation in early 2003, has been taking interest in the revival of Manas. Civil society organizations joined hands and local people were motivated to support the biodiversity conservation efforts in Manas. As a part of this effort, WWF India, together with conservation organizations, started working in 2003 to bring rhinos back through the Indian Rhino Vision 2020 (IRV 2020) programme.

Protection is a key factor in the conservation of rhinos in any national park and re-introduction of rhinos in Manas was a huge challenge due to lack of security even though the habitat was suitable.

According to the assessments made by the security team set up by the Government of Assam to assess and strengthen protection in Manas in 2005, the foremost constraints were shortage of manpower and infrastructure. As one of the measures, conservation volunteers from the local communities from the neighbouring villages were selected for this role. This also provided direct livelihood support to these youths, thereby helping forge a direct link between conservation and the local community. Awareness programmes were organized for local NGOs and communities living in villages adjoining the park. Financial and technical assistance came from all partners of the programme, like WWF India, International Rhino Foundation (IRF), US Fish and Wildlife Service (USFWS) and also from the Bodoland Territorial Council (BTC).

Based on multiple assessments by the security group and progress made on the ground, the first rhino translocation was carried out in 2008 under the IRV 2020 programme. As of 2018, 18 rhinos have been released in the park through wild-to-wild translocations conducted under approved protocols. The rhinos, fitted with radio collars, are monitored regularly using radio telemetry as well as traditional methods. The rhinos are today distributed in all the three ranges of the park and have adapted well to the habitats. The Manas National Park also houses five rhinos which are under rehabilitation and although eight of the trans-located and rehabilitated rhinos were poached, some of the female rhinos later bred and gave birth to calves, thereby raising the count to 39 rhinos as on March 2019. Reintroduction of wild rhinos in Manas is marked as a conservation success story and has provided the necessary initial impetus for the revival of the park.

WORKING WITH LOCAL COMMUNITIES AROUND MANAS

In 2004, WWF India began working with local communities residing in villages adjoining the park. The aim was to address the high costs that local communities often bear due to their proximity to wildlife-rich areas which includes loss or damage to property, crop losses, livestock predation and sometimes even loss of human lives, as well as the reduced or total loss of access to the park area and resources within. With support from Bodoland Territorial Areas District, conservationists are working to provide gas connections to around 1,000 households in the area. As a human–elephant conflict mitigation measure, plantation of lemon saplings, which are not palatable to elephants, is also being carried out along the park boundary.

CONSERVING THE TRANSBOUNDARY MANAS CONSERVATION AREA (TRAMCA): LOOKING AHEAD

Given the dynamics of this trans-boundary landscape, systematic, and coordinated monitoring for effective assessment of the distribution and abundance of wildlife species through a combination of field and remote sensing data and species distribution modelling is needed. The successful joint tiger-monitoring effort during 2010-11 in the trans-boundary landscape should be replicated in the future and for other species as well. The park managers and range authorities should regularly identify areas, frequency and mode of joint patrolling by forest staff at the field level for effective protection efforts.

A formal consultation mechanism at the park manager level, with regular meetings and discussions between the authorities of both Manas National Park and Royal Manas National Park, should

be set up. This will aid in greater coordination in decision-making on issues of common interest for the Trans-boundary Manas Conservation Area. To avoid bottlenecks in the tourism sector and encourage improved flow of tourists between both the national parks, a coordinated tourism strategy is required. This should enhance tourism and income potential while ensuring ecological sensitivity.

Collaborative scientific studies on drivers of habitat change including invasive species, fire, hydrology, along with the adaptation and mitigation of impact of climate change is a priority for research. Landscape conservation, looking beyond the park corridors connecting to Phipsoo in the west and Khaling in the east inside Bhutan and Sankosh to Dhansiri in India, should be initiated for corridor connectivity at different levels to ensure long-term integrity of the Transboundary Manas Conservation Area and its biodiversity.

Transboundary Manas Conservation Area is an extremely unique and rich landscape with a variety of wild cats and a host of different prey species. Together with Kaziranga and Nameri–Pakke, this could be the only landscape in the world with eight species of cats (felids) co-existing in the same area. The eight species include tiger, leopard, clouded leopard, marbled cat, golden cat, leopard cat, jungle cat and fishing cat. Other important carnivores like dhole, sloth bear and black bear also share the same habitat with these cats, making this landscape unique. Trans-boundary Manas Conservation Area as a conservation landscape is therefore vital for regional and global conservation of these species of cats.

