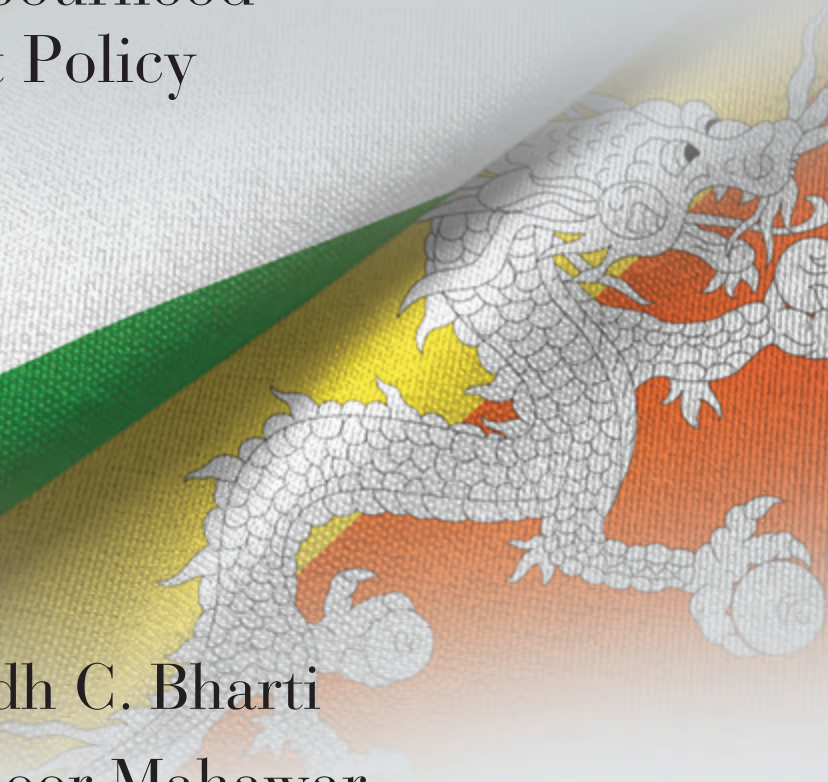




Indian Council
of World Affairs

EXPLORING INDIA-BHUTAN RELATIONS

A Deep Dive
into the
Neighbourhood
First Policy



Dr. Subodh C. Bharti
Nutan Kapoor Mahawar

INDIAN COUNCIL OF WORLD AFFAIRS

SAPRU HOUSE, NEW DELHI

2025



Parliament of Bhutan, Thimphu



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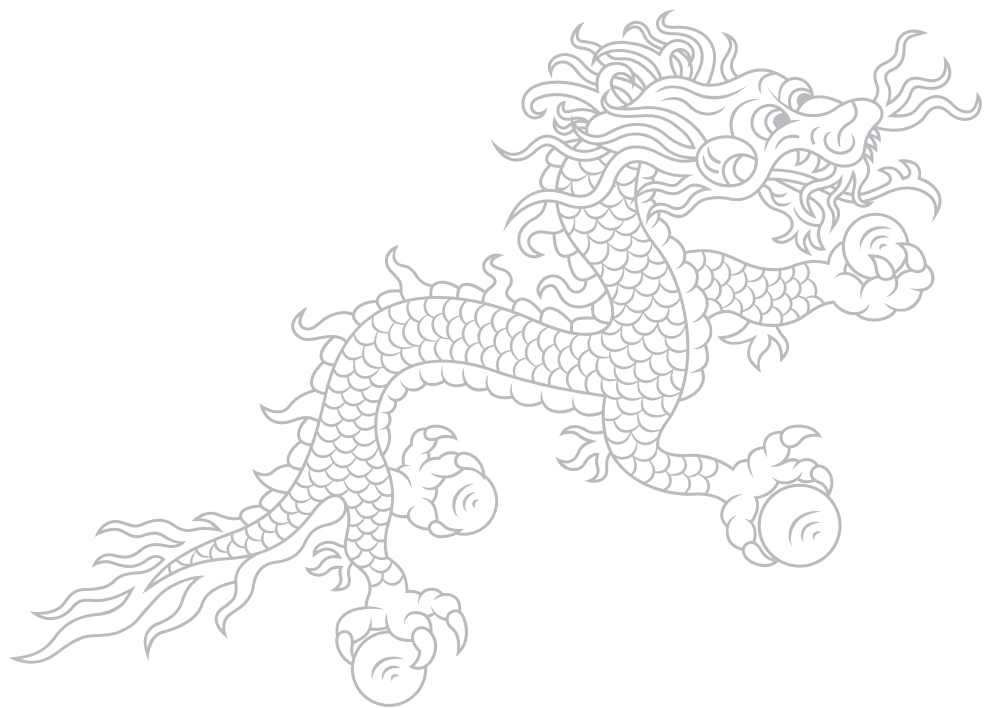
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India and Bhutan share a unique bond that exemplifies the essence of bilateral cooperation and friendship. This dynamic friendship not only reflects historical cultural ties with *Kalimpong, Kamrup, Kochbihar, and Kolkata* but also emphasises a commitment to mutual growth and development, embodying the essence of *Hope, Help, the High Himalayas, Hydropower, and Happiness* in an ever-changing geopolitical landscape. India's Neighbourhood First Policy shapes the interactions between these two nations and fosters a partnership built on mutual trust, support, and shared aspirations.





*The Tiger's Nest
or Taktsang
Monastery,
Bhutan.*

INTRODUCTION



The India–Bhutan ties are characterised by mutual warmth and goodwill, strengthened by frequent high-level exchanges. This bond gained significant importance following India’s independence, as both nations have established deep-rooted cultural, historical, geographical, social, and economic connections. In the wake of the British withdrawal from South Asia, Bhutan and India formalised their relations by signing the ‘Treaty of Perpetual Peace and Friendship’¹ in August 1949, thereby solidifying their status as important neighbours with substantial political and economic ties. Successive governments in New Delhi have consistently regarded

this relationship as paramount and have invested significantly in it. In recognition of Bhutanese sensitivities, a new treaty, the ‘India-Bhutan Friendship Treaty’², was formalised in 2007. This treaty updates the original 1949 treaty and establishes a robust framework for cooperation and bilateral interactions between the two nations.

Bhutan holds significant importance for India under its “Neighbourhood First Policy” (NFP). This policy emphasises cooperation based on the principle of non-reciprocity and demand-driven specific needs and requirements of neighbouring countries. This commitment was highlighted by Prime Minister Modi’s first foreign visit to Bhutan in June 2014, during his initial term in office.

Bhutan and India formalised their relations by signing the ‘Treaty of Perpetual Peace and Friendship’ in August 1949, thereby, solidifying their status as important neighbours with substantial political and economic ties. Successive governments in New Delhi have consistently regarded this relationship as paramount and have invested significantly in it.

- 1 Government of India. “Treaty of Perpetual Peace and Friendship.” *Ministry of External Affairs, Government of India*. n.d. <https://www.mea.gov.in/bilateral-documents.htm?dtl/5242/treaty+or+perpetual+p> (Accessed January 10, 2025).
- 2 Government of India. “India-Bhutan Friendship Treaty.” *Ministry of External Affairs, Government of India*. 2007. <https://www.mea.gov.in/images/pdf/india-bhutan-treaty-07.pdf> (Accessed January 10, 2025).

**Table 1 : Indian Official High-level Visit to Bhutan
(Past 12 Years)**

	22–23 March 2024 Prime Minister Narendra Modi
17–18 August 2019 Prime Minister Narendra Modi	
	7–8 November 2014 President Pranab Mukherjee
15–16 June 2014 Prime Minister Narendra Modi*	

**accompanied by the External Affairs Minister, National Security Adviser, and Foreign Secretary*

Source: Ministry of External Affairs, India



Buddhist Stupa in Jomolhari Base Camp, Paro, Bhutan.

His second visit to Bhutan occurred in August 2019 following his re-election. Indian Prime Minister Modi's state visit to Bhutan from 22 to 23 March 2024, continued the tradition of regular high-level exchanges between India and Bhutan. Furthermore, it reinforces India's emphasis on the NFP.

OFFICIAL HIGH-LEVEL VISITS IN THE PAST 12 YEARS



Indian Official High-Level Visits to Bhutan

Over the past decade, India has seen a series of high-level visits to Bhutan, which has led to strengthening the bilateral ties between the two nations

significantly (Table 1). One of the most prominent visits was in June 2014, when Indian Prime Minister Narendra Modi unveiled the foundation stone for the 600 MW Kholongchu Hydropower Project, a joint venture between Indian and Bhutanese public sector undertakings SJVNL and Druk Green Power Cooperation.³ The visit also saw the inauguration of Bhutan's new Supreme Court building, a project funded by India, as well as the doubling of the Nehru–Wangchuck Scholarship (₹20 million per year) to further support Bhutanese students.⁴ Modi's visits highlighted India's continued commitment to Bhutan's socio-economic development and regional cooperation.

Prime Minister of India, Narendra Modi's 2019 visit to Bhutan focused heavily on energy cooperation and technological advancements. He inaugurated the 720 MW Mangdechhu Hydroelectric Plant and launched the use of Indian-issued RuPay cards in Bhutan. His visit also included key announcements such as an increase in the quantity of subsidised LPG and a new power purchase agreement for the Mangdechhu hydro-electric project.

3 Government of India. "Joint Press Statement on the State Visit of Prime Minister of India to the Kingdom of Bhutan (15-16 June 2014)." *Ministry of External Affairs, Government of India*. <https://www.mea.gov.in/bilateral-documents.htm?dtl/23435/> (Accessed December 12, 2024).

4 Ibid.

Indian Prime Minister Narendra Modi's 2019 visit to Bhutan focused heavily on energy cooperation and technological advancements. He inaugurated the 720 MW Mangdechhu Hydroelectric Plant and launched the use of Indian-issued RuPay cards in Bhutan.⁵ His visit also included key announcements, such as an increase in the quantity of subsidised LPG and a new power purchase agreement for the Mangdechhu hydro-electric project.⁶ Additionally, several MoUs were signed on information technology, education, academic exchanges, aircraft, and legal and judicial education cooperation.⁷ This visit further helped deepen bilateral cooperation in sectors such as space technology and education. In November 2014, the then-Indian President Pranab Mukherjee visited Bhutan, launching several high-impact initiatives, including the School Reform Programme, the Yelchen Central

School, and the East-West Highway double-lining project.⁸ These initiatives demonstrated India's steadfast support for Bhutan's infrastructural and educational development. During the same visit, three significant MoUs were signed between Indian and Bhutanese educational institutions, enhancing academic collaboration.⁹

The most recent visit of Indian Prime Minister Modi was held in March 2024 and culminated in a series of agreements and MoUs that spanned various sectors, including energy, space, sports, and health. Both sides notably agreed to establish rail links between India and Bhutan, representing a significant step towards enhancing connectivity.¹⁰

The Memorandum of Understanding (MoU) regarding these rail links outlines the establishment of two specific routes: Kokrajhar-Gelephu and Banarhat-Samtse, along with their

5 Government of India. "Joint Statement on the State Visit of Prime Minister of India to Bhutan." *Ministry of External Affairs, Government of India*. August 18, 2019. <https://www.mea.gov.in/bilateral-documents.htm?dtl/31739/joint-statement-on-the-state-visit-of-prime-minister-of-india-to-bhutan> (Accessed December 12, 2025).

6 Ibid.

7 Ibid.

8 Government of India. "Joint Statement On The Occasion Of The State Visit To Bhutan By The President Of India On 7-8 November, 2014." Government of India. https://www.presidentofindia.gov.in/pranab-mukherjee/foreign_visit/joint-statement-occasion-state-visit-bhutan-president-india-7-8 (Accessed December 12, 2025).

9 Ibid.

10 Government of India. "List of Outcomes: State visit of Prime Minister Shri Narendra Modi to Bhutan." *Ministry of External Affairs, Government of India*. March 22, 2024. <https://www.mea.gov.in/outgoing-visit-detail.htm?37731/List-of-Outcomes++State+visit+of+Prime+Minister+Shri+Narendra+Modi+to+Bhutan> (Accessed December 12, 2024).



Mangdechhu Hydroelectric Plant, Bhutan.

Indian Prime Minister Narendra Modi's 2019 visit to Bhutan focused heavily on Energy Cooperation and Technological Advancements. He inaugurated the 720 MW Mangdechhu Hydroelectric Plant.

Table 2. Bhutanese Official High-level Visits to India (Past 12 Years)

#	Officials	Date of Visit
1.	King Jigme Khesar Namgyel Wangchuck	6–10 January 2014
2.	Prime Minister Dasho Tshering Tobgay	10–18 January 2015
3.	Minister of Foreign Affairs Damcho Dorji	20–23 February 2018
4.	Prime Minister Tshering Tobgay	5–7 July 2018
5.	Prime Minister Lotay Tshering	27–29 December 2018
6.	Prime Minister Tshering Tobgay	14–18 March 2024
7.	Prime Minister Tshering Tobgay	24–26 November 2024
8.	King Jigme Khesar Namgyel Wangchuck	5–6 December, 2024
9.	King Jigme Khesar Namgyel Wangchuck	3–4 February 2025
10.	Prime Minister Tshering Tobgay	20–21 February 2025
11.	Prime Minister Tshering Tobgay	4 September 2025

Source: Prepared by the author based on the press releases of the Ministry of External Affairs, India.

implementation modalities.¹¹ During the visit, Prime Minister Modi also announced Nu. 100 billion in assistance for the 13th Five-Year Plan of Bhutan.¹² These visits underscore the importance of Bhutan in India's NFP and further reinforce the strong economic and diplomatic ties between the two nations, signalling a continued commitment to mutual development and cooperation.

¹¹ Ibid.

¹² K P Sharma. "Prime Minister Modi announces INR 100 billion financial assistance for 13th Plan." *Kuensel*. March 23, 2025. <https://kuenselonline.com/modi-announces-inr-100-billion-financial-assistance-for-13th-plan/> (Accessed December 12, 2025).

Bhutanese Official High-Level Visits to India

On the other side, Bhutan's high-level visits to India have also played an important role in strengthening bilateral relations in the past 12 years (Table 2). In January 2014, Bhutanese King Jigme Khesar Namgyel Wangchuck visited India, where both countries reaffirmed their strong historical

Successive Governments of India have reaffirmed India's commitment to the socio-economic development of Bhutan and continued support for the country's Five-Year Plans. Bhutan has expressed gratitude for India's continued assistance in its transition from Least Developed Country status.

ties and mutual support.¹³ The King appreciated India's continuous aid in Bhutan's socio-economic development during the visit.¹⁴

During Bhutanese Prime Minister Tshering Tobgay's visit to India in January 2015, both sides expressed satisfaction over the progress of ongoing hydroelectric projects, and they reiterated their commitment to the ambitious 10,000 MW initiative.¹⁵ During this visit, Prime Minister Tobgay engaged in a tour of the revered sites of Varanasi and Bodhgaya. This further underscores

the profound cultural connections that exist between the two nations. In his subsequent visit to India in July 2018, Prime Minister Tobgay engaged in discussions with Indian officials, reaffirming India's commitment to the socio-economic development of Bhutan and its continued support for the country's Five-Year Plans.¹⁶ Both nations highlighted the importance of hydroelectric cooperation and commemorated the 50th anniversary of their diplomatic relations. Bhutan expressed gratitude for India's assistance in its transition from Least Developed Country status.¹⁷

13 Government of India. "Joint press release on the official visit of His Majesty Jigme Khesar Namgyel Wangchuck, King of Bhutan to India from 6 – 10 January 2014." *Ministry of External Affairs, Government of India*. January 09, 2014. <https://www.mea.gov.in/incoming-visit-detail.htm?22722/Joint+press+release+on+the+official+visit+of+His+Majesty+Jigme+Khesar+Namgyel+Wangchuck+King+of+Bhutan+to+India+from+6++10+January+2014> (Accessed January 14, 2025).

14 Ibid.

15 Government of India. "Joint Press Release on the Official Visit of Prime Minister of Bhutan to India." *Ministry of External Affairs, Government of India*. January 18, 2015. https://www.mea.gov.in/press-releases.htm?dtl%2F24696%2FJoint_Press_Release_on_the_Official_Visit_of_Prime_Minister_of_Bhutan_to_India (Accessed January 14, 2025).

16 Royal Government of Bhutan. "Official visit of H.E. Dasho Tshering Tobgay, Hon'ble Prime Minister, to India, July 5 – 7, 2018." Ministry of Foreign Affairs and External Trade, Royal Government of Bhutan. July 08, 2018. <https://www.mfa.gov.bt/official-visit-of-h-e-dasho-tshering-tobgay-honble-prime-minister-to-india-july-5-7-2018/> (Accessed January 14, 2025).

17 Ibid.



The Trongsa Dzong is the largest Dzong Fortress, Trongsa, Bhutan.

