

Developments in Bhutan

Major General Y K Gera (Retd)*

Background

Bhutan is a landlocked Buddhist kingdom, with an area of 46,500 sq km and shares 470 km of land boundary with the Peoples Republic of China (PRC) and 605 km with India. Bhutan is sandwiched between the PRC in the north and the Republic of India in the south, east and west. The Country has developed a distinct pattern of socio-economic culture, political institutions and administration. Its geo-strategic importance lies in the fact that it acts as a 'Buffer Zone' between the PRC and India.

The early history of Bhutan is obscure. Due to the difficult and inhospitable mountainous terrain, the country remained in isolation for centuries, with hardly any contacts with the outside world. Historical records are, however, available from the 7th Century onwards, when monasteries like Paro Kitchu, Jumpa and Kujey Lhakhangs were set up in Bumthang Valley.¹ Bhutan remained a theocratic polity for a long time. On 17 December 1907, Ugyen Wangchuck became the first hereditary monarch.

Bhutan's political relations with British India drew focus in the year 1772 after a conflict between Bhutan and Cooch Bihar.² Warren Hastings sent a mission to Bhutan and relations got strained. However, Bhutan was not colonised. The British sent Younghusband's Expedition to Tibet during the year 1903. The king of Bhutan Ugyen Wangchuk successfully mediated between the British and the Tibetans. Consequently, relations between the British India and Bhutan improved. India gained independence in 1947. In 1949, Bhutan signed the 'Treaty of Friendship' with India, formalising relations between the two countries.

Evolution of Modern Bhutan

Structural and Social Reforms. The third monarch, Jigme Dorji Wangchuk, ascended the throne of Bhutan in the year 1952. He introduced constitutional, social, and judicial reforms. a nine member Royal Advisory Council, was established in 1953. A ceiling of 25 acres of land holdings was promulgated. Bonded labour was abolished. Separation of the Executive, from the Judiciary and the Legislature, was introduced. In 1961, the first five year development plan was launched. In 1971, Bhutan became a member of the United Nations.³ King Jigme Dorji Wangchuk came to be known as the father of modern Bhutan.

Political Reforms. The fourth monarch Jigme Singye Wangchuk ascended the throne in 1974. He established 20 district development councils in 1982. The council members were to be elected by their constituencies. During the year 1992, 202 block level committees were set up with 2,614 elected members. The democratic process was instituted to enable people's participation in nation building. In June 1998, the Cabinet was dissolved and the National Assembly was empowered to elect members of the Council of Ministers by secret ballot. The King also issued a written edict to register a vote of confidence by the National Assembly, whereby a motion of no-confidence by two-third majority shall require the King to abdicate in favour of the next in line of succession to the throne.

Absolute Monarchy to Parliamentary Democracy. The present King Jigme Khesar Namgyel Wangchuk, whose Coronation was held on 14 December 2006, has strengthened the political system by holding the first general elections on 24 March 2008 to phase out absolute monarchy. Two parties were allowed to contest to elect 47 members for the National Assembly, the lower house of Bhutan's Parliament. The Druk Phuensum Tshogpa (DPT) or (Bhutan United Party) won 44 seats in a landslide victory. People's Democratic Party won only two seats. Jigmi Thinley has become the Prime Minister again. The elections were monitored by more than 40 international observers including the UN, and praised by the USA as a "positive step in Bhutan's transition to a democratic constitutional monarchy".⁴

Problem of Refugees in Exile

Bhutan is a Buddhist Kingdom where the majority of the people speak the Dzongkha language. There are three main ethnic, religious and linguistic groups in Bhutan. These are Ngalongs, Sarchops and Nepali speaking Lhotshampas. The forefathers of Lhotshampas came from Nepal and they still adhere to the Nepalese language and Hindu religion. They comprise around 46 per cent of the total population and mostly inhabit southern foothills of Bhutan. The