Trans-boundary conservation is receiving more attention and importance as countries recognize that their environmental security and social welfare depends upon the conservation and management of biological resources that span political borders.

Trans-boundary conservation is particularly important in the Himalayan region, as many areas of rich biodiversity are located along and across natural borders. The future plans would evolve into a lasting commitment by the two national governments of India and Bhutan for biodiversity conservation in this area with rich natural heritage.

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CONCLUSION

CENTRE FOR ESCALATION OF PEACE

'We like visiting India,' said a group of students sitting outside one of Thimphu's better-known café-bars. It was August 2017. A military stand-off at Doklam – in the contested territory between Bhutan and China – overshadowed every conversation one encountered in the Himalayan Kingdom's capital city. These students, many of whom had visited India with singing gigs not so long ago were only slightly affected by the geopolitical fever that consumed strategic communities in India and Bhutan. This was in spite of the fact that Doklam was, as one former general in the People's Liberation Army (PLA) put it two years after the event, a 'very dangerous moment' for regional security. Its seriousness could not be underestimated. Its effects would be long-lasting.

The same groups of students who longed for closer ties with India were equally enamoured by the enigma of the People's Republic of China (PRC). 'Why do we need to make choices (between India and China)?' was a question raised by many. This was about Bhutan's future. Their curiosity for what lay beyond the edge of the known was only natural. Thousands of such youngsters were on Facebook. With their anonymity guaranteed, their alter egos were on full display on Bhutan's fastest growing social media platform.

This is a generation that is less concerned by the Treaties of Friendship (1949 and 2007) that define the formal edifice of the Indo-Bhutanese relationship. They, like millions of youngsters in India and other parts of the world, care more about a future filled with opportunities. A future where their creativity can be channelled in ways that are without constraints. The key, then, is to find ways in which the potential and the dreams of the young can be nurtured.

The greatest contribution of this commemoration volume has been to highlight the richness of this relationship, without losing sight of the push and pull factors that shape modern-day relations between India and Bhutan. After all, as Suhasini Haider points out in her clear-eyed piece, this is a 'political bilateral relationship' that is 'quite unparalleled in the world-order of today'. Equally, and as Tenzing Lamsang suggests in his wonderful essay, such uniqueness can best be celebrated if and when both countries appreciate the need to nurture the aspirations of those who will lead them tomorrow.

CEP has dedicated itself to this inimitable relationship. With the view to provide a platform for Indian and Bhutanese officials, scholars and those who might be called energisers of and for this relationship, CEP curated the India–Bhutan strategic dialogue. As Dasho Karma Ura writes in the introduction to this volume, 'All books are tools of mental navigations.' In many ways, the ten chapters in this book are designed to navigate the collective imaginations of those who have personally steered the contours of this relationship – such as Shyam Saran, Sudhir Vyas, Dasho Penjore and the ever-inspiring Dasho Karma Ura.

In doing so they have, as Shyam Saran argues in the opening chapter of this book, thrown-up 'new challenges and opportunities'. Whether it be the test of economic relations (best brought out in

the chapters by Dasho Penjore and Sudhir Vyas) or the need to cooperate in the 'wild' (as underlined in the contributions by Thinley Namgyel and Dipankar Ghosh and others), there are endless ways in which India and Bhutan can find further reasons to find common cause. The challenge is finding ways in which the top-line issues that shape this relationship are, at least partially, understood by those more interested in their personal borders than those drawn by colonial rulers more than a century ago. There is great advantage in forgetting the past, or moving beyond the usual, but who will serve as the Sherpas of tomorrow? Who will bring to life the many issues and promises that have been inked on these delightful pages? Who will pen the 100-year commemoration volume of a relationship that is undeniably an asset that neither India nor Bhutan can take for granted?