Another significant visit came in December 2018, when Bhutanese Prime Minister Lotay Tshering visited India and discussed furthering the 10,000 MW hydropower initiative and enhancing trade relations.¹⁸ The Indian government committed ₹4500 crore for Bhutan's 12th Five-Year Plan and pledged continued support to strengthen Bhutan's energy infrastructure and development programmes.¹⁹ In March 2024, Prime Minister Tshering Tobgay's visit to India underscored ongoing cooperation

in the energy sector, including the successful implementation of the Punatshangchhu-II hydroelectric project.²⁰ The official meetings during the visit remained focused on expanding cooperation in solar, wind, and green energy initiatives, in addition to the growing ties in space technology.²¹ The visit culminated in the signing of an MoU for the GyalSung National Service Program, which focuses on leadership development for Bhutanese youth.²² During his subsequent visit in November 2024, Prime Minister Tobgay attended the official launch

18 Royal Government of Bhutan. "Joint Press Statement on the State Visit of Prime Minister of Bhutan to India (27-29 December 2018)." *Royal Bhutanese Embassy, New Delhi, Royal Government of Bhutan*. December 30, 2018. <https://www.mfa.gov.bt/rbedelhi/joint-press-statement-on-the-state-visit-of-prime-minister-of-bhutan-to-india-27-29-december-2018/> (Accessed January 14, 2025).

19 Ibid.

20 Government of India. "Joint Statement on the Official visit of Prime Minister of Bhutan Lyonchhen Tshering Tobgay to India." Ministry of External Affairs. March 16, 2024. https://www.mea.gov.in/bilateral-documents.htm?dtl/37714/Joint_Statement_on_the_Official_visit_of_Prime_Minister_of_Bhutan_Lyonchhen_Tshering_Tobgay_to_India (Accessed January 14, 2025).

21 Ibid.

22 Ibid.

of the UN International Year of Cooperatives,²³ which was inaugurated by the Indian Prime Minister Modi.²⁴

Additionally, the visit of Bhutanese King Jigme Khesar Namgyel Wangchuck in December 2024 marked continued progress in strategic partnerships, particularly in clean energy cooperation, the Punatshangchhu-II project, and the integration of economic activities along the India-Bhutan border.²⁵

The recent visit of the King of Bhutan in the first week of February 2025 was notable, as it was held at the invitation of Prime Minister Narendra Modi to attend the Maha Kumbh Mela.²⁶ Furthermore, Bhutanese Prime Minister Dasho Tshering Tobgay visited New Delhi from 20 to 21

February 2025 to participate in the inaugural Leadership Conclave of the School of Ultimate Leadership.²⁷

All these bilateral high-level visits by both Indian and Bhutanese leaders over the last 12 years have underscored the warmth and trust between the two nations and have significantly reinforced the multifaceted partnership between the two countries. It further underscores a deep commitment to mutual growth and regional stability.

BORDER AND MOVEMENT OF PEOPLE



Bhutan and India share a 699 km-long border,²⁸ which is an open international border. Both countries allow their citizens to cross the border without

23 Royal Government of Bhutan. "Visit of Prime Minister, Dasho Tshering Tobgay, to India." *Ministry of Foreign Affairs and External Trade, Royal Government of Bhutan*. November 24, 2024. <https://www.mfa.gov.bt/visit-of-prime-minister-dasho-tshering-tobgay-to-india-2/> (Accessed January 14, 2025).

24 Government of India. "PM inaugurates ICA Global Cooperative Conference 2024." *Government of India*. November 25, 2024. https://www.pmindia.gov.in/en/news_updates/pm-inaugurates-ica-global-cooperative-conference-2024/ (Accessed January 14, 2025).

25 Government of India. "Joint Statement on the Official Visit of His Majesty The King of Bhutan Jigme Khesar Namgyel Wangchuck to India (05-06 December, 2024)." *Ministry of External Affairs, Government of India*. December 05, 2024. <https://www.mea.gov.in/incoming-visit-detail.htm?38700/Joint+Statement+on+the+Official+Visit+of+His+Majesty+The+King+of+Bhutan+Jigme+Khesar+Namgyel+Wangchuck++to+India+0506+December+2024> (Accessed January 14, 2025).

26 Government of India. "Visit of His Majesty The King of Bhutan to India (February 03-04, 2025)." *Ministry of External Affairs, Government of India*. February 04, 2025. https://www.mea.gov.in/press-releases.htm?dtl/38966/Visit_of_His_Majesty_The_King_of_Bhutan_to_India_February_0304_2025 (Accessed February 17, 2025).

27 Government of India. "Official Visit of Prime Minister of Bhutan to India (February 20-21, 2025)." *Ministry of External Affairs, Government of India*. February 22, 2025. <https://www.mea.gov.in/press-releases.htm?dtl/39095/Official+Visit+of+Prime+Minister+of+Bhutan+to+India+February+2021+2025#:~:text=Prime%20Minister%20of%20Bhutan%20H.%20E.,Prime%20Minister%20Shri%20Narendra%20Modi> (Accessed February 28, 2025).

28 Government of India. "Annual Report 2023-2024." *Ministry of Home Affairs, Government of India*. n.d. https://xn--i1b5bzbybhfo5c8b4bxh.xn--11b7cb3a6a.xn--h2brj9c/sites/default/files/AnnualReport_27122024.pdf (Accessed January 20, 2025).

Bhutan and India share a 699 km-long border, which is an open international border. Both countries allow their citizens to cross the border without a visa requirement, facilitating travel and trade. Nonetheless, it is essential to note that both Indian and Bhutanese nationals are required to present a valid identity card at the specified border posts to gain entry into their respective territories.

a visa requirement, facilitating travel and trade. Nonetheless, it is essential to note that both Indian and Bhutanese nationals are required to present a valid identity card at the specified border posts to gain entry into their respective territories. According to India's Ministry of Home Affairs 2018 guidelines, a Bhutanese citizen entering India by land or air over the Bhutan border does not require a passport or visa. However, the person should possess identity documents, such as a passport, citizenship certificate, voter ID from the Election Commission of Bhutan, or a limited validity photo ID from the Royal Bhutanese Mission in India when necessary.²⁹ Furthermore, Bhutanese citizens are exempted from

any required permit from a competent authority to enter and stay in 'Protected or Restricted Areas' in India.³⁰

On February 19, 2020, Bhutan introduced a Sustainable Development Fee (SDF) of 1,200 ngultrum for tourists from Bangladesh, India, and the Maldives, while those from other countries are subject to a higher fee.³¹ It caused significant concern for Indian tourists, who make up about 70% of total tourist visits to Bhutan. However, no reciprocal changes from the Indian side were made; instead, India showed support for Bhutan's decision. This approach demonstrates non-reciprocity from the Indian side to maintain the long-standing friendship.

29 Government of India. "GENERAL POLICY GUIDELINES RELATING TO INDIAN VISA." Ministry of Home Affairs, Government of India. 2018. https://www.mha.gov.in/PDF_Other/AnnexI_01022018.pdf (Accessed January 10, 2025).

30 Government of India. "PROTECTED AND RESTRICTED AREAS." Ministry of Home Affairs, Government of India. 2018. https://www.mha.gov.in/PDF_Other/AnnexVII_01022018.pdf (Accessed January 10, 2024).

31 Government of India. "Guidelines for Indians Visiting Bhutan as Tourists". Indian Embassy in Thimphu, Government of India. November 29, 2022. https://www.indembthimphu.gov.in/public_files/assets/pdf/ticker_29nov.pdf (Accessed January 10, 2025).



Traditional Bhutanese Entrance Gate of Thimphu, Capital of Bhutan.

In April 2023, the Royal Government of Bhutan (RGoB) implemented a waiver of the SDF for casual visitors, including tourists from all nationalities, visiting the border towns of Samtse, Phuentsholing, Gelephu, and Samdrup Jongkhar.³² This waiver permits stays of up to 24 hours, provided that visitors do not venture beyond the designated zones of these border towns.³³ Earlier, the SDF waiver was approved for a period of one year ending on 9 April 2024,

which was later further extended for another year ending on April 13, 2025.³⁴

The Indian nationals residing near the border areas (non-tourists) have been exempted from any such fee while entering the local market of Bhutan and engaging in daily trade activities. Nevertheless, they need to show a voter ID card and get an entry pass from the Bhutanese officials at the border checkpoints.³⁵ Indian-registered vehicles can travel up to the designated zones in the border districts of Bhutan without any charges.

32 The Royal Government of Bhutan. "Standard Operating Procedure for the management of SDF waiver for upto 24 hours for tourist visiting the border towns of Samtse, Phuentsholing, Gelephu and SamdrupJongkhar." *Department of Immigration, Ministry of Home Affairs & Department of Tourism, Ministry of Industry, Commerce and Employment, The Royal Government of Bhutan*. April 12, 2024. https://www.doi.gov.bt/wp-content/uploads/2024/03/SOP-SDF-waiver-tourist_2024.pdf (Accessed March 01, 2025).

33 Ibid.

34 Ibid.

35 Based on the author's recent visit to the Samdrup Jongkhar district of Bhutan in March 2025

Table 3. Bhutan’s Public Bus Routes through Indian Territory (as of August 2024)

#	Route	Distance (in KM)
1.	Phuentsholing to Gomtu (via Jaigaon-Birpara, West Bengal, India)	63
2.	Samdrup Jongkhar to Daifam (via Kumarikata-Udalguri, Assam, India)	190
3.	Gelephu to Nganglam (via Bongaigaon, Assam, India)	193
4.	Samtse-Gelephu (via Binaguri, West Bengal-Gossaingaon, Assam, India)	261
5.	Gelephu-Tashigang (via Bongaigaon-Barpeta Road, Assam, India)	397
6.	Phuentsholing-Bangtar (via Jaigaon, West Bengal-Tamulpur, Assam, India)	423
7.	Phuentsholing-Daifam (via Jaigaon, West Bengal-Udalguri, Assam, India)	446

Source: Based on the Data from the Bhutan Construction and Transportation Authority, The Royal Government of Bhutan.

*The Royal Government of Bhutan. “Bus & Taxi Fare & Transfer Transportation Mileage.” Bhutan Construction and Transportation Authority, The Royal Government of Bhutan. August 2024. https://bcta.gov.bt/bctaweb/load.html?id=72&field_cons=MENU (Accessed February 15, 2025).



Tamchog Lhakhang Bridge, Paro Valley, Bhutan.

Free trade and commerce used to happen between India and Bhutan based on Article V of the Treaty of Perpetual Peace and Friendship, 1949. This treaty also provided Bhutan with every facility for the carriage, by land and water, of its produce throughout the territory of the Government of India. In 1972, a formal Trade and Commerce Agreement, a free trade agreement (FTA), was signed between the two countries.

However, beyond the designated zones, they are subject to the Green Tax imposed by Bhutan. However, private and passenger vehicles from Bhutan traverse Indian territories in West Bengal and Assam without paying any charges, transporting Bhutanese individuals to various destinations in the four border districts of Bhutan: Samtse, Chukha, Sarpang, and Samdrup Jongkhar³⁶ (see Table 3). In addition, according to the 13th Five-Year Plan of Bhutan, the ongoing developmental and urbanisation works in Bhutan have also created pressures on urban infrastructure and services, resulting in a housing shortage in Phuentsholing town.³⁷ It has compelled

many Bhutanese to live across the border in Jaigaon town of India.³⁸

The open border policy and facilitation of the Bhutanese people's movement through Indian territory undoubtedly indicate India's nonreciprocal policy towards Bhutan.

BHUTAN'S TRADE AND TRANSIT ARRANGEMENT WITH INDIA



Earlier, free trade and commerce used to happen between India and Bhutan based on Article V of the Treaty of Perpetual Peace and Friendship, 1949.³⁹ This treaty also provided Bhutan with every facility for the carriage, by land

³⁶ Ibid.

³⁷ Royal Government of Bhutan. "Thirteenth Five Year Plan 2024 – 2029." Royal Government of Bhutan. 2024. <https://www.pmo.gov.bt/wp-content/uploads/2019/09/13-FYP.pdf> (Accessed February 16, 2025).

³⁸ Ibid.

³⁹ Government of India. "Treaty of Perpetual Peace and Friendship." *Ministry of External Affairs, Government of India*. n.d. <https://www.mea.gov.in/bilateral-documents.htm?dtl/5242/treaty+or+perpetual+p> (Accessed January 10, 2025).

and water, of its produce throughout the territory of the Government of India. In 1972, a formal Trade and Commerce Agreement, a free trade agreement (FTA), was signed between the two countries. This FTA allowed Bhutan to maintain its previous exemption from import duties on goods imported from third countries. Additionally, it ensured that Bhutan remained exempt from import and export duties on goods imported for official purposes from third countries, as well as on goods of Bhutanese origin that were exported for official purposes to third countries.⁴⁰ The FTA was further revised in 1983, stipulating that Bhutan's exports and imports to and from third countries 'shall be exempt from customs duties and trade restrictions imposed by the Government of India'.⁴¹ This FTA also established that trade between India and Bhutan would continue to be conducted in Indian rupees and Bhutanese ngultrums.⁴² Subsequent

revisions of the agreements took place in 1990, 1995, 2006, and 2016. The current 2016 FTA between India and Bhutan remains in effect until 2026.

India Facilitating Transit Route to Bhutan

In line with the provisions of free movement of tradable items under Article V of the 2016 FTA, the Protocol of the 2016 India-Bhutan Agreement on Trade, Commerce and Transit provides a total of 21 entry-exit routes through Indian territories (see Table 4).⁴³ In addition to these, six other entry/exit points have been opened (including two riverine) to facilitate Bhutanese trade with India and Bangladesh (see Table 4). These entry and exit routes facilitate bilateral trade between India and Bhutan, enhance intra-Bhutan trade at these points, and support Bhutan's trade with third countries. Additionally, the Government of India refunds the excise duty on goods of Indian origin exported to Bhutan on an

40 Government of India. "Agreement Between the Government of India and the Royal Government of Bhutan Regarding Trade and Commerce." *Ministry of External Affairs, Government of India*. n.d. <https://www.mea.gov.in/bilateral-documents.htm?dtl/5671/> (Accessed March 12, 2025).

41 Government of India. "Agreement on Trade and Commerce between the Government of India and the Government of the Kingdom of Bhutan." *Ministry of External Affairs, Government of India*. n.d. <https://www.mea.gov.in/Portal/LegalTreatiesDoc/CH83B2247.pdf> (Accessed March 12, 2025).

42 Ibid.

43 Government of India. "Agreement on Trade, Commerce and Transit between the Government of the Republic of India and the Royal Government of Bhutan." *Ministry of Commerce and Industry, Government of India*. n.d. https://commerce.gov.in/wp-content/uploads/2020/05/MOC_636404697883366996_Agreement_between_India_Bhutan_12th_Nov_2016.pdf (Accessed April 02, 2025).

Table 4. Entry/Exit Points for Bhutanese Trade via India

#	Entry/Exit Points	Type of Route (road / rail/air/sea/riverine)	Remarks
1	Jaigaon	Road	
2	Chamuchi	Road	
3	Ula Pani	Road	
4	Hathisar (Gelephu)	Road	
5	Darranga	Road	
6	Kolkata	Air & Sea	
7	Haldia	Sea	
8	Dhubri	Riverine	
9	Raxaul	Rail & Road	
10	Panitanki	Road	
11	Changrabandh	Road	
12	New Delhi	Air	
13	Mumbai	Air and Sea	
14	Chennai	Air & sea	
15	Phulbari	Road	
16	Dawki	Road	
17	Dalu	Road	for the export & import of Bhutanese cargo from & to Bangladesh
18	Gasupara	Road	for export of Bhutanese cargo to Bangladesh
19	Loksan	Road	on a seasonal basis
20	Kulkuli	Road	on a seasonal basis
21	Nagarkata	Road	
22	Agartala	Road	
23	Jogighopa	Riverine	subject to cross-border control at Dhubri
24	Pandu	Riverine	subject to cross-border control at Dhubri
25	Asian Highway 48 connecting Torsha tea garden, India, to Ahllay, Bhutan	Road	additional corresponding to the Land Custom Station at Jaigaon
26	Kamardwisa	Road	
27	Birpara	Road	

Source: Ministry of Commerce & Industry, Government of India^{1,2}

1. Government of India. "India-Bhutan to have seven additional entry/exit points for trade." Ministry of Commerce & Industry, Government of India. November 30, 2021. <https://www.pib.gov.in/PressReleaseIframePage.aspx?PRID=1769254> (Accessed January 31, 2025).

2. Ibid.

A total of 47 tigers have been identified since 2011, which was just 14 in 2011. This population included 25 tigers in the RMNP in Bhutan and 32 tigers in the Manas Tiger Reserve area in India. Subsequent research indicated a continued rise in their numbers. The implementation of SMART technology has enabled patrol teams to log and share real-time data on threats, improving protection measures across the TraMCA.

solutions. India, as a neighbouring country sharing similar environmental priorities and a commitment to sustainable development, is a natural partner in fostering deeper environmental cooperation.