Lhotshampas began to feel the sting of discrimination in 1985 when a new citizenship act came into force stripping many of them of their status as legitimate citizens primarily due to their ethnic origin. Three years later a new policy of etiquette and manners was instituted that made it mandatory for all citizens to wear Bhutanese traditional clothing in public and use the national language in all government institutions. Those who did not meet the criteria spelt out in 1985 citizenship act were harassed and intimidated into leaving their homes and going into exile into neighbouring India and Nepal. Most of them belong to Lhotshampas ethnic group. Their number has grown to over 108,000, almost one sixth of Bhutan's population of 650,000 or so. In Nepal, most refugees are living in refugee camps in districts of Morang and Jhapa for the last couple of decades. There is pressure on the Nepal social system and complaints from citizens that the refugees drive down wages and contribute to crime. After 15 unsuccessful rounds of repatriation talks between Bhutan and Nepal; in 2005, a USA led core group including Norway, Canada, New Zealand, Denmark, Australia and the Netherlands persuaded Nepal to allow third country settlement of refugees. The USA has agreed to absorb 60,000 refugees. The other six countries have agreed to take in the rest.⁵ On an average 1,500 refugees are likely to be resettled every month. However, some refugees are not happy to go to a third country and would prefer to return home in Bhutan. However, the process of resettlement has started recently.

Chinese Interests and Influence

Bhutan does not have diplomatic relations with China. In 1954 the PRC published A Brief History of China where a portion of Bhutan was included as pre-historical realm of China. In 1958, another map claimed more Bhutanese land and later China occupied about 300 square miles of territory in the North and North East Bhutan. For centuries, Tibet has been a spiritual heartland of Mahayana Buddhists in the Himalayan region. Bhutan had a mission in Lhasa. The Tibetan uprising in 1959, the Dalai Lama's flight to India, and reports of Chinese troops along Bhutan's borders posed a security threat. The People's Liberation Army (PLA) occupied eight Bhutanese enclaves along Western Tibet. Bhutan closed its border, withdrew its representative from Tibet, and put an end to relations.

The border problem posed a serious security threat after September 1979 incursions by China into Bhutanese territory. Bhutan protested. China expressed its desire to solve the problem bilaterally. The process of China-Bhutan boundary talks made some progress in the 12th round with the signing of an interim agreement on 08 December 1998 to maintain peace and tranquility at the border. Since the official visit of Bhutanese delegation to China led by foreign secretary Dasho Ugyen Tshering from 18 to 25 July 2001, China-Bhutan relations have witnessed a change. The Chinese approach in resolving the border issue with Bhutan has been through a package deal. China has proposed to exchange 495 sq km area with an area of 269 sq km in the North West Bhutan. Both sides have agreed to discuss at technical level and then decide.

The India-Bhutan Treaty of February 2007, enables Bhutan to formulate her independent foreign policy according to her economic and national needs. Earlier, Article 2 of India-Bhutan Treaty of 1949, in principle, called for Bhutan to seek India's advice in external matters. Over the years, China has delayed the final settlement of boundary issue with Bhutan during the pre-Treaty era to gain more space to bargain with Bhutan in areas of trade and commerce.

China already has good strategic relations with Pakistan and Bangladesh. Maoist success in Nepal has boosted Chinese strategic influence there. China's policy towards Bhutan appears to aim at further consolidation of strategic influence in South Asia. In New Delhi's perception, South Asia constitutes an integral security unit in which India plays a lead role.