With this in mind, CEP introduced the Indo-Bhutan Youth Summit in 2018. The idea is simple – to bring together a group of students from India and Bhutan to spend time with one another in proximity with nature. There is no predetermined design to the Youth Summit. It is simply a way in which young people can connect, learn to understand one another's points-of-view, appreciate both the existence and the need for differences while, hopefully, understanding the value of comity. The students who spent many hours trekking together in the vast forests of Bhutan may not always serve as the channel by which this relationship is given meaning in the future. But if these young champions can, for the rest of their lives, carry with them the affection and simplicity of friendship wherever they choose to go, we would have found the quiet envoys of a relationship in need of new imaginations. These are the relationships that can and potentially will guide those more officious voices in times of crisis and otherwise. For, if there is one theme that runs through this volume, it is that of change, and who

are the best to embrace differences with the sense for something deeper than those who were connected in and through the fields, forests and mountains of Bhutan and India?

The youth summit has been designed to allow for these simple but powerful connections to sprout. Doklams will come and go. Facebook forums will find new platforms for communication. Hydropower and roads will necessarily dominate the minds of those who helped build them. But in this time, if tens, maybe hundreds of citizen-envoys (or summit graduates) can gently shape the temper of this relationship from the outside, we can be certain that there will be more than many authors for future commemoration volumes. What is without doubt is that there is a warmth in this relationship that fires an imagination that cannot be compared to any other modern-day bilateral political relationship.

In a modest way, CEP has dedicated itself to working with these different ideas between the people of India and Bhutan. In doing so, it has pledged itself to being a part of this bilateral inventiveness for many decades into the future. This book is a humble expression of our pledge. It could not have been achieved without the support and effort of those who spent many hours labouring on a volume that we know will stand the test of time. Equally, we earnestly hope that the assumptions here are challenged, that the chapters are critically examined, and that they serve as the beginning of collaborative endeavours for the future.

CENTRE FOR ESCALATION OF PEACE | CEP

The Centre for Escalation of Peace (CEP) (www.cepeace.org) is an important programme of Ritinjali (www.ritinjali.org). Centre for Escalation of Peace has organically evolved to tackle issues of conflict and poverty, lack of proper education and skilling, and disengagement with communities, to find viable solutions at a policy level. While Ritinjali works on the grassroots level by offering immediate support to those in need, CEP focusses on systemic issues and strategizing programmes to bring long-term changes and consolidated solutions.

The Centre for Escalation of Peace takes the view that peace is not just the absence of war. Peace cannot be taken for granted; constant effort is required to enhance it as an anchor in a sea of rapid and far-reaching strategic and socio-economic change. As such, peace must not merely be sustained, but escalated through various strategies and tactics akin to the pursuit of victory during war.

With that in mind, the CEP has continuously sought to create platforms and establish programmes that encourage the free exchange of ideas across borders, with a distinct focus on empowering young minds. Its dialogues and activities revolve around three 'pillars of calmness', namely (i) Youth and Education; (ii) Trade and Sustainable Development; and (iii) Society and Culture.

The Royal Institute for Governance and Strategic Studies, Bhutan (RIGSS) is a premier leadership institute and a think tank established by His Majesty The King in 2013. The first of its kind in the country, RIGSS is an autonomous, not-for-profit institute to promote excellence

in leadership and governance through training, discourse and research.

RIGSS currently offers a wide range of leadership programs for different target groups from various sectors. Besides leadership skills, most RIGSS courses provide comprehensive and analytical understanding of pertinent national issues and emerging trends and challenges. RIGSS provides a forum where current and future decision-makers come together to forge a collective aspiration for our country and chart out the best possible ways forward.

Besides leadership training and research, RIGSS organises public lectures by eminent speakers, policy debates and seminars and international symposiums. It also organises the Track-II India-Bhutan Dialogue (IBD) in partnership with the Centre for Escalation of Peace (CEP) in New Delhi, an effort to promote India-Bhutan friendship and cooperation.

Centre for Escalation of Peace (CEP) along with Royal Institute for Governance and Strategic Studies (RIGSS) has brought out a collaborative book on India and Bhutan to commemorate 50 years of diplomatic relations. The book deals with various aspects of this relationship, primarily politics, economics, culture and the environment. With the view to allow the book to be equally representative of Indian and Bhutanese viewpoints, each topic is divided into two parts, one written by someone in India and the other by the Bhutanese counterpart.

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