A landmark initiative in this regard was the establishment of the Transboundary Manas Conservation Area (TraMCA) in 2011, a pioneering India–Bhutan partnership that spans the Indo-Bhutan border, integrating Bhutan’s oldest protected area, Royal Manas National Park (RMNP), with India’s Manas Tiger Reserve, a UNESCO Natural World Heritage Site (Figure 1). It serves as a model for transboundary biodiversity conservation in the Eastern Himalayas, home to endangered species like the Bengal

tiger, clouded leopard, Asian elephant, and pygmy hog.

This region is also a vital watershed for rivers flowing from the Himalayas into the Brahmaputra, supporting around 10–15 million people in western Assam. The connection between the two parks has been crucial for wildlife preservation.

In June 2016, during a meeting of Indian and Bhutanese delegates in Guwahati for the 10th TraMCA workshop, it was reported that tiger populations in the TraMCA region had increased since 2011–2012. A total of 47 tigers have been identified since 2011, which was just 14 in 2011. This population included 25 tigers in the RMNP in Bhutan and 32 tigers in the Manas Tiger Reserve area in India.

annual basis as per Article VIII of the bilateral Trade and Transit Agreement with Bhutan.⁴⁴

In November 2024, the first Integrated Check Post (ICP) in Darranga, Assam, located adjacent to the Samdrup Jongkhar district of Bhutan, was inaugurated.⁴⁵ This development represents a significant milestone in strengthening tourism, facilitating trade, and promoting interpersonal connections between the two regions. In addition, there is another ICP currently in the planning and development stages at the Jaigaon-Phuntesholing border crossing. This facility aims to enhance immigration and customs processes, promoting smoother trade and travel between the two regions.

The transit rights granted through the FTA allow Bhutan to trade with India facilitate domestic trade, as well as its trade with the rest of the world. Bhutan has gradually improved and diversified its trade due to the provisions in the successive renewals of the FTA, which have included the addition of new entry and exit points

in India for external trade. Additionally, the integrated check posts and customs clearance have further benefited Bhutan's tourism sector.

India-Bhutan Trade

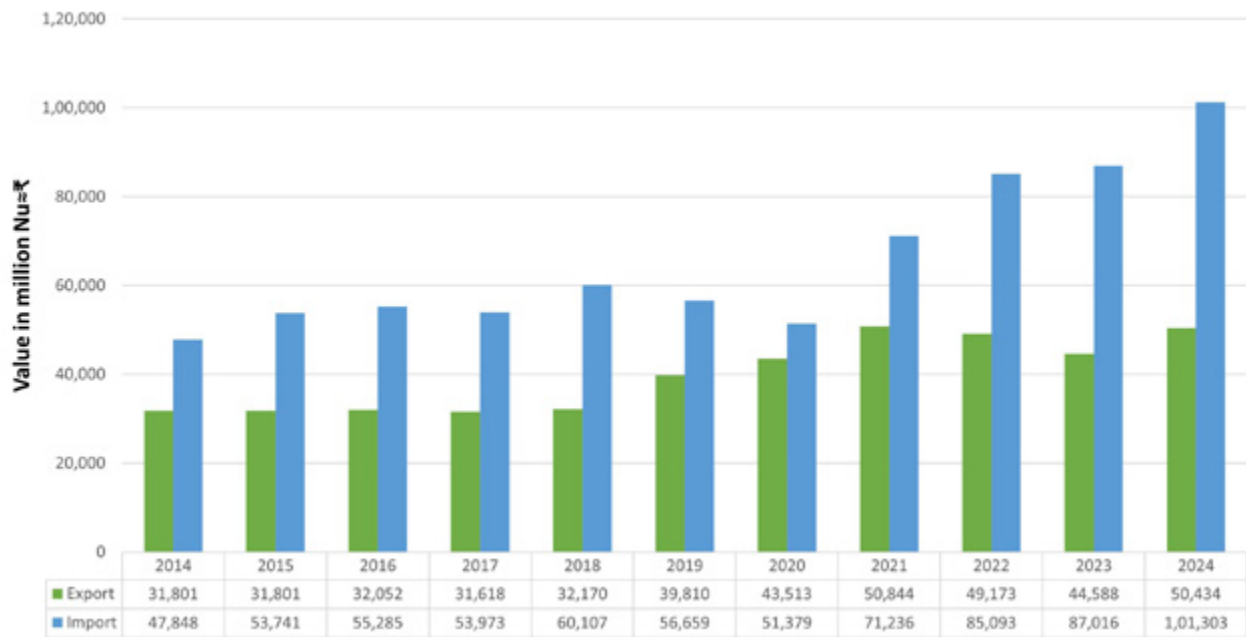
The FTA between India and Bhutan has effectively fostered a robust environment for trade and commerce, resulting in sustained growth in mutual economic activity. This significant expansion in trade can be attributed to the arrangement that permits the unrestricted movement of goods across each nation's borders without incurring import duties. The FTA has played a critical role not only in enhancing trade relations with India but also in promoting Bhutan's efforts to diversify its trade with third countries.

The statistics for the past 11 years' concerning India-Bhutan trade indicate a gradual increase in the overall trade value with India (see Chart 1). This increase accounts for more than 80 per cent of Bhutan's total external trade (see Chart 2).

44 Royal Government of Bhutan. "Excise Duty Refund (27-Jun-2017)." *Ministry of Finance, Royal Government of Bhutan*. June 27, 2017. <https://www.mof.gov.bt/news/excise-duty-refund-27-jun-2017/> (Accessed March 31, 2025).

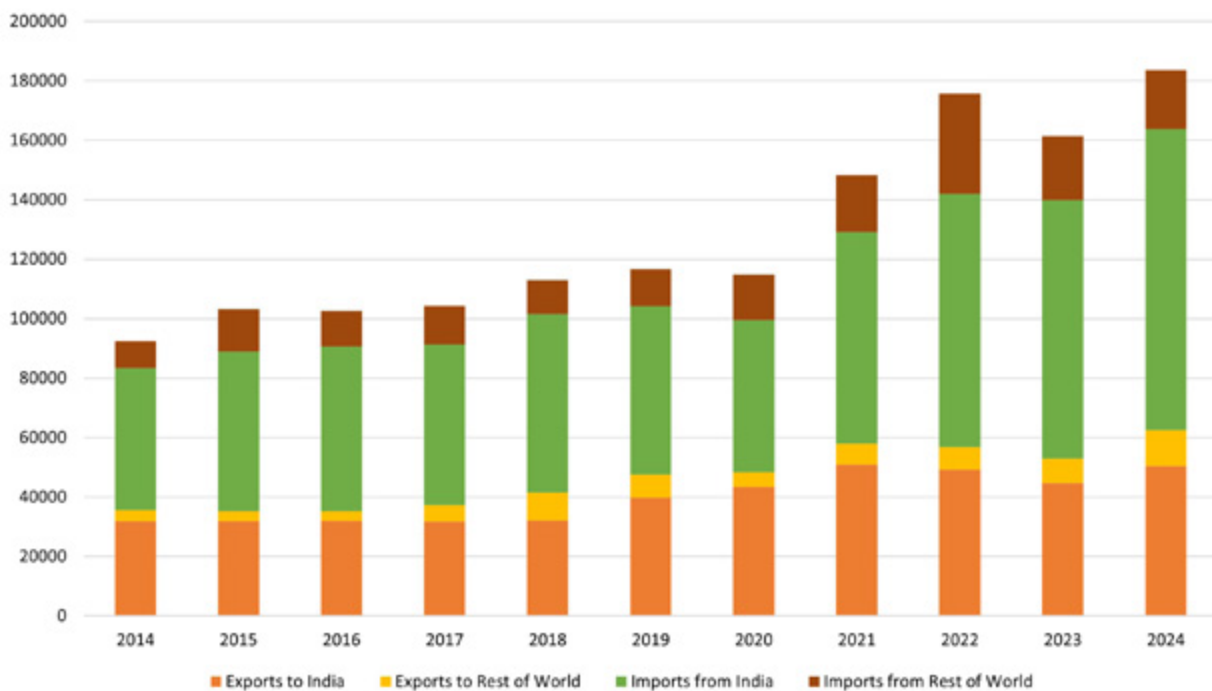
45 The Hindu. "First Integrated Check Post along India-Bhutan opened in Assam." *The Hindu*. November 07, 2024. <https://www.thehindu.com/news/national/first-integrated-check-post-along-india-bhutan-opened-in-assam/article68840054.ece> (Accessed January 20, 2025).

Chart 1. Indian-Bhutan Trade Statistics (2014-2024)



Source: prepared by the author based on the data from the Ministry of Finance, Royal Government of Bhutan.

Chart 2. Bhutan's Trade: India vs. Rest of the World (2014-2024)



Source: Ministry of Finance, Royal Government of Bhutan.*

* Royal Government of Bhutan. "Bhutan Trade Statistics." Ministry of Finance, Royal Government of Bhutan. n.d. <https://www.mof.gov.bt/publications/reports/bhutan-trade-statistics/> (Accessed January 23, 2025).

Bhutan's major exports to India include hydroelectricity, ferro-silicon, dolomite, semi-finished products of iron or non-alloy steel, Portland pozzolana cement, cardamoms, pebbles, gravel, gypsum, carbide of silicon, ordinary Portland cement, etc., whereas Bhutan's principal imports from India include petroleum products, motor vehicles designed for the transport of goods, ferrous products, telecommunication devices, electrical distribution panel boards, coke and semi-coke, soya bean oil, passenger cars, and petroleum bitumen.^{46 47}

The liberal trading framework, established by the bilateral FTA, positions India as Bhutan's key trading partner. At the same time, the transit provisions make India a net facilitator to Bhutan's domestic as well as third-country trade through Indian territories. India facilitates and supports the continuous enhancement of bilateral trade discussions aimed at fortifying this relationship.

The trade and transit agreement, along with the frequent high-level exchanges and people-to-people interactions established between

India and Bhutan, highlights the principle of non-reciprocity, which constitutes a fundamental aspect of India's commitment to supporting Bhutan's development, economic growth, and security. This commitment is closely aligned with India's NFP, which focuses on building strong and cooperative relationships with neighbouring countries.

ENVIRONMENTAL COOPERATION



Bhutan, situated in the geographically critical Eastern Himalayas, is vulnerable to natural disasters, such as floods, landslides, and glacial lake outburst floods, as well as environmental challenges like climate change and habitat loss. Despite its commitment to sustainable development and a national policy prioritising environmental conservation, evidenced by its constitutional mandate to maintain at least 60% forest cover, Bhutan faces transboundary ecological threats that require collaborative

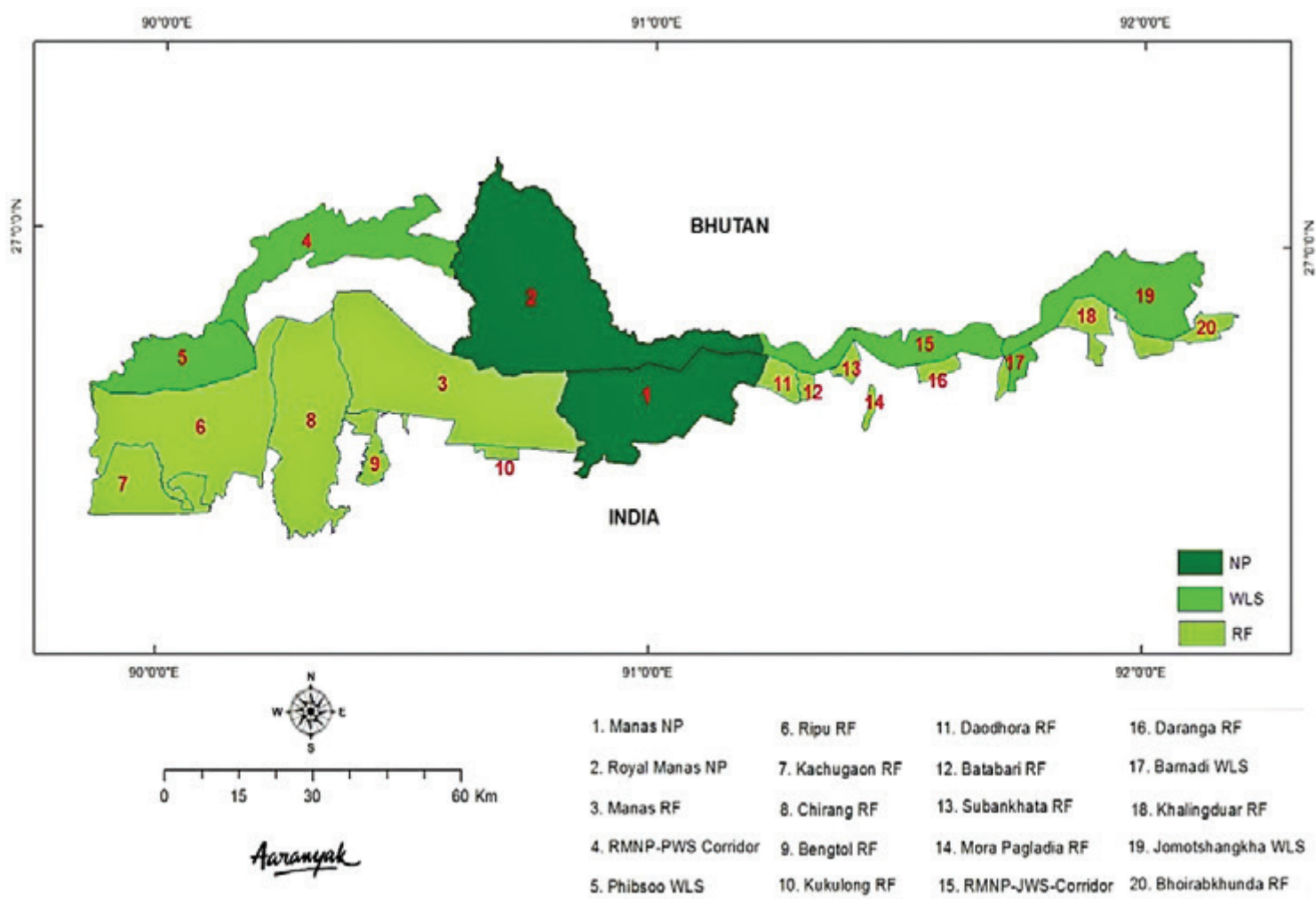
46 Royal Government of Bhutan. "Bhutan-India Trade Relations." Royal Bhutanese Embassy, New Delhi, Royal Government of Bhutan. n.d. <https://www.mfa.gov.bt/rbedelhi/bhutan-india-relations/bhut'an-india-trade-relations/> (Accessed January 25, 2025).

47 Uttam Lama. "India and Bhutan: Challenges and Opportunities in Cross Border Trade." Working Paper 567, *Institute for Social and Economic Change*. December 2023. https://www.isec.ac.in/wp-content/uploads/2024/12/WP-567-Uttam-Lama_Final.pdf (Accessed January 25, 2025).



Royal Manas National Park, Bhutan.

Figure 1. Map of the Transboundary Manas Conservation Area (TraMCA)



Source: Aaranyak*

*https://conservewildcats.org/wp-content/uploads/sites/5/2019/05/AaranyakFinal_Technical-Report_Indo-BhutanTransboundaryTigers.pdf

Subsequent research indicated a continued rise in their numbers.^{48 49 50} The implementation of SMART technology has enabled patrol teams to log and share real-time data on threats, improving protection measures across the TraMCA. Community-based conservation has been a cornerstone of these efforts, with local volunteers in Manas Tiger Reserve supporting wildlife monitoring and patrolling.⁵¹ Research also indicates that this region's porous forest borders once facilitated insurgent activity and wildlife trafficking, contributing to the ecological degradation of Manas during the Bodoland insurgency. The Indian Army's Ecological Task Force's plantation drives, among other restoration efforts, have contributed to the regeneration of forests.⁵² Experts emphasise the need to balance

ecological goals with infrastructure development, climate adaptation, and community participation, positioning TraMCA as a potential global model for equitable, cross-border conservation.

TELECOMMUNICATION, INTERNET, AND DIGITAL CONNECTIVITY



India has played a significant role, as a partner to Bhutan, in the development and advancement of information and communication technology (ICT) since its beginning. In 1963, Bhutan initiated its first telecommunications network as part of its five-year economic plan, aided by India's Project Dantak.⁵³ By 1984, the country established its first link to the outside world with an analogue microwave connection from Thimphu to Hasimara (India).⁵⁴ India

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- 48 Qamar Qureshi et al. (eds) 2023. "Status of tigers, co-predators and prey in India, 2022." *National Tiger Conservation Authority, Government of India, and Wildlife Institute of India, Dehradun*. https://ntca.gov.in/assets/uploads/Reports/AITM/status_of_tiger-copredators-2022.pdf (Accessed July 01, 2025).
- 49 A Swargowary et al. "Annual Monitoring of Tigers, Copredators and Prey in Manas National Park, India 2021." 2021. <https://www.manasnptr.in/storage/literature//ZmF28Ugj0Udnue8WwjBKroK4dRk3bRQNP9PYjmEk.pdf> (Accessed July 02, 2025).
- 50 Government of Assam. "Tiger Conservation Plan Manas Tiger Reserve (2014 to 2024)." *Field Directorate, Manas Tiger Project, Government of Assam*. 2024. https://www.manasnptr.in/assets/docs/management_TCP_FINAL%20DRAFT%20TCP_MANAS-3rdrevision-21-10-2019.pdf (Accessed July 02, 2025).
- 51 Simon Rawles. "The SMART way to protect tiger landscapes." *World Wide Fund For Nature*. 2020. https://tigers.panda.org/news_and_stories/stories/the_smart_way_to_protect_tiger_landscapes/ (Accessed July 03, 2025).
- 52 Anwesha Dutta "Forest becomes frontline: Conservation and counter-insurgency in a space of violent conflict in Assam, Northeast India.
- 53 Tenzin Semma. "Study on History of Telecommunication System in Bhutan." *Bhutan InfoCommon and Media Authority, Royal Government of Bhutan*. September 2021. https://www.bicma.gov.bt/data/reports/other-reports/Study_on_History_of_Telecom_System_in_Bhutan_2021.pdf (Accessed March 31, 2025).
- 54 Ibid.