Indo-Bhutan Relations

Bilateral Relations. India and Bhutan friendship is deeply rooted in religion, culture, history, politics, security and economic ties. Recorded historic relations date back to 747 AD when Indian saint Padmasambhava introduced Buddhism in Bhutan which continues to be the state religion. The bilateral relations after the Indian Independence in 1947 were based on India-Bhutan Treaty of 1949, which provided for, "perpetual peace and friendship, free trade and commerce and equal justice to each other's citizens".⁶ Article 2 of the Treaty, in principle, called for Bhutan to seek India's advice in external matters, while India pledged non-interference in Bhutan's internal affairs. Formal relations between India and Bhutan were established in 1968. Resident representatives were exchanged in 1971. Ambassadorial level relations were set up in 1978. In 1971, India sponsored Bhutan's application for UN membership. The leaders of the two countries demonstrated that Article 2 of the Treaty was not a restricting factor in the exercise of Bhutan's foreign policy. In any case this clause has been modified in the new, India-Bhutan Treaty of Friendship signed in February 2007.

Economic Relations. Bhutan's planned development started with the First five year plan in 1961, with total funding and manpower support from India. All development programmes till the Third five year plan were fully financed by the Government of India. Over the years, India's financial assistance has increased from Rs 107 million in the first plan to Rs 9,000 million in the Eighth plan. Bhutan's sources of foreign aid have got diversified after it became a member of the UN. However, India continues to be a major donor accounting for about 40 to 45 per cent of the total external financial outlay. India has provided assistance mainly in the social sectors such as education, human resource development, health care, agriculture and road construction.

Hydro-Power. Bhutan has a potential of producing 30,000 MW of hydro-power which is a good source of energy. It is economically and environmentally an excellent option, particularly when compared to power plants that rely on coal for power generation and emit a lot of carbon dioxide (CO₂) gas as a by-product, and contribute to global warming. Important projects in which India has invested under Government of India-Royal Government of Bhutan cooperation include the Chhukha (336MW), Kurichhu (60MW), Tala (1,020 MW) and Puna Tsangchhu (870 MW).⁷ With a huge Indian market for electricity, Bhutan has no problem in exporting it. Currently, approximately 90 per cent of electricity generated in Bhutan is exported to India.

Trade and Investment. Exports to India from Bhutan, over the last couple of decades, have accounted for 85 per cent of the total. Similarly, imports from India are around 80 per cent. Exports include mineral products, chemicals, base metals, wood and electricity. Imports from India include machinery, mechanical appliances, electronic items, food products and consumer items. In the area of Foreign Direct Investment, State Bank of India has collaboration with the Bank of Bhutan. Indian nationals operate some of the trading and service activities on licenses issued by the Ministry of Trade and Industry in Bhutan. Indian investments encompass manufacturing, construction, engineering, steel, electronic industries, services and consultancy.

Co-operation in the Field of Security and Defence.

- (a) **Training of Military Personnel.** The Royal Bhutan Army Cadets undergo training at the National Defence Academy, Khadakwasla and the Indian Military Academy, Dehradun. The officers are trained at the Infantry School, Mhow, the Defence Services Staff College, Wellington and at the Army War College Mhow. In addition, Indian Military Training Team (IMTRAT) with Headquarters in Haa District of Bhutan, continues to do a good job. There is close co-operation between the two countries regarding training of military personnel of Bhutan.
- (b) **Construction of Road Network in Bhutan.** Road construction in mountainous terrain is very difficult. In India, Border Roads Development Organisation has gained valuable experience in this field. Project DANTAK a part of the Organisation has rendered good service in Bhutan by constructing over 1,000 km of roads in inhospitable mountainous terrain.
- (c) **Flushing out of Militants from Bhutan.** In the year 1996, illegal presence of militant camps using Bhutan as a base and hideout, while rebelling against the Indian Government got confirmed. Bhutan understood the potential danger. In the beginning of 1997 and during subsequent sessions, the issue was discussed in the Bhutan's National Assembly. Militant camps were established by the United Liberation Front of Assam (ULFA), National Democratic Front of Bodos (NDFB) and the Kamptapuri Liberation Organisation (KLO) militant outfits⁸ in jungles of South East Bhutan. The Bhutanese Government urged the militants repeatedly over a period of seven years or so to leave Bhutan peacefully. By the end of 2003, it became clear that militants had no intention of leaving Bhutan till their objectives had been achieved. On 15 December 2003, the Royal Bhutanese Army launched military operations to flush out the militants. The operation was successful. It strengthened Indo-Bhutan relations and mutual respect.