India and Bhutan also engage in collaborative efforts on various space technology initiatives. Notably, the India–Bhutan SAT, launched in November 2022, was jointly developed by India and Bhutan.

has extended its assistance over an extended duration, with a predominant emphasis on the telecommunications sector of Bhutan.⁵⁵

Bhutan's internet connectivity is dependent on cross-border fibre optic links with India (through Siliguri and Kolkata). In 2003, Bhutan's first fibre-optic cable system (FOC) was installed to enhance telecommunications capacity, and it was connected to India's FOC system to access the submarine cable for international connectivity.⁵⁶

In May 2020, Cyclone Amphan severely disrupted these routes, resulting in the country being offline for over 24

hours.⁵⁷ To reduce such risks of future outages, Bhutan has been pursuing the development of a third international internet gateway through India and Bangladesh.⁵⁸ In 2023, India agreed to support Bhutan in developing this gateway at a concessional rate as part of the India–Bhutan digital partnership. This initiative has the potential to connect to submarine cables via Bangladesh.⁵⁹ This new route is intended to enhance the reliability of internet services at a lower cost, thereby addressing Bhutan's imperative for greater resilience in its internet infrastructure.

55 Kezang and Jason Whalley. "Closing the Digital Divide: The Role of Services and Infrastructure in Bhutan." *Pro-metheus*. 2007. Vol. 25(1):69-84. DOI: 10.1080/08109020601172902

56 Sonam Duka. "ICT Co-Deployment with the Electricity Infrastructure: The Case of Bhutan." *The Economic and Social Commission for Asia and the Pacific (ESCAP). Asia-Pacific Information Superhighway (AP-IS) Working Paper Series*. May 2019. <https://www.unescap.org/sites/default/files/ICT%20Co-Deployment%20with%20the%20Electricity%20Infrastructure%2C%20The%20Case%20of%20Bhutan.pdf#:~:text=%5BPDF%5D%20ICT%20Co,across%20borders%20to%20governments%2C> (Accessed April 04, 2025).

57 Karma Yuden. "Bhutan's aim to connect to a Third International Internet Gateway unsuccessful in 2021." *The Bhutanese*. January 01, 2022. <https://thebhutanese.bt/bhutans-aim-to-connect-to-a-third-international-internet-gateway-unsuccessful-in-2021/#:~:text=redundancy%20or%20a%20backup%20line,by%20at%20least%20100%20kilometers> (Accessed March 31, 2025).

58 Ibid.

59 Daily Excelsior. "India announces support to Bhutan for 3rd international internet gateway." *Daily Excelsior*. February 02, 2023. <https://www.dailyexcelsior.com/india-announces-support-to-bhutan-for-3rd-international-internet-gateway/> (Accessed March 31, 2025).

India supports Bhutan in digital connectivity by providing technical and financial assistance. In 2023, India committed about ₹198 crore for digital initiatives as part of Bhutan's 12th Plan.⁶⁰ This support focuses on enhancing e-governance, education, and technology.⁶¹ Besides, India and Bhutan have also established a peering arrangement between Bhutan's DrukREN and India's National Knowledge Network, aimed at enhancing research and educational connectivity.⁶² Additionally, India provides hardware donations, such as computers for schools, to improve Bhutan's overall connectivity. India and Bhutan also engage in collaborative efforts on various space

technology initiatives. Notably, the India–Bhutan SAT, launched in November 2022, was jointly developed by India and Bhutan.⁶³ Following that, in March 2023, a ground station for India–Bhutan Sat was inaugurated in Thimphu, allowing Bhutan to receive and process data from the satellite in real-time.⁶⁴ India plays a crucial role in providing training and capacity building to the Bhutanese engineers in satellite construction, testing, and the processing and analysis of satellite data.

In the field of digital payments and connectivity, India and Bhutan have accomplished remarkable milestones. A notable initiative is the launching and implementation of the RuPay

India supports Bhutan in digital connectivity by providing technical and financial assistance. In 2023, India committed about ₹198 crore for digital initiatives as part of Bhutan's 12th Plan. This support focuses on enhancing e-governance, education, and technology.

60 SASEC. "India to Support Bhutan in Developing its Third International Internet Gateway." South Asia Subregional Economic Cooperation. February 02, 2023. <https://www.sasec.asia/index.php?page=news&nid=1469&url=ind-supports-bhu-internet#:~:text=initiatives%20for%20Bhutanese%20youth> (Accessed April 02, 2025).

61 Ibid.

62 Ibid.

63 Government of India. "Launch of India-Bhutan Satellite." *Ministry of External Affairs, Government of India*. November 26, 2022. https://www.mea.gov.in/press-releases.htm?dtl/35924/Launch_of_IndiaBhutan_Satellite#:~:text=November%2026%2C%202022,5 (Accessed April 02, 2025).

64 Government of India. "Inauguration of India – Bhutan SAT ground station." Indian Space Research Organisation, Department of Space, Government of India, March 13, 2023. https://www.isro.gov.in/inauguration_India_Bhutan_SatGround.html (Accessed April 02, 2025).

card for cross-border payments, which represents a pioneering effort in establishing a global card payment network originating from India.^{65 66} This cross-border payment initiative aimed to promote the adoption of cost-effective digital payment solutions and to enhance digital financial inclusion between the two countries. The first phase of the initiative, known as RuPay Acquiring, enabled Indian officials, tourists, and workers in Bhutan to utilise RuPay cards for transactions, allowing them to withdraw cash from ATMs and make payments through Point of Sale (PoS) terminals in Bhutan.⁶⁷ The second phase, launched in 2020, introduced RuPay Issuing, which permitted Bhutanese travellers in India to withdraw cash from ATMs and execute payments through PoS machines within India.⁶⁸ Another development in the field of digital payments and connectivity

occurred in July 2021, when Bhutan launched the Unified Payments Interface (UPI) to adopt UPI standards for QR code deployment. This initiative was the first of its kind in the South Asian region to accept mobile payments through the Bharat Interface for Money (BHIM) application.⁶⁹ According to the Annual Payment System Report (PSR) for the year 2024, iUPI transaction data from January 2024 to December 2024 reveals fluctuations in both transaction volume and value – ranges from a low of 24 transactions in January 2024 to a high of 324 transactions in May 2024, while the value ranges from a low of Nu. 0.01 million in January 2024 to a high of Nu. 1.77 million in May 2024.⁷⁰ In the first quarter of 2025, the data of iUPI transactions in Bhutan represents the smallest percentage of regional transactions, constituting only 8.89 per cent by volume and 5.45 per cent

65 Royal Monetary Authority of Bhutan. “Annual Payment System Report 2019.” *Royal Monetary Authority of Bhutan*. 2019. <https://www.rma.org.bt/media/Publication/Payments%20&%20Settlement%20Systems/Annual%20Payment%20System%20Report%202019.pdf> (Accessed April 02, 2025).

66 Royal Monetary Authority of Bhutan. “Annual Payment System Report 2019.” *Royal Monetary Authority of Bhutan*. 2020. <https://www.rma.org.bt/media/Publication/Payments%20&%20Settlement%20Systems/Annual%20Payment%20System%20Report%202020.pdf> (Accessed April 02, 2025).

67 Ibid.

68 Ibid.

69 Government of India. “Annual Report | 2021-22.” *Ministry of External Affairs, Government of India*. 2022. https://www.mea.gov.in/Uploads/PublicationDocs/34894_MEA_Annual_Report_English.pdf (Accessed March 31, 2025).

70 Royal Monetary Authority. “Annual Payment Systems Report 2024.” *Royal Monetary Authority, Royal Government of Bhutan*. 2024. <https://www.rma.org.bt/media/Publication/Payments%20&%20Settlement%20Systems/Annual%20Payment%20System%20Report%202024.pdf> (Accessed March 31, 2025).

by value, as per the Quarterly Payment System Report Q1, 2025.⁷¹

INDIA AS A FIRST RESPONDER



India has consistently demonstrated its commitment to responding to various crises by providing humanitarian assistance, disaster relief, and other forms of support to Bhutan during periods of need.

India's geographical proximity to its neighbouring countries means that any natural calamity occurring in these regions, such as floods, heavy rainfall, earthquakes, or pandemics, can significantly affect the border areas of India. In July–August 2000, heavy rains resulted in landslides and floods in several areas of central and southern Bhutan, particularly along the border with India.⁷² The disaster considerably

impacted Bhutan, as well as regions in the bordering Indian state of West Bengal. In Bhutan, many roads were blocked due to landslides and erosion, leading to the submersion of trucks, buses, and other vehicles.⁷³ Moreover, pipe bursts caused disruptions in the water supply in the affected areas.⁷⁴ During this period, the Indian army assisted alongside the Royal Bhutan Army and the Royal Bhutan Police in their rescue and relief efforts in the flood-affected areas.⁷⁵

In 2009, Bhutan experienced two major disasters: Cyclone Aila on 25–26 May, affecting 65,000 people and causing severe flooding in 17 districts, and a 6.1 magnitude earthquake on September 21, resulting in casualties and damage to homes and schools.⁷⁶ In this context, India, during the financial year 2009–2010, provided Rs. 35 crores in assistance for earthquake and flood

71 Royal Monetary Authority. "Quarterly Payment System Report Q1, 2025 (January - March)." *Royal Monetary Authority, Royal Government of Bhutan*. 2025. <https://www.rma.org.bt/media/Publication/Payments%20&%20Settlement%20Systems/Q1%202025.pdf> (Accessed March 31, 2025).

72 Times of India. "Floods, landslides leave 50 dead in Bhutan." *The Times of India*. August 09, 2000. <https://timesofindia.indiatimes.com/floods-landslides-leave-50-dead-in-bhutan/articleshow/695280809.cms> (Access March 31, 2025).

73 Ibid.

74 Ibid.

75 Ibid.

76 Yeshe Dorji. "Terminal Evaluation of the Bhutan Recovery and Reconstruction Project." *Royal Government of Bhutan (RGoB) & United Nations Development Programme (UNDP)*. January 2012. <https://erc.undp.org/evaluation/documents/download/5580> (Accessed March 31, 2025).

During the COVID-19 pandemic, New Delhi demonstrated a profound understanding of Thimphu's challenges and responded promptly with assistance. India provided essential assistance in the form of medical supplies, including medicines and personal protective equipment. Additionally, Bhutan was the first country to receive the COVID-19 vaccine from India in January 2021. The second consignment of 400,000 doses of vaccine was delivered in March 2021.

relief funds as and when requested by the Government of Bhutan.⁷⁷

Since the implementation of a specialised currency swap mechanism in 2012, the Reserve Bank of India has extended essential support to the government of Bhutan whenever it has experienced shortages in foreign currency liquidity.⁷⁸ This initiative underscores New Delhi's commitment to ensuring financial stability and fostering economic growth in Bhutan, while also enhancing governance to effectively navigate crises.

In March 2014, a team from the National Disaster Response Force,

comprising 42 rescuers equipped with specialised rescue apparatus, was deployed to Bhutan in response to a boat capsizing incident.⁷⁹

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77 Government of India. "Outcome Budget 2011-2012." *Ministry of External Affairs, Government of India*. n.d. https://www.mea.gov.in/Uploads/PublicationDocs/19250_budget-11-12.pdf (Accessed March 31, 2025).

78 Salil Gupta. 2023. "India: SAARC Swap Framework, 2012." *Journal of Financial Crises*: Vol. 5: Iss. 1, 402-429.

79 Government of India. "Dealing with Major Disasters by NDRF." *Ministry of Home Affairs, Government of India*. August 09, 2023. <https://www.pib.gov.in/PressReleaseframePage.aspx?PRID=1947139> (Accessed March 31, 2025).

80 Tenzin Lhamo. "Entire Bhutanese population to be vaccinated in same week." *The Journalist*. January 24, 2021. accessed from https://www.indembthimphu.gov.in/public_files/assets/pdf/Journalist_Today_news_2021_jan24_2.pdf (Accessed March 31, 2025).

March 2021.⁸¹ The vaccine donated from India significantly helped Bhutan successfully manage the pandemic. Bhutan's low case fatality rate of 0.05% during COVID-19⁸² was partly attributed to its efficient public health response, supported by India.

A Joint Group of Experts (JGE) on Flood Management was established between Bhutan and India in 2004. Recently, the 11th JGE meeting took place in Paro, Bhutan, from 14 May to 15, 2025. During this meeting, the JGE discussed common flooding issues and reviewed the remedial measures that have been implemented to mitigate flooding in vulnerable areas in the southern foothills and surrounding plains.⁸³

India also provides assistance to the National Centre for Hydrology and Meteorology of the RGoB, through the Central Water Commission (CWC) under the bilateral Flood Warning

Programme.⁸⁴ It covers the costs incurred for monitoring, collecting, and exchanging flood information and water level data for a few selected sites. In 2022, the funding from the government of India was Nu. 36.839 million.⁸⁵ It is interesting to note that there is no formal data-sharing agreement between Bhutan and India, and the data are shared based on mutual understanding.⁸⁶

The prompt and effective support and cooperation extended to Bhutan during times of crisis highlight India's commitment to the nation. This assistance also reflects a broader regional solidarity in addressing the natural, health, and environmental challenges that Bhutan frequently encounters due to its geographical location, which is more susceptible to natural disasters.

81 Government of India. "Gift of 2nd consignment of the 'Made in India' vaccine to Bhutan." *Embassy of India in Thimphu, Bhutan, Government of India*. <https://www.indembthimphu.gov.in/listarchview/MTkw#:~:text=To-day%2C%20the%20Government%20of%20India,friendly%20relations%20between%20both%20countries>. (Accessed March 31, 2025).

82 Moradi L. "COVID-19 in Southeast Asia." *Journal of Archives on Military Medicine*. 2021;9(3):e117787. <https://doi.org/10.5812/jamm.117787> (Accessed March 31, 2025).

83 "Press Release: 11th Joint Group of Experts (JGE) Meeting between Bhutan and India." Facebook, posted by Ministry of Foreign Affairs, Bhutan. May 16, 2025. <https://www.facebook.com/BHUTANMOEA/posts/press-release11th-joint-group-of-experts-jge-meeting-between-bhutan-and-india-th/1152388453595923/> (Accessed May 17, 2025).

84 Royal Government of Bhutan. "37th Joint Expert Team (JET) Meeting between India and Bhutan." National Center for Hydrology and Meteorology, Royal Government of Bhutan. April 13, 2023. <https://www.nchm.gov.bt/home/pageMenu/1027> (Accessed April 12, 2025).

85 Finnish Meteorological Institute. "Country Hydromet Diagnostics." *Finnish Meteorological Institute*. January 2024. https://www.un-soff.org/wp-content/uploads/2024/02/Bhutan_CHD.pdf (Accessed March 31, 2025).

86 Ibid.

India is recognised as a crucial strategic partner and key supplier of defence materials and training for the Royal Bhutan Army. Regular joint training exercises, high-level military exchanges, coordinated border management, and defence infrastructure development serve as the key pillars of defence and security cooperation between India and Bhutan.

DEFENCE AND SECURITY COOPERATION



India and Bhutan's security cooperation has its roots in the signing of the friendship treaty in 1949, which established principles of perpetual peace, free trade, and mutual non-interference. The revised treaty of 2007 further stipulates that neither government shall permit the use of its territory in ways that could harm the national security or interests of the other.⁸⁷ Additionally, the extradition of individuals sought by either state for crimes or unlawful activities that impact their security will adhere to existing extradition agreements between the two countries.⁸⁸

In 1958, the then-Indian Prime Minister Jawaharlal Nehru voiced that any act of aggression directed at Bhutan would be interpreted as an act of aggression against India.⁸⁹ This statement underscores the profound defence and security partnership between the two nations, enhancing mutual trust and ensuring regional security. Following the Chinese aggression in Bhutan, on 19 and 20 August 1959, the Indian Government issued notes expressing its protest against China's aggression over eight villages that had been under Bhutanese authority for over 300 years and arbitrarily annexed by China.⁹⁰ Given Bhutan's diplomatic relationship with India, the existence of Chinese territorial claims over these enclaves

87 Government of India. "India-Bhutan Friendship Treaty." *Government of India*. February 08, 2007. <https://www.mea.gov.in/Images/pdf/india-bhutan-treaty-07.pdf> (Accessed July 07, 2025).

88 Ibid.

89 H. Arthur Steiner. "India Looks to Her Northern Frontiers." *Far Eastern Survey*, Vol. 28, No. 11 (Nov., 1959), pp. 167–173.

90 Ibid.

of Bhutan raised significant concerns for India.

The 2017 Doklam standoff marked a significant episode in India–Bhutan security cooperation, wherein Indian forces intervened at Bhutan’s request to halt Chinese road construction on Bhutanese territory.⁹¹ This action underscores India’s commitment to Bhutanese territorial integrity and reflects broader strategic imperatives, particularly given Doklam’s proximity to the Siliguri Corridor. Recent reports concerning the establishment of Chinese villages and settlements in proximity to the contested Doklam plateau⁹² raise concerns about potential encroachments and their broader implications for regional stability. In this context, India has consistently

emphasised the importance of security consultations with Bhutan, reflecting the robust bilateral coordination in addressing regional security challenges.

India is recognised as a crucial strategic partner and key supplier of defence materials and training for the Royal Bhutan Army. Regular joint training exercises, high-level military exchanges, coordinated border management, and defence infrastructure development serve as the key pillars of defence and security cooperation between India and Bhutan. The Indian Military Training Team (IMTRAT), which was established in 1961–62, serves as a training mission of the Indian Army in Bhutan.⁹³ More than 1200 personnel from IMTRAT

An MoU was signed between Project Dantak and the Construction Association of Bhutan (CAB) in September 2023. It establishes a collaborative framework for infrastructure projects in Bhutan, focusing on sustainable construction technologies and including information sharing and capacity-building mechanisms.

91 Josy Joseph. “What is the Doklam issue all about.” *The Hindu*. January 27, 2018. /<https://www.thehindu.com/news/national/what-is-the-doklam-issue-all-about/article22536937.ece> (Accessed March 31, 2025).

92 Rezaul H Laskar. “China building villages near Doklam in Bhutan: Satellite data.” *The Hindustan Times*. December 18, 2024. <https://www.hindustantimes.com/india-news/china-building-villages-near-doklam-in-bhutan-satellite-data-101734489589437.html> (Accessed March 31, 2025).

93 ANI. “Indian Military Training Team in Bhutan celebrates its 61st raising day.” *The Print*. October 23, 2023. <https://theprint.in/world/indian-military-training-team-in-bhutan-celebrates-its-61st-raising-day/1815908/> (Accessed July 02, 2025).

are permanently stationed in western Bhutan,⁹⁴ while additional units frequently collaborate with the Royal Bhutan Army (RBA). Recently, the Indian Chief of the Army Staff, General Upendra Dwivedi, visited Bhutan from 30 June to 03 July 2025. During this visit, the vital role of the IMTRAT team in enhancing military cooperation between India and the Royal Bhutan Army (RBA) was highlighted. Further, General Upendra Dwivedi stated that the ‘Indian Army remains committed to supporting Bhutan’s transformative initiatives’.⁹⁵ A crucial aspect of the defence and security cooperation is Project Dantak, which was established by India’s Border Roads Organisation in April 1961. Headquartered in Deothang, Haa district of Bhutan, this project has played a vital role in constructing essential infrastructure. This includes 1,650 kilometres of black-topped roads, 115 kilometres of tracks, and

5,150 metres of bridges, as well as the Paro International Airport, which features terminal buildings and an air traffic control facilities.⁹⁶ The project’s motto, ‘Connecting People, Connecting Countries’, highlights its importance in promoting both development and security.

An MoU was signed between Project Dantak and the Construction Association of Bhutan (CAB) in September 2023. It establishes a collaborative framework for infrastructure projects in Bhutan, focusing on sustainable construction technologies and including information sharing and capacity-building mechanisms.⁹⁷ Recently, on 16 May 2025, Project Dantak and Green Bhutan Corporation Limited signed an MoU for landscaping at Motanga Industrial Park in the Samdrup Jongkhar district of Bhutan. This initiative aims to create recreational green spaces for employees, enhancing

94 Ashok K Mehta. “Why Bhutan is India’s Achilles’ heel.” *The Tribune*. August 18, 20218. <https://www.tribuneindia.com/news/comment/why-bhutan-is-indias-achilles-heel-372152/> (Accessed July 30, 2025).

95 Door Darshan News. “Army chief lauds Indian military team for ‘focused’ joint training in Bhutan.” *Door Darshan News*. July 03, 2025. <https://ddnews.gov.in/en/army-chief-lauds-indian-military-team-for-focused-joint-training-in-bhutan/> (Accessed July 30, 2025).

96 Government of India. “Project Dantak.” *Border Roads Organisation, Ministry of Defence, Government of India*. n.d. <https://bro.gov.in/dantak> (Accessed July 03, 2025).

97 Construction Association of Bhutan. “Memorandum of Understanding Between Project Dantak and the Construction Association of Bhutan.” *Construction Association of Bhutan*. September 08, 2023. <https://www.cab.org.bt/wp-content/uploads/2023/10/Document-9-3.pdf> (Accessed July 30, 2025)

well-being and aesthetics while supporting a sustainable work culture.⁹⁸ On the cross-border security-related issues, a bilateral framework known as the “Border Districts Coordination Meeting (BDCM)” has been functional between Bhutan and the border districts of India, including Assam and West Bengal. The BDCM meetings have been convening regularly, and this mechanism has proven effective in evaluating threat perceptions faced by both nations from groups attempting to exploit the open border. The 13th round of BDCM between Bhutan and Assam, India, was held in September 2024 in Gelephu,⁹⁹ whereas the 26th BDMC meeting between West Bengal, India, and Bhutan was held in January 2025.¹⁰⁰ The BDCM meetings discuss cooperation on the sharing of real-time

information, misuse of SIM cards and coordination of entry-exit points on the Indo-Bhutan border.

Recently, during the 6th Joint Group of Customs Meeting in Thimphu, Bhutan, on 24–25 April 2025, both sides reaffirmed their shared commitment to ensuring secure and efficient border management.¹⁰¹

Additionally, the Ministry of Home Affairs, India, also provides induction and in-service training for police personnel from Bhutan, along with other neighbouring countries, at the Sardar Vallabhbhai Patel National Police Academy in Hyderabad.¹⁰²,¹⁰³

Bhutan is the only neighbouring country of India that has consistently upheld India’s security interests by refraining from forming any

98 Green Bhutan Cooperation Limited. “Project DANTAK and GBCL Join Hands for Greening of Motanga Industrial Park.” Green Bhutan Cooperation Limited. 2025. <https://www.gbcl.bt/project-dantak-and-gbcl-join-hands-for-greening-of-motanga-industrial-park/> (Accessed July 30, 2025).

99 India in Bhutan [@Indiainbhutan]. *The 13th Border District Coordination Meeting between the State Govt of Assam, India and the Royal Government of Bhutan took place in Gelephu. An excellent opportunity for the two sides to discuss cross border issues of mutual interest & ways to strengthen people-to-people ties* [Tweet]. X. September 25, 2024. <https://x.com/Indiainbhutan/status/1838969305104613549> (Accessed July 30, 2025).

100 Government of India. “26th Border District Coordination meeting, Chalsa, Jalpaiguri on 30-31 January 2025.” *Embassy of India, Government of India*. n.d. 2025. <https://www.indembthimphu.gov.in/albumimage/NzI>, (Accessed July 30, 2025).

101 Press Information Bureau. “India and Bhutan hold 6th Joint Group of Customs (JGC) Meeting in Thimphu, Bhutan, on 24th-25th April 2025.” *Ministry of Finance, Government of India*. April 28, 2025. <https://www.pib.gov.in/Press-ReleaseIframePage.aspx?PRID=2124887> (Accessed May 12, 2025).

102 Government of India. Police Training Section. *Indian Police Service, Government of India*. n.d. https://ips.gov.in/ips_police1_IPS_PTSec.aspx (Accessed July 30, 2025).

103 Government of India. “Union Home Minister and Minister of Cooperation Shri Amit Shah addresses the Dikshant Parade of 75 RR batch of IPS at Sardar Vallabhbhai Patel National Police Academy in Hyderabad, today.” *Press Information Bureau, Government of India*. October 23, 2023. <https://www.pib.gov.in/PressReleasePage.aspx-?PRID=1971944> (Accessed July 30, 2025).

alliances that could be perceived as adversarial.¹⁰⁴ The Royal Bhutan Army's actions against anti-India insurgents from 2003 to 2004 highlight practical cooperation, with India providing logistical and medical support and coordination.¹⁰⁵ The defence and security cooperation between India and Bhutan is aligned with India's NFP, which aims to promote regional stability through strategic partnerships, capacity building, training, and developmental initiatives. This cooperation also aims to promote cooperative efforts against anti-national activities and terrorism, while also focusing on border and human security.

DEVELOPMENT PARTNERSHIP



India has consistently established itself as a pivotal development partner

for Bhutan, particularly in the areas of aid and assistance, investment, tourism, remittances, and trade. Bhutan continues to be India's largest aid recipient, having been allotted ₹1775 crore out of India's total ₹5108 development aid budget for 2025–2026.¹⁰⁶ India remains the major development partner with grants amounting to 16.66 per cent of total resources and over 70.95 per cent of the total external grant in FY 2024/25.¹⁰⁷ After Bhutan graduated from LDC, the grants from multilateral agencies have declined significantly; however, India remained the largest donor, accounting for 63.8 per cent of total grants during the fiscal year 2023–2024.¹⁰⁸

India's Support to the Development Plans of Bhutan

India has been offering economic assistance to support Bhutan's socio-economic development since

104 Aditya Gowdara Shivamurthy. "The Changing Contours of Bhutan's Foreign Policy and the Implications for China and India." ORF Occasional Paper No. 356. *Observer Research Foundation*. June 2022. <https://www.orfonline.org/public/uploads/posts/pdf/20230721125036.pdf> (Accessed July 30, 2025).

105 Dipankar Banerjee & Bidhan S Laishram. "Bhutan's "Operation All Clear": Implications for insurgency and security cooperation." IPCS Issue Brief no 18. *Institute Of Peace & Conflict Studies*. January 2004. <https://www.files.ethz.ch/isn/138045/IB18-OperationAllClear.pdf> (Accessed July 30, 2025).

106 Government of India. "Notes on Demand for Grants, 2025-26." *Ministry of External Affairs, Government of India*. 2025. <https://www.indiabudget.gov.in/doc/eb/sbe29.pdf> (Accessed June 15, 2025).

107 Government of Bhutan. "Annual-Macroeconomic-Performance-and-Outlook-Report-2025". *Ministry of Finance, Royal Government of Bhutan*. 2025. <https://www.mof.gov.bt/wp-content/uploads/2025/02/Annual-Macroeconomic-Performance-and-Outlook-Report-2025.pdf> (July 18, 2025).

108 Royal Government of Bhutan. "Annual Report 2024," *Royal Monetary Authority of Bhutan, Royal Government of Bhutan*. 2024. <https://www.rma.org.bt/media/Publication/Macro-economic%20Data/Annual%20Report%202024.pdf.pdf> (Accessed June 15, 2025).

Table 5. Indian Support to Bhutan's Development Plans

Developmental Plans	Total Allocations (in ₹ Crore)	India's Contribution (in ₹ Crore)	% of India's Contribution
1961–1966 [1st Plan]	10.72	10.72	100%
1966–1971 [2nd Plan]	20.22	20.22	100%
1971–1976 [3rd Plan]	47.52	42.66	90%
1976–1981 [4th Plan]	110.62	85.30	77%
1981–1987 [5th Plan]	444.05	134.00	30.2%
1987–1992 [6th Plan]	950.00	400.00	42.1%
1992–1997 [7th Plan]	2350.00	750.00	31.9%
1997–2002 [8th Plan]	4000.00	1050.00	26%
2002–2008 [9th Plan]	8900.00	2610.14	29.33%
2008–2013 [10th Plan]	14900.00	3400.00*	23%
2013–2018 [11th Plan]	21300.00	4500.00	21%
2018–2023 [12th Plan]	31000.00 ¹	5000.00 ²	16.13%
2024–2029 [13th Plan]	51228.00 ³ (estimated)	10000 ⁴	19.53%

*Excluding Indian assistance to mega projects. Source: Embassy of India in Thimphu Website⁵

- 1 Royal Government of Bhutan. "National Budget Financial Year 2018-19." *Ministry of Finance, Royal Government of Bhutan*. January 2019. <https://www.mof.gov.bt/wp-content/uploads/2019/01/budgetReportEng.pdf> (Accessed June 15, 2025).
- 2 Government of India. "Joint Statement on the Official visit of Prime Minister of Bhutan Lyonchhen Tshering Tobgay to India." *Ministry of External Affairs, Government of India*. March 16, 2024. https://www.mea.gov.in/bilateral-documents.htm?dtl/37714/Joint_Statement_on_the_Official_visit_of_Prime_Minister_of_Bhutan_Lyonchhen_Tshering_Tobgay_to_India#:~:text=Prime%20Minister%20Tshering%20Tobgay%20thanked,of%20the%20people%20of%20Bhutan (Accessed June 15, 2025).
- 3 Royal Government of Bhutan. "Thirteenth Five-Year Plan." *Office of the Cabinet Affairs and Strategic Coordination, Cabinet Secretariat, Royal Government of Bhutan*. 2024. <https://parliament.bt/uploads/top-ics/17182809347387.pdf> (Accessed June 15, 2025).
- 4 Royal Government of Bhutan. "First Bhutan-India meeting on High Impact Community Development Project of the 13th Five Year Plan (Thimphu, 4 December 2024)." *Ministry of Foreign Affairs and External Trade, Royal Government of Bhutan*. December 04, 2024. <https://www.mfa.gov.bt/first-bhutan-india-meeting-on-high-impact-community-development-project-of-the-13th-five-year-plan-thimphu-4-december-2024/> (Accessed June 15, 2025).
- 5 Government of India. "Economic and Commercial." *Embassy of India in Thimphu, Government of India*. n.d. <https://indembthimphu.gov.in/pages/Ng,,> (Accessed June 13, 2025).

the early 1960s, coinciding with the launch of Bhutan's Five-Year Plans. In its 12th Five-Year Plan, India contributed Rs. 4,500 crore, which accounted for 73% of Bhutan's total external grants, totalling Nu. 61,651 crores. Looking ahead to the 13th Five-Year Plan (2024–2029), the total estimated external grants are projected to be Nu. 125,000 crores (approximately ₹12,000), of which India has committed ₹10,000 crores, representing around 80% of the total estimated external grants (see Table 5). The key areas of focus of Indian assistance include agriculture and irrigation development, ICT, health, industrial development, road transport, energy, civil aviation, urban development, human resource development, capacity building, scholarship, education and culture. Currently, there are a total of 61 projects under the Project Tied Assistance (PTA) in Bhutan, with a cumulative allocation of ₹4,958 crore. Additionally, there are 283 High

Impact Community Development Projects (HICDPs) valued at ₹417 crore, which are at various stages of implementation.¹⁰⁹ The HICDPs cover areas, such as 'drinking water supply, irrigation, rural connectivity, agricultural infrastructure, flood protection, tourism development, township infrastructure development, waste management, particularly in rural and semi-urban areas'.¹¹⁰ Out of the total allocated Indian grants of ₹10,000 crore to Bhutan for the 13th Plan period, ₹1,000 crore is designated for HICDPs. This reflects a considerable commitment from India towards infrastructure and community development in Bhutan.

Indian Investment in Bhutan

The Foreign Direct Investment (FDI) Annual Reports of Bhutan, from the past five years, highlight India's significant role as the primary source of investment in Bhutan. The Indian investments account for approximately 55% of Bhutan's total FDI sourced from

109 Government of India. "India - Bhutan Development Cooperation Talks (June 30, 2025)." *Ministry of External Affairs, Government of India*. June 30, 2025. <https://www.mea.gov.in/press-releases.htm?dtl/39724> (Accessed July 30, 2025)

110 Royal Government of Bhutan. "First Bhutan-India meeting on High Impact Community Development Project of the 13th Five Year Plan (Thimphu, 4 December 2024)." *Ministry of Foreign Affairs and External Trade, Royal Government of Bhutan*. December 04, 2024. <https://www.mfa.gov.bt/first-bhutan-india-meeting-on-high-impact-community-development-project-of-the-13th-five-year-plan-thimphu-4-december-2024/> (Accessed July 30, 2025).

within Asia,¹¹¹ which in turn constitutes around 30% of the overall FDI inflow into the country. This underscores the critical importance of Indian investment in Bhutan's economic landscape. Indian investments span various key development sectors, such as hydropower, banking, manufacturing, agri/food processing, pharmaceuticals, hospitality, and education.

Hydropower is the key sector of major Indian investment, including projects such as the 336 MW Chukha HEP, 60 MW Kurichhu HEP, 1020 MW Tala HEP, and the recently commissioned 720 MW Mangdechhu HEP.