Effects of Globalisation

Bhutan has enjoyed a protected status in its trade relations with India till 1990s.⁹ With Economic liberalisation it is imperative that Bhutanese industries adopt measures to keep abreast and yet remain competitive. Should that not happen, Bhutan will lose market share in the increasingly open market in India. Bhutan will also have to cope with effect of gradual privatisation of public sector undertakings catering for power, petroleum products and so on.

Bhutan has already applied for membership of the World Trade Organization (WTO) thereby displaying her firm commitment for globalisation. Bhutan is a signatory of free trade regimes such as SAARC Free Trade Agreement (SAFTA), and Bay of Bengal Trade and Economic Co-operation (BB-TEC). Membership follows liberalisation, economic reforms, institutions and harmonisation of national laws to conform to the WTO agreements. Bhutan has to

be prepared to institute suitable measures as also to compete and benefit from enhanced market access by removing incongruities with many pitfalls. It is a major challenge requiring a lot of forethought and detailed planning.

The Way Ahead: Vision 2020.10

The Bhutan Planning Commission has worked out the thrust line that will guide Bhutan in maintaining its distinctive Bhutanese path of development in a hand-book titled “Vision 2020”. Six guiding principles have been spelt out. These are – identity, unity and harmony, stability, self-reliance, sustainability and flexibility. These principles are to complement the concept of development, namely the Gross National Happiness (GNH) as distinct from Gross National Product (GNP). Proper implementation of developmental projects and plans, if achieved with a reasonable degree of success, are likely to result in Bhutan achieving some of the following:-

- (a) A modern state with Bhutanese identity.
- (b) A low sustainable rate of population growth through good education and health care.
- (c) Generate more hydro-power while minimising environmental degradation.
- (d) Strengthened democratic institutions.
- (e) Gradual and sustainable growth of private sector with emphasis on professionalism.

Conclusion

Bhutan is a “Buffer State” between India and China. Bhutan has good friendly relations with India. Bhutan-China relations are also improving. China has global ambitions. In South Asia, China already has good strategic relations with Pakistan and Bangladesh. Maoist success in Nepal has boosted Chinese influence there. China is wooing Bhutan to consolidate her strategic influence in South Asia. Bhutan has to tread cautiously to retain balance in keeping with her overall national interests.

Globalisation is a big challenge. It is a complex social, political and cultural phenomenon, as much as, it is about economics. Two principles are dominant – the principle of ‘economic liberalism’ and the principle of ‘social protection’. The first aims at establishment of a self regulating market on a global scale and the second at protecting society, environment as well as production, from the ill effects of the market forces. Bhutan as a sovereign nation will have to achieve a delicate balance between globalisation and counter movements with emphasis on equity and justice in a sustainable development model.

The Kingdom of Bhutan is a progressive State, where reforms in the political, social, economic, and judicial institutions are by and large keeping pace with each other. The concept of Gross National Happiness (GNH) was propounded by the Fourth King Jigme Singye Wangchuk in the late 1980s. It places the individual and the people at the centre of all developmental efforts. It recognises that individuals have material, spiritual and emotional needs. Development plans and “Vision 2020” have been made, keeping the concept of the GNH in mind. A balanced approach to the phenomenon of globalisation and successful implementation of the development plans, if achieved, are bound to lead to prosperity and a better quality of life for the people of Bhutan.

*Major General YK Gera (Retd) was ADG SI and CSO Central Command; and Deputy Director and Editor of USI from 01 Jan 1997 to 30 April 2007.

Journal of the United Service Institution of India, Vol. CXXXVIII, No. 573, July-September 2008.