Druk PNB Bank Ltd. is the first joint venture banking institution in Bhutan, established in 2010 with a 51 per cent ownership stake held by Punjab National Bank (PNB) of India.¹¹² As a subsidiary of PNB, it is also the first FDI bank in Bhutan and has made noteworthy contributions to the economic growth of Bhutan.

Additionally, the manufacturing and services sectors, including agricultural and food processing, IT-enabled services, pharmaceuticals, hospitality, and education, are the sectors where significant Indian investments are found. These investments play a crucial role in job creation and economic diversification, which align with Bhutan's initiatives to foster private sector development as outlined in its FDI policy, first introduced in 2005 and subsequently revised in 2019.¹¹³ The FDI policy facilitates investments by Indian investors in both convertible currency and Indian rupees. This framework has been further strengthened through the FDI regulations enacted in 2025,¹¹⁴ which provide a robust structure for cross-border investment flows.

Hydropower Cooperation

Bhutan possesses abundant water resources, with many glacial rivers flowing south into India and merging with the mighty Brahmaputra

111 Royal Government of Bhutan. "FDI Annual Report 2024." n.d. *Ministry of Industry, Commerce & Employment, Royal Government of Bhutan*. <https://www.moice.gov.bt/wp-content/uploads/2025/02/FDI-Annual-Report-2024.pdf> (Accessed June 20, 2025).

112 Pramananda Dhital. 2023. "Role of Banks in Bhutanese Economy." *Rigter Journal of Multidisciplinary Research*. 1 (1):39-47. <https://nrc.bt/wp-content/uploads/2023/08/Dr.AadityaPramananda.pdf> (Accessed July 30, 2025).

113 Royal Government of Bhutan. "Foreign Direct Investment Policy 2019." *Ministry of Economic Affairs, Royal Government of Bhutan*. 2019. <https://www.moea.gov.bt/wp-content/uploads/2017/07/FDI-Policy-2019.pdf> (Accessed July 30, 2025).

114 Royal Government of Bhutan. "Foreign Direct Investment Rules and Regulations 2025." *Ministry of Industry, Commerce & Employment, Royal Government of Bhutan*. 2025. <https://investbhutan.gov.bt/be/media/resources/1754580651.pdf> (Accessed July 30, 2025).

Table 6. Bhutan's Major Hydropower Plants, Power Generation, and Export to India (*In Million Units*)

#	Plant	Capacity in MW	Particulars	2020	2021	2022	2023	2024
1.	Kurichhu	60	Generation	391.59	386.29	407.92	385.84	393.33
			Export to India	93.39	46.93	19.7	26.1	0.00
2.	Tala	1020	Generation	5,031.82	4,619.77	4,539.01	4,454.24	4,642.17
			Export to India	3,387.53	2,761.82	2,384.83	1,235.42	809.04
3.	Chukha	336	Generation	1,858.07	1966.308	1,915.92	1,775.37	1,770.94
			Export to India	2,030.55	1,835.82	1,624.87	967.14	1,035.89
4.	Basochhu	64	Generation	348.56	339.17	354.59	311.38	303.10
			Export to India	-	-	-	40.92	159.34
5.	Mangdechhu	720	Generation	3,218.39	2,988.89	3,084.96	3,145.05	3,564.59
			Export to India	2,020.00	2,944.29	2,772.89	2,435.53	2,590.21
6.	Dagachhu	252	Generation	518.27	499.87	451.65	444.14	449.18
			Export to India	2,128.58	485.41	437.49	429.95	430.13
7.	Nikachhu*	118	Generation	-	-	-	-	513.15
			Export to India	-	-	-	-	431.83

Source: Bhutan Power Corporation Limited*

* Bhutan Power Corporation Limited. "Power Data Book 2024." Bhutan Power Corporation Limited. 2024. <https://www.bpc.bt/wp-content/themes/bpc/assets/downloads/Power%20Data%20Book%202024.pdf> (Accessed July 30, 2025).

Table 7. India-Bhutan Cross-border Electricity Transmission Lines

#	Plant	Transmission Line
1.	Kurichhu	(i) Kurichhu-Gelephu – Salakati 132kV single circuit (ii) Deothang/Motonga – Rangia 132kV single circuit
2.	Tala	Tala-Siliguri 400kV double circuit (2xD/c)
3.	Chukha	Chukha-Birpara 220 kV (three circuits)
4.	Basochhu	Chukha-Birpara 220 kV (three circuits)
5.	Mangdechhu	Mangdechhu-Jigmeling – Punatsangchuu-I&II HEP (bypassed as generations are delayed) – Alipurduar 400kV D/c (Quad) line
6.	Dagachhu	Tala-Siliguri 400 kV double circuit (2xD/c)
7.	Nikachhu*	Jigmeling–Alipurduar 400 kV double circuit (Quad) line

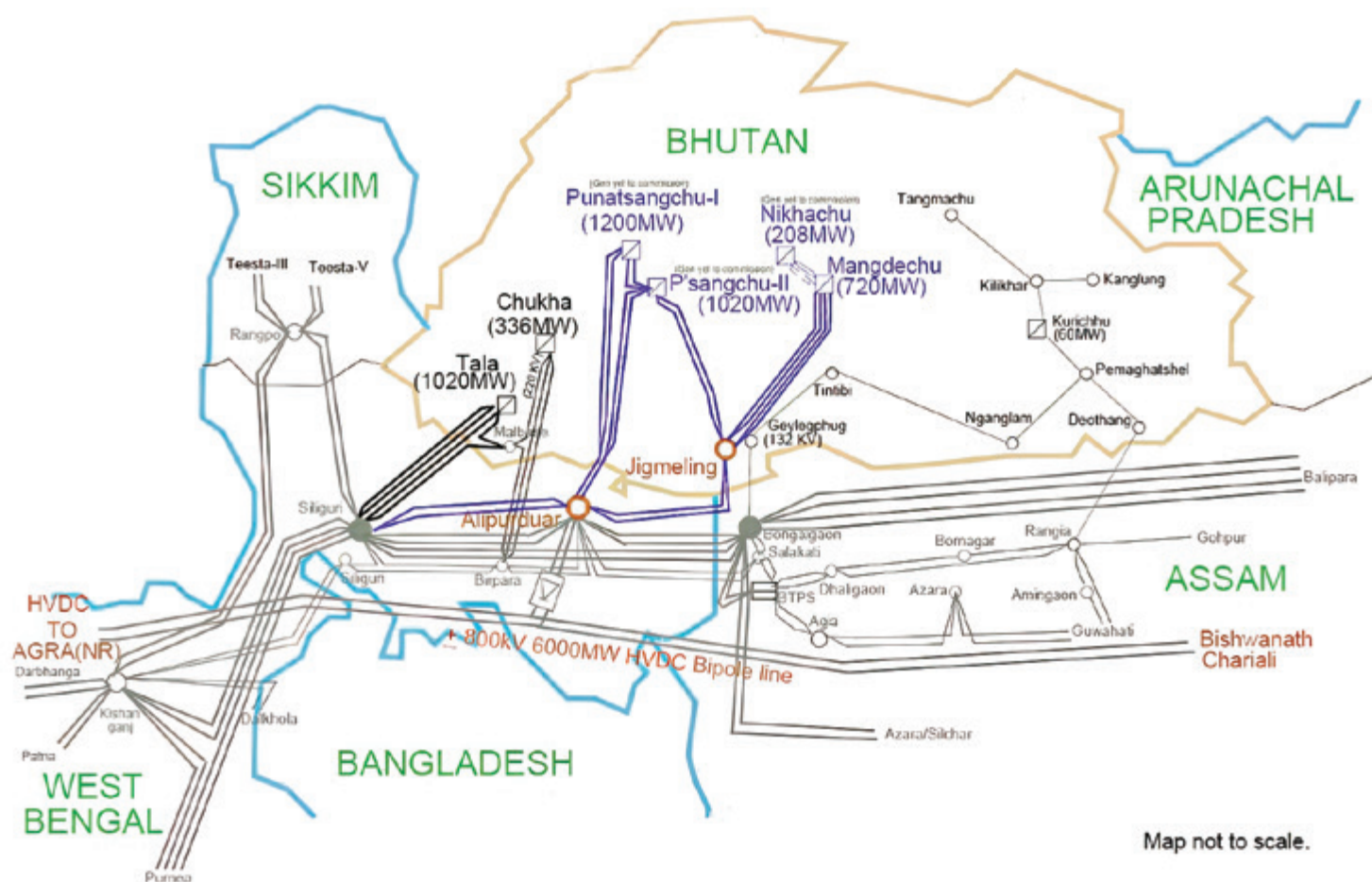
Source: Central Electricity Authority of India*

*Central Electricity Authority. "National Electricity Plan (Draft), Volume II – Transmission." Central Electricity Authority, Ministry of Power, Government of India. 2023. https://cea.nic.in/wp-content/uploads/psp___a_i/2024/01/Draft_NEP_Vol_II.pdf (Accessed August 05, 2025).



**Paro Dzong
Buddhist
Monastery in
the Kingdom
of Bhutan.**

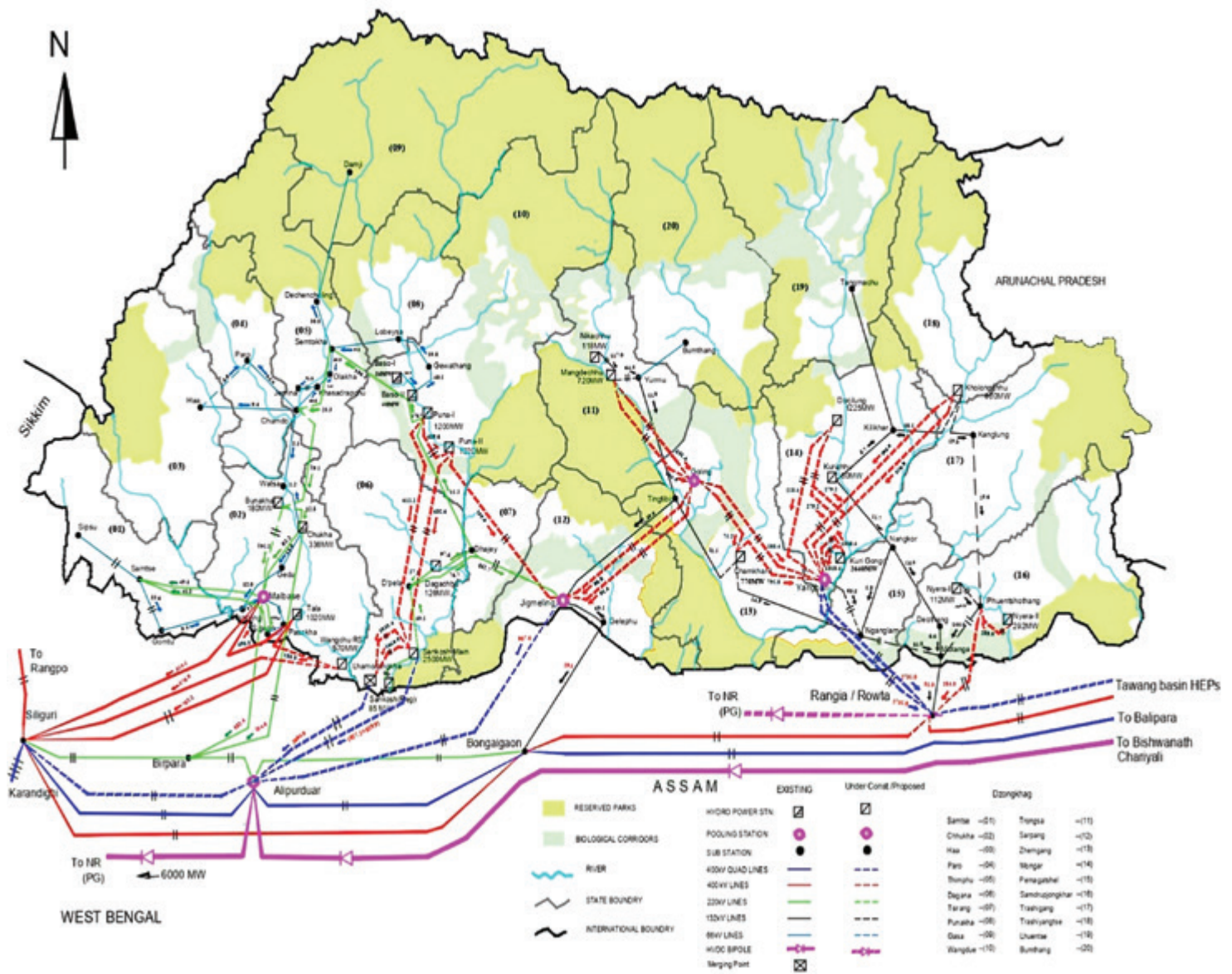
INDIA-BHUTAN INTERCONNECTIONS



Source: Central Electricity Authority of India*

*Central Electricity Authority. "National Electricity Plan (Draft), Volume II – Transmission." Central Electricity Authority, Ministry of Power, Government of India. 2023. https://cea.nic.in/wp-content/uploads/psp___a_i/2024/01/Draft_NEP_Vol_II.pdf (Accessed August 05, 2025).

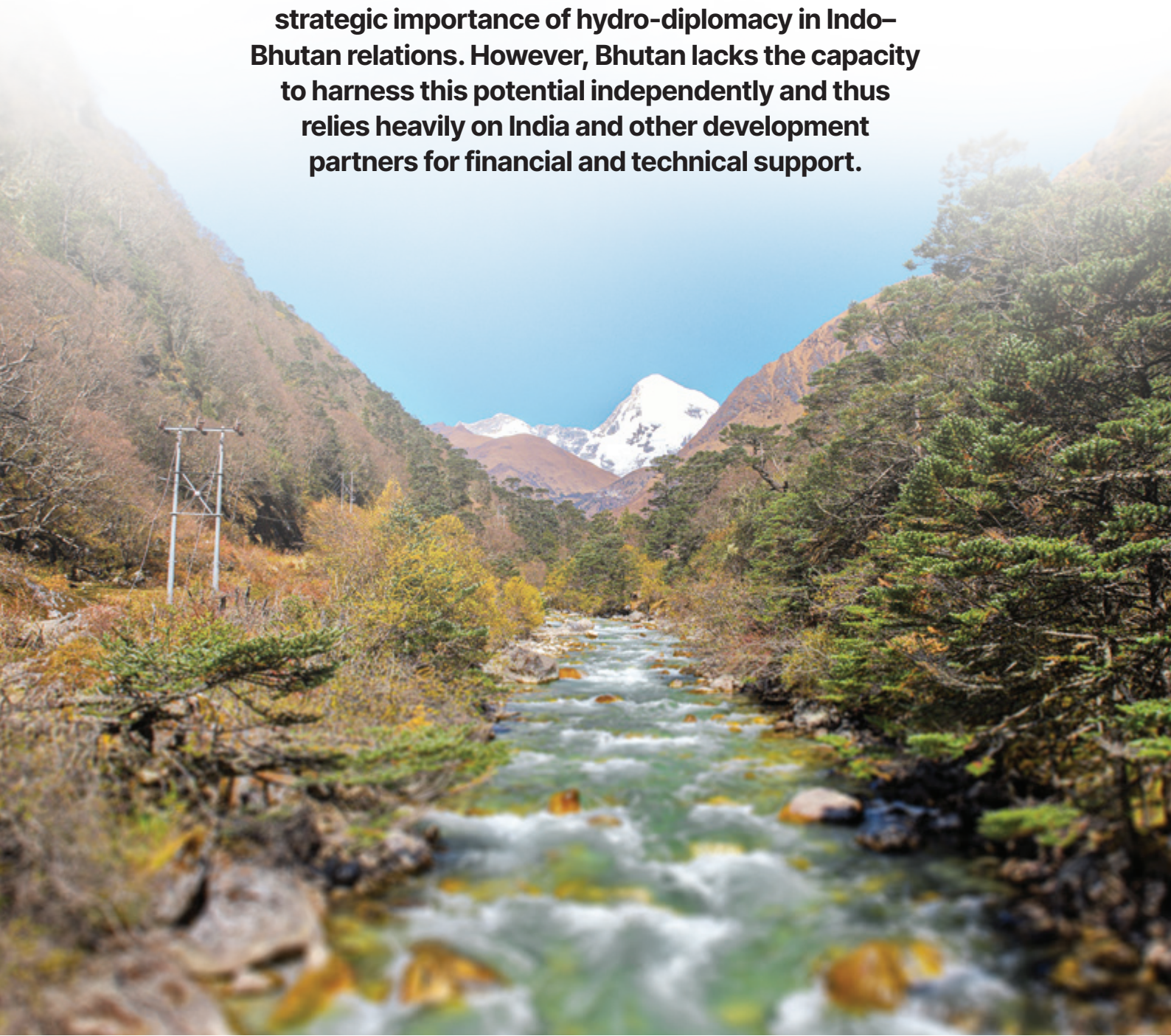
Figure 2. India-Bhutan Cross-border Electricity Transmission Lines



Source: Department of Hydropower & Power Systems, Ministry of Economic Affairs, Royal Government of Bhutan

*Royal Government of Bhutan. "National Transmission Grid Master Plan (NTGMP) of Bhutan-2018." Department of Hydropower & Power Systems, Ministry of Economic Affairs, Royal Government of Bhutan. June 2018. <https://www.moenr.gov.bt/wp-content/uploads/2018/11/National-Transmission-Grid-Master-Plan-2018.pdf> (Accessed August 05, 2025).

Bhutan possesses abundant water resources, with many glacial rivers flowing south into India and merging with the mighty Brahmaputra River. These rivers hold significant hydropower potential, estimated at 30,000 MW. The four major transboundary rivers, Amo Chhu, Wang Chhu, Punatsang Chhu, and Drangme Chhu (also known as Manas), collectively exemplify the vast scope of cooperation and the strategic importance of hydro-diplomacy in Indo-Bhutan relations. However, Bhutan lacks the capacity to harness this potential independently and thus relies heavily on India and other development partners for financial and technical support.



Paro Chu, Mountain Jomolhari, Bhutan.

River. These rivers hold significant hydropower potential, estimated at 30,000 MW.¹¹⁵ The four major transboundary rivers, Amo Chhu, Wang Chhu, Punatsang Chhu, and Drangme Chhu (also known as Manas), collectively exemplify the vast scope of cooperation and the strategic importance of hydro-diplomacy in Indo–Bhutan relations. However, Bhutan lacks the capacity to harness this potential independently and thus relies heavily on India and other development partners for financial and technical support.

Beginning in 1961 with India's assistance in Bhutan's first development plan, the partnership evolved through three key phases: 1961–1980; 1981–2000; and 2001 onwards.¹¹⁶ The commissioning of the Chukha hydroelectric project in 1988 marked a significant milestone,

enabling Bhutan to generate electricity domestically and export it to India. The Chukha project further contributed to the advancement of various other sectors, including the production of chemical carbides, wood processing, cement manufacturing, and the development of ferrous alloys in Bhutan.¹¹⁷ In the 1980s, hydropower started to play a crucial role in bolstering Bhutan's economy. By 2017, it had grown to represent 14 per cent of the nation's gross domestic product and constituted 26 per cent of the total annual revenues.¹¹⁸ This remarkable contribution highlights the importance of hydropower as a key sector in Bhutan's economic development strategy.

The ongoing collaboration between India and Bhutan in the hydropower sector is governed by the 2006 bilateral agreement for cooperation¹¹⁹ and its

115 Wijayatunga, P., & Fernando, P. N. (2013). "An Overview of Energy Cooperation in South Asia." ADB South Asia Working Paper Series, No. 19, May 2013. Asian Development Bank. <https://www.adb.org/sites/default/files/publication/30262/overview-energy-cooperation-south-asia.pdf> (Accessed April 20, 2025).

116 Maitreyee Choudhury, "Hydro-diplomacy and Water Cooperation between India and Bhutan." In Ratna Paul. *Indo-Bhutan Relations*. Abhijeet Publications, New Delhi. pp. 56–74.

117 Lakshmi Premkumar. "A Study of the India-Bhutan Energy Cooperation Agreements and the Implementation of Hydropower Projects in Bhutan." *Vasudha Foundation*. January 2016. https://www.vasudha-foundation.org/wp-content/uploads/Final-Bhutan-Report_30th-Mar-2016.pdf (Accessed April 14, 2025).

118 Tempa Wangdi. 2017. "Sustainable Energy: Is Hydropower the Answer?" *The Druk Journal*. <https://drukjournal.bt/sustainable-energy-is-hydropower-the-answer/print/> (Accessed April 30, 2025).

119 Government of India. "Agreements signed between India and Bhutan." *Ministry of External Affairs, Government of India*. July 28, 2006. https://www.mea.gov.in/bilateral-documents.htm?dtl/6279/Agreements_signed_ (Accessed April 20, 2025).

The cultural ties between India and Bhutan have been further strengthened with the establishment of the India-Bhutan Foundation (IBF) in 2003. The IBF is co-chaired by the Ambassadors of both countries. Its mission is to promote people-to-people exchanges by supporting activities in areas of mutual interest, particularly in education, culture, science, and technology.

subsequent protocol signed in 2009.¹²⁰ Currently, seven hydroelectric projects (HEPs) with a combined capacity of 2,570 MW are operational in Bhutan, supplying electricity to India (Table 6). Notably, the 720 MW Mangdechhu project was commissioned in August 2019 and officially transferred to Bhutan in December 2022.¹²¹ The Nikachhu Hydropower Plant has been operational since January 2025.¹²² The 1,020 MW Punatsangchhu-II Hydroelectric Project is currently partially operational and is at the final stage of completion. Additionally, the 1,200 MW Punatsangchhu-I project is progressing towards completion.

India and Bhutan maintain a robust connection through multiple transmission lines, facilitating cross-border electricity trade. Currently, a total of 2,185 megawatts (MW) is being transmitted from Bhutan to India via six transmission lines (Table 7 and Figure 2).

It is anticipated that following the commissioning of the Punatsangchu-I and II generation projects in 2025–2026, the power transfer capacity will increase to approximately 4,405 MW.¹²³

Recently, in March 2025, the Druk Green Power Corporation (DGPC) of Bhutan and PTC India signed four important power purchase and sale

120 Royal Government of Bhutan. “Sustainable Hydropower Development Policy 2021.” *Ministry of Economic Affairs, Royal Government of Bhutan*. 2021. <https://www.moenr.gov.bt/wp-content/uploads/2017/07/Sustainable-Hydro-power-Development-Policy-2021-1.pdf> (Accessed April 21, 2025).

121 Druk Green Power Cooperation Ltd. “Annual Report 2022.” *Druk Green Power Cooperation Ltd*. 2022. <https://www.drukgreen.bt/wp-content/uploads/2024/09/DGPC-annual-report-2022.pdf> (Accessed July 30, 2025).

122 Druk Green Power Cooperation Ltd. “Nikachhu Hydropower Plant generates approximately Nu 514 M since its commissioning in January.” *Druk Green Power Cooperation Ltd*. 2024. <https://www.drukgreen.bt/nikachhu-hydro-power-plant-generates-approximately-nu-514-m-since-its-commissioning-in-january/> (Accessed July 30, 2025).

123 Government of India. “Interconnection with neighbouring countries.” *Ministry of Power, Government of India*. n.d. <https://powermin.gov.in/en/content/interconnection-neighbouring-countries> (Accessed July 30, 2025).

Table 8. Recent Power Trade Agreements between DGPC Bhutan and PTC India

#	Agreement	Description
1.	Extension of Chhukha HEP PPA	Extends the export of electricity from the 336 MW Chhukha hydropower plant to India up to 31 December 2026.
2.	Winter Electricity Import from India	Allows Bhutan to import electricity from India during low river discharge months.
3.	Nikachhu HEP Power Export Amendment	Increases the power sales limit from the Nikachhu HEP (from 50 to 60 MW) to the Indian energy exchange.
4.	Basochhu Supplementary Agreement	Extends export of summer surplus power from the 64 MW Basochhu hydropower plant to the Indian energy exchange.

Source: Prepared by the Author

agreements. These agreements involve extending the existing Power Purchase Agreement for the Chhukha HEP, importing electricity from India during the winter months, increasing the power sales limit from the Nikachhu HEP, and exporting the summer surplus power generated from the Basochhu HEP (Table 8).¹²⁴

CULTURAL TIES AND COOPERATION



The cultural connection between India and Bhutan is centuries old, rooted

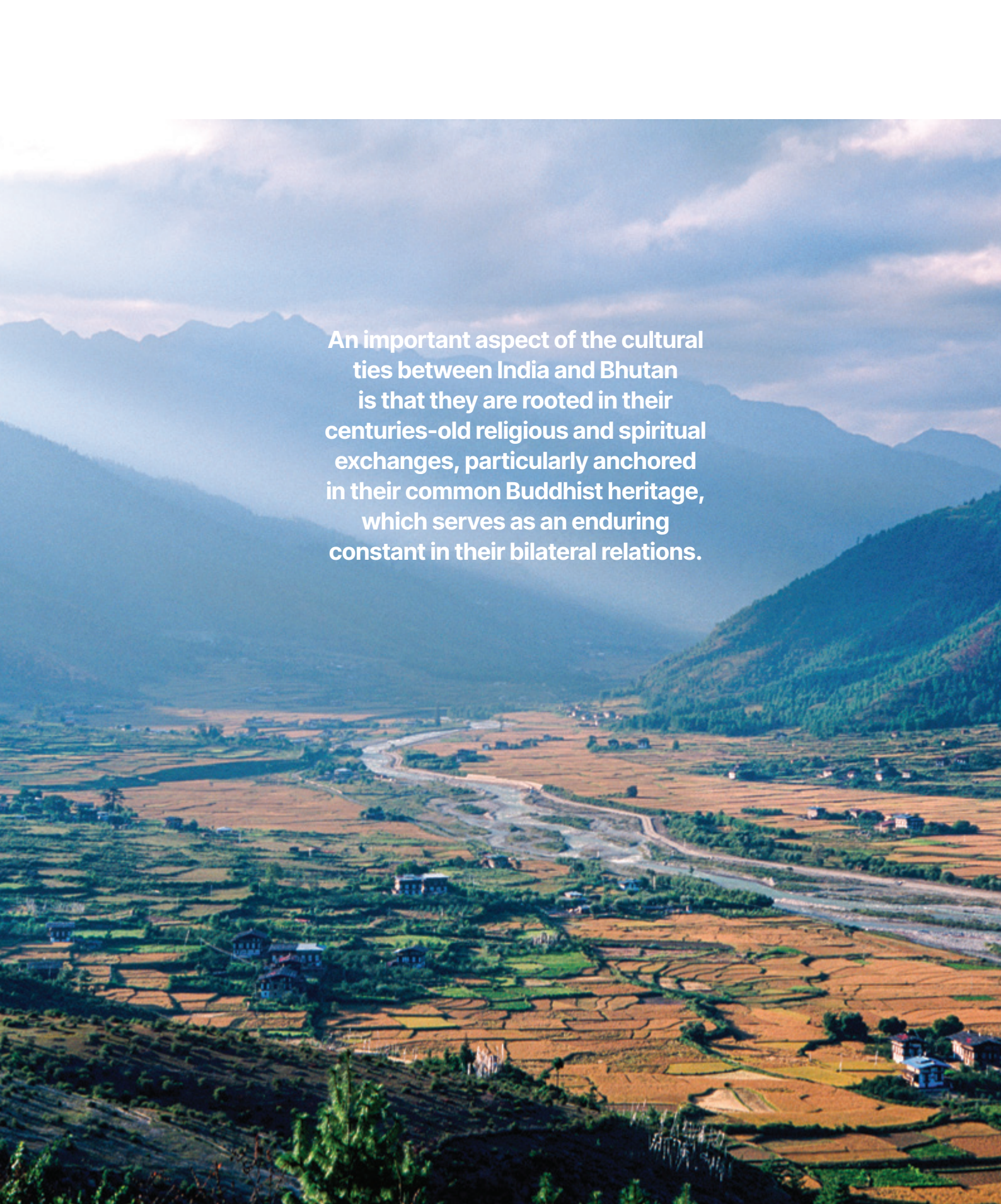
in religious, political, and historical ties, particularly through Buddhism. This bond began in the 8th century CE with Guru Padmasambhava, who transmitted Vajrayana Buddhism to Bhutan after coming from India.¹²⁵ His influence, especially through meditative practices at sites like Paro Taktsang, shaped Bhutan's religious identity.¹²⁶ Along with this, he facilitated peace among local rulers, highlighting the deep connections between Bhutan and ancient Indian regions like Kamrup and Bengal during the Buddhist Pala Empire.¹²⁷ Padmasambhava, revered as Guru

¹²⁴ Druk Green Power Corporation. "Bhutan and India deepen energy ties with new power agreements." *Druk Green Power Corporation*. 2025. <https://www.drukgreen.bt/khorlochhu-hydropower-project-moves-forward-2-2/> (Accessed July 30, 2025).

¹²⁵ Sailen Debnath. 2022. "Religio-Cultural Relations between India and Bhutan." In Ratna Paul. *Indo-Bhutan Relations*. Abhijeet Publications, New Delhi. pp. 75–111.

¹²⁶ Ibid.

¹²⁷ Ibid.



An important aspect of the cultural ties between India and Bhutan is that they are rooted in their centuries-old religious and spiritual exchanges, particularly anchored in their common Buddhist heritage, which serves as an enduring constant in their bilateral relations.

Paro valley, Himalayan Kingdom of Bhutan.

Rinpoche, remains a symbol of the shared spiritual heritage between the two nations.

The establishment of the Koch Kingdom in the early 16th century along the Assam-Bengal border led to significant cultural exchanges and interactions, both peaceful and conflictual.¹²⁸ During the Koch and Kamatapur kingdoms, early Koch rulers like Sangaldip and Sindhu Raja expanded their political influence into Bhutan, with Sangaldip being regarded as Bhutan's first king of Koch origin.¹²⁹ This historical relationship highlights the deep social and cultural connections between Bhutan and the Dooars, facilitating the transmission of Buddhism, Vaishnavism, Nathism, and other traditions across the sub-Himalayan region.^{130 131}

Further, the ethnic population in Bhutan are of Tibeto-Mongoloid and Indo-Mongoloid races, which share close cultural and ethnic affinity with the people of northeast India shares cultural and ethnic affinity. These ethnic groups include Monpas, Lepchas, Bhutias,

Taktokpa (Mainly Buddhists) and Lohtsampas (largely Hindus).¹³²

During the British East India Company rule, Bhutan's strategic importance in the Himalayan trade was widely recognised. Further, the widespread acceptance of the Narayani Mudra, the Koch currency in Bhutan,¹³³ highlights strong economic ties and trust, reflecting deeper cultural and commercial connections as Bhutan became part of a larger North-East Indian economic sphere led by the Koch rulers.

Post-independence, India has actively engaged with Bhutan to expand its soft power diplomacy and reinforce bilateral relations. Through the Indian Council for Cultural Relations (ICCR), a key cultural institution under the Ministry of External Affairs (MEA), India aims to cultivate various elements of soft power. This approach also seeks to foster goodwill and mutual understanding between the two nations. In this context, India has been conducting various initiatives such as running cultural centres, chairs of Indian studies,

128 Sailen Debnath. 2010. *The Dooars in Historical Transition*. N. L. Publishers. West Bengal.

129 Ibid.

130 Ibid.

131 Sailen Debnath (ed). 2023. *A Comprehensive History of the Koch Kingdom*. Aayu Publications. New Delhi.

132 Subrata Sanyal. 2019. *The Unexplored Kingdom: People & Folk Culture of Bhutan*. Niyogi Books. New Delhi.

133 Debajit Dutta. 2015. *Koch Coinage: A Study in Historical Perspective*. PhD Thesis. University of North Bengal.

In May 2024, the Government of Assam announced the allocation of three additional MBBS seats for Bhutanese students in medical colleges within the state. This initiative aims to enhance educational cooperation between the two countries and increase the total number of reserved seats for Bhutanese students to five.

providing scholarships, organising conferences, seminars, and cultural events, facilitating visits of performing art groups, and hosting fine art exhibitions. ICCR operates Indian Cultural Centres in Bhutan to promote cultural ties.

Academic cooperation is a fundamental component of the ICCR activities, particularly through its scholarship programmes for Bhutanese nationals. These initiatives not only strengthen the bilateral relationship between India and Bhutan but also promote continued collaboration in the realm of education. Each academic year, India offers a variety of ICCR scholarships under multiple schemes. Notable among these are the B.R. Ambedkar Undergraduate Engineering Scholarships, the Atal Bihari Vajpayee General Scholarship

Scheme, and the Lata Mangeskar Dance & Music Scholarship Scheme. These scholarships provide Bhutanese students with the opportunity to pursue academic studies in engineering, liberal arts, Indian culture, and other disciplines at 131 esteemed Indian universities and institutions.¹³⁴

These scholarships not only cover tuition fees, airfare, and stipends but also reflect India's enduring commitment to supporting Bhutan's human resource development.¹³⁵ The ICCR scholarships continue to serve as a bridge of cultural understanding and educational exchange, highlighting the unique and time-tested friendship between India and Bhutan.

The cultural ties between India and Bhutan have been further strengthened with the establishment of the India-Bhutan Foundation (IBF)

¹³⁴ Government of India. "Announcement of ICCR Scholarships 2025-26." *Embassy of India, Thimphu, Government of India*. <https://www.indembthimphu.gov.in/pages/Mzgx> (Accessed August 05, 2025).

¹³⁵ Ibid.

in 2003. The IBF is co-chaired by the ambassadors of both countries. Its mission is to promote people-to-people exchanges by supporting activities in areas of mutual interest, particularly in education, culture, science, and technology. Through this collaboration, both nations continue to enhance cultural understanding and shared values. The Board of Directors (BoD) has held 22 meetings since its formation, approving proposals for various events in India and Bhutan. The latest 22nd BoD meeting was held in Shillong in May 2024, which approved a total of 12 programmes, including the India-Bhutan Youth Summit 2024, the Rethinking Economics Festival 2024, the “BIFA Cup” Bhutan-India Friendship Association Cricket Tournament, Bhutan Echoes, the Capacity Building Study Tour to the International Film Festival of Kerala, the Macfair International: AI Robotics Competition and others.¹³⁶

The Nehru-Wangchuck Cultural Centre (NWCC), established in 2010 in Thimphu, serves as a significant

testament to the cultural ties between India and Bhutan. This centre was founded through a collaborative effort between the ICCR and the RGoB. Its primary objective is to foster mutual understanding through a variety of cultural and educational initiatives. The centre provides yoga and music classes led by qualified Indian instructors, maintains a comprehensive library, and includes a multi-purpose hall designed for cultural events and exchanges.

In addition, a new series of scholarships from India, known as the Nehru-Wangchuck Scholarship, was launched in 2009.¹³⁷ This initiative further aims to strengthen the close ties between the two countries and provide new opportunities for the talented youth of Bhutan.¹³⁸

The scholarship is a postgraduate programme aimed at Bhutanese civil servants and private individuals, offering them the chance to pursue higher education at prestigious Indian institutions. Currently, it provides a total of 9 slots, with 6 designated for

136 India Bhutan Foundation. “Projects Funded by IBF” *India Bhutan Foundation*. n.d. indiabhutanfoundation.com/pdf_list.php (Accessed August 07, 2025).

137 The Education Times. “India launches Nehru-Wangchuk scholarships for Bhutanese.” *The Education Times*. June 22, 2009. <https://www.educationtimes.com/article/newsroom/69575528/india-launches-nehru-wangchuk-scholarships-for-bhutanese> (Accessed August 03, 2025).

138 Ibid.

civil service candidates and 3 for those in the non-civil service sector.¹³⁹ The scholarship covers tuition fees and related costs, including a monthly stipend of Nu. 50,000, an annual book allowance of Nu. 12,500, and a one-time establishment allowance of Nu. 10,000. Additionally, it offers a thesis/research grant of up to Nu. 63,000, one-time airfare for travel to and from India, and health insurance coverage up to Nu. 15,000.¹⁴⁰ This comprehensive support is designed to facilitate the academic advancement of Bhutanese individuals in India. This initiative not only enhances human resource development in Bhutan but also strengthens people-to-people ties, mutual understanding, and long-term bilateral relations. The NWCC plays a pivotal role in strengthening the centuries-old friendship between the two nations through shared traditions and values.

In May 2024, the Government of Assam announced the allocation of three

additional MBBS seats for Bhutanese students in medical colleges within the state. This initiative aims to enhance educational cooperation between the two countries and increase the total number of reserved seats for Bhutanese students to five.¹⁴¹

Another important aspect of the cultural ties between India and Bhutan is rooted in their centuries-old religious and spiritual exchanges, particularly anchored in their common Buddhist heritage, which serves as an enduring constant in their bilateral relations. Bhutan acknowledges Buddhism as India's greatest gift to its people,¹⁴² a sentiment that underscores the spiritual foundation of their diplomatic synergy. A significant number of Bhutanese pilgrims travel to prominent Buddhist sites in India, including Bodh Gaya, Rajgir, Nalanda, and Udayagiri, as well as locations in Sikkim. Likewise, Indian spiritual monks and tourists frequently visit monasteries and other religious and spiritual sites in Bhutan.

139 Royal Government of Bhutan. "Nehru-Wangchuck Scholarship for the Academic Year 2025." *Royal Civil Service Commission, Royal Government of Bhutan*. RCSC/HRD-A1.2/2025/4126, May 08, 2025. <https://rcsc.gov.bt/2025/05/nehru-wangchuck-scholarship-for-the-academic-year-2025/> (Accessed August 05, 2025).

140 Ibid.

141 India News Network. "Assam increases MBBS seats for Bhutanese students in a move to strengthen ties." *India News Network*. May 05, 2024. <https://www.indianewsnetwork.com/en/20240502/assam-increases-mbbs-seats-for-bhutanese-students-in-a-move-to-strengthen-ties> (Accessed August 05, 2025).

142 PTI. "Buddhism India's Greatest Gift to Us: Bhutan's Queen Mother." *The Economic Times*. August 23, 2018. <https://economictimes.indiatimes.com/news/politics-and-nation/buddhism-indias-greatest-gift-to-us-bhutans-queen-mother/articleshow/65513618.cms> (Accessed August 08, 2025).

The Dorji and Wangchuck families have significantly contributed to the development and strengthening of India-Bhutan relations since India became a sovereign state in 1947.

Furthermore, Bhutanese individuals demonstrate a notable appreciation for Indian music, cinema, and television.

THE DORJI & WANGCHUCK FAMILY: ARCHITECTS AND VISIONARIES OF INDO-BHUTAN RELATIONS



It is important to recognise that Bhutan has maintained robust political, economic, and social connections with Kalimpong, Kamrup, Kochbihar (Cooch Behar), and Kolkata since its inception. Throughout the British colonial era in India, Bhutan further solidified these relationships in the capacity of a British protectorate. Furthermore, the Royals of Bhutan, the Dorji and Wangchuk families, have a historical background of residing in and acquiring education in present-day India. This background significantly contributed to the strengthening of positive relations between them and India. Through

their experiences, the families developed insights and networks that fostered mutual understanding and cooperation.

The Dorji and Wangchuck families have significantly contributed to the development and strengthening of India-Bhutan relations since India became a sovereign state in 1947. Sonam Tobgay Dorji, who served as Gongzim (advisor) to both the first King Ugyen Wangchuck and the second King Jigme Wangchuck, played a crucial role in maintaining good relations with the British during their rule in India and later with independent India. It was through his diplomatic efforts that Bhutan and India signed the friendship treaty in 1949, which led to India returning a 32-square-mile area in Dewangiri that had been occupied by the British following the 1864 war.¹⁴³ Additionally, India increased the annual allowance

¹⁴³ Ratna Paul. 2022. "Contribution of the Dorji Family of Bhutan in Indo-Bhutan Relations: before and after Indian Independence." in Ratna Paul (ed). *Indo-Bhutan Relations*. Abhijeet Publications. New Delhi. Pp. 303-331.



Majestic Gangkar Puensum, Bhutan.

Indian assistance in facilitating transit routes was particularly valuable, garnering appreciation from the Bhutanese King. This collaboration not only strengthened bilateral ties but also contributed to Bhutan's economic development during that era.

to Bhutan from Rs. 50000 to Rs. 500000.

Since the early 1950s, following King Jigme Dorji Wangchuck's ascension to the throne in 1953, a new era in Indo-Bhutan relations began. In 1958, the king warmly welcomed the then-Indian Prime Minister Nehru to Bhutan, during which PM Nehru stated, '...our only wish is that you should remain an independent country, choosing your own way of life and pursuing the path of progress according to your will. At the same time, we two should live with mutual goodwill'.¹⁴⁴

Jigme Palden Dorji, the son of Sonam Tobgay Dorji, assumed the role of Gongzim following the passing of his father. He is credited with guiding King Jigme Dorji Wangchuk to progressively transition away from isolationist policies.¹⁴⁵ This shift marked the

commencement of economic development initiatives, which were initiated in 1962 with substantial support from India.


The Fourth King, Jigme Singye Wangchuk, ascended to the throne in 1972 following the death of his father. He took significant steps to strengthen the bilateral relations between Bhutan and India. In response to a query during a press conference on August 20, 1972, regarding the review of the 1949 treaty, he stated, 'The treaty is working well, and India has been instrumental in accelerating the pace of economic development initiated by my late father'.¹⁴⁶

During his visit to India in 1974, he reaffirmed his commitment to enhancing India-Bhutan relations, with discussions focusing on the Chukha hydropower project and the

144 Government of India. "Speech by the Prime Minister at the National Assembly of Bhutan." *Ministry of External Affairs, Government of India*. May 17, 2008. https://www.mea.gov.in/Speeches-Statements.htm?dtl/1532/Speech_by_the_Prime_Minister_at_the_National_Assembly_of_Bhutan (Accessed August 04, 2025).

145 Ratna Paul. 2022. "Contribution of the Dorji Family of Bhutan in Indo-Bhutan Relations: before and after Indian Independence." in Ratna Paul (ed). *Indo-Bhutan Relations*. Abhijeet Publications. New Delhi. Pp. 303-331.

146 Sanjit Pal. 2022. *Indo-Bhutan Relations: In the Twenty-First Century*. Kunal Books. New Delhi. p.48.



At the requests of the Bhutanese side, India has been instrumental in facilitating various road, riverine, and railway routes for trade and connectivity, which remain key priorities in cooperation and development. The recently signed MoU on developing cross-border railways refers. Further, India enjoys a strong development partnership programme with Bhutan spreading across sectors such as development infrastructure, health and education which is entirely demand driven and based on Bhutan's priorities and requirements.

Paro Dzong Monastery stands as a highlight of Bhutanese Architecture.

establishment of a cement plant with Indian assistance.¹⁴⁷ Following the visit of then Indian Foreign Minister Atal Bihari Vajpayee to Bhutan in 1977, the King travelled to India in 1978, acknowledging India's contributions to Bhutan's modernisation efforts.¹⁴⁸ Numerous hydropower projects were discussed, formalised, and developed during the king's reign with the support of India. During the 1970s and early 1980s, under the leadership of Prime Minister Indira Gandhi in India, Bhutan experienced a notable diversification in its trade relations. This period was marked by the signing of a comprehensive trade treaty with India, which played a pivotal role in enhancing Bhutan's economic landscape.¹⁴⁹ Additionally, Indian assistance in facilitating transit routes was particularly valuable, garnering appreciation from the Bhutanese King. This collaboration not only strengthened bilateral ties but also contributed to Bhutan's economic development during that era. Furthermore, the visits of then Indian Prime Minister Rajiv Gandhi to Bhutan

in 1985 and 1988 were notable. During the 1985 visit, the King posthumously awarded Indira Gandhi the Kingdom's highest honour, the 'Druk Wangyel', in recognition of her contributions to Bhutan's development.¹⁵⁰

King Jigme Singye Wangchuck played a pivotal role in reinforcing and deepening the traditionally cordial relations between Bhutan and India during a time of significant transition in Indian foreign policy. Amidst India's economic liberalisation under Prime Minister Narasimha Rao, when the focus was more on global economic reforms than neighbourhood diplomacy, the King's visits to India in 1991, 1993, and 1996 served as key moments that revitalised bilateral cooperation. His diplomatic engagements with Indian leaders helped Bhutan remain a key strategic and developmental partner. Notably, the 1993 visit led to a landmark agreement on the Sankosh multi-purpose dam project, a major collaborative initiative reflecting mutual trust.¹⁵¹ The King himself called

¹⁴⁷ Ibid. p. 51.

¹⁴⁸ Ibid. p. 51.

¹⁴⁹ Ibid. p. 55.

¹⁵⁰ Ibid. p. 56.

¹⁵¹ Ibid. p. 69.

it a ‘friendship project’,¹⁵² highlighting the depth of Bhutan-India ties. These efforts ensured Bhutan stayed closely aligned with India even as India’s attention shifted globally.

King Wangchuck’s vision also encompassed the enhancement of economic and infrastructural cooperation, exemplified by initiatives such as the Tala Hydroelectric Project and the Dungsum Cement Plant¹⁵³. These ventures bolstered Bhutan’s economy and played a significant role in contributing to India’s regional development. His repeated affirmations of trust in India, support for India’s claim to a permanent seat on the UN Security Council,¹⁵⁴ and alignment with India on global issues like nuclear disarmament¹⁵⁵ underscored Bhutan’s strategic solidarity. The king’s leadership ensured that despite shifts in Indian political leadership, India–Bhutan relations remained steady, cooperative, and forward-looking. His role was instrumental in elevating bilateral ties from mere diplomacy

to a robust developmental and strategic partnership.

Today, His Majesty King Jigme Khesar Namgyel Wangchuck, the fifth King of Bhutan, is actively strengthening the bonds of friendship between India and Bhutan by promoting collaboration across various sectors. This includes cooperation in technical and modern areas of growth and development. Notably, at the beginning of his tenure, the 1949 friendship treaty was revised in 2007. During a speech in his visit to India in 2013, the King reflected on his grandfather, King Jigme Dorji Wangchuck, stating that ‘the destiny of Bhutan is intimately bound with that of India’.¹⁵⁶ He also echoed his father, King Jigme Singye Wangchuck’s declaration that ‘India is the cornerstone of our foreign policy’.¹⁵⁷ These statements highlighted his proactive diplomatic approach to maintaining Bhutan’s close alignment with India, especially amid growing internal discussions about diversifying foreign relations. The King’s frequent visits to India

152 Ibid. p. 69.

153 Ibid. p. 70.

154 Ibid. p. 73.

155 Ibid. p. 71.

156 The Bhutanese. ““With Pride and Honour I represent Bhutan at the Republic Day of India”: His Majesty.” *The Bhutanese*. January 25, 2013. <https://thebhutanese.bt/with-pride-and-honour-i-represent-bhutan-at-the-republic-day-of-india-his-majesty/> (Accessed August 12, 2025).

157 Ibid.

(Table 2) and engagement emphasised Bhutan's recognition of India's strategic and economic importance and reinforced the mutual understanding necessary for regional stability.

CONCLUSION



India's relationship with Bhutan is its most sacrosanct relationship in the neighbourhood. Generation of Indian leaders for instance have made it their first foreign destination upon election. With every visit, the high commitment to this relationship is reiterated, reaffirmed not merely in words, speeches and communiques but in ever stronger action and ever intensifying cooperation.

Following the introduction of democratic governance, Bhutan has embarked on a process of decentralising political power with gradually increasing people's agency in policymaking, including in foreign policy. Notably, Bhutanese youth studying abroad are returning with broader global perspectives and advocating for greater democratization and a more diversified foreign policy approach, reflecting a shift in national discourse. These shifts in Bhutanese polity and society

are influenced not only by external geopolitical developments but also by internal dynamics, especially the youth-driven aspiration for progress through increasing regional and global integration.

Firstly, the India-Bhutan Friendship Treaty of 2007, a revised and modernised version of the 1949 Treaty of Perpetual Peace and Friendship, represents a positive shift towards a more modern approach to bilateral relations. The 2007 Treaty, significantly, reaffirmed "perpetual peace" and "free trade" between the two countries while retaining key provisions such as equal treatment of citizens, and Bhutan's ability to import arms through India with safeguards. In addition, the 2007 Treaty introduced mutual obligations on national security cooperation while prohibiting the use of either country's territory for activities harmful to the other.

Secondly, over the past decades, India and Bhutan have witnessed an increasing process of integration between the two countries across various sectors. These integrative processes can in part be attributed to the porous borders, that facilitate the free movement of goods, Bhutanese transportation through Indian

territory, and the movement of local people across the markets in the border region. Additionally, close cooperation in telecommunications, internet connectivity, digitalisation of cross-border financial transactions, robust linking of banking channels, etc. has significantly strengthened bilateral ties and fostered greater integration between Bhutan and India, including North East India.

The trade of electricity and the rapid expansion of cross-border transmission lines have significantly bolstered bilateral green energy trade. The environmental cooperation between India and Bhutan represents a noteworthy effort, contributing to joint conservation of forests and wildlife along the border regions while underscoring the potential for expanding such environmental initiatives in the Himalayas and fostering cooperation in forest-based agriculture. Additionally, at the requests of the Bhutanese side, India has been instrumental in facilitating various road, riverine, and railway routes for trade and connectivity, which remain key priorities in cooperation and development. The recently signed MoU on developing cross-border railways refers. Further,

India enjoys a strong development partnership programme with Bhutan spreading across sectors such as development infrastructure, health and education which is entirely demand driven and based on Bhutan's priorities and requirements.

In totality, the turn of the millennium has taken this integration between India and Bhutan to a new level, especially with the 2007 Treaty.

Thirdly, Buddhism, practised by the majority of the Bhutanese with roots in India, has facilitated deep cultural affinity, familiarity and trust between the peoples of the two countries. Equally, the diverse ethnic groups in Bhutan and the northeastern states of India, belonging to the Tibeto-Mongoloid and Indo-Mongoloid races, underscore the centuries-old ethnic and cultural linkages between India and Bhutan. The shared physical characteristics observed among these diverse ethnic groups confirm that the people of this region exhibit more similarities than differences. Furthermore, the presence of Bhutanese in Indian administrative, educational institutions, art, television and film industry has fostered an unprecedented sense of kinship among Indians for the Bhutanese. Similarly,

Indian television, music, cinema and literature are enjoyed, and especially the TV serials and movies have increasingly become more popular in Bhutan.

Fourthly, the aspirational youth of Bhutan is putting pressure on the monarchy to democratise in line with the international governance trends. Pressure on the monarchy is also due to the outflow of Bhutanese nationals, especially students, who are dissatisfied with the political and economic amenities and progress at home.

Fifthly, a notable trend on the foreign policy front is that, Bhutan is under stress to come out of traditional isolationist approaches both due to external and domestic factors. Further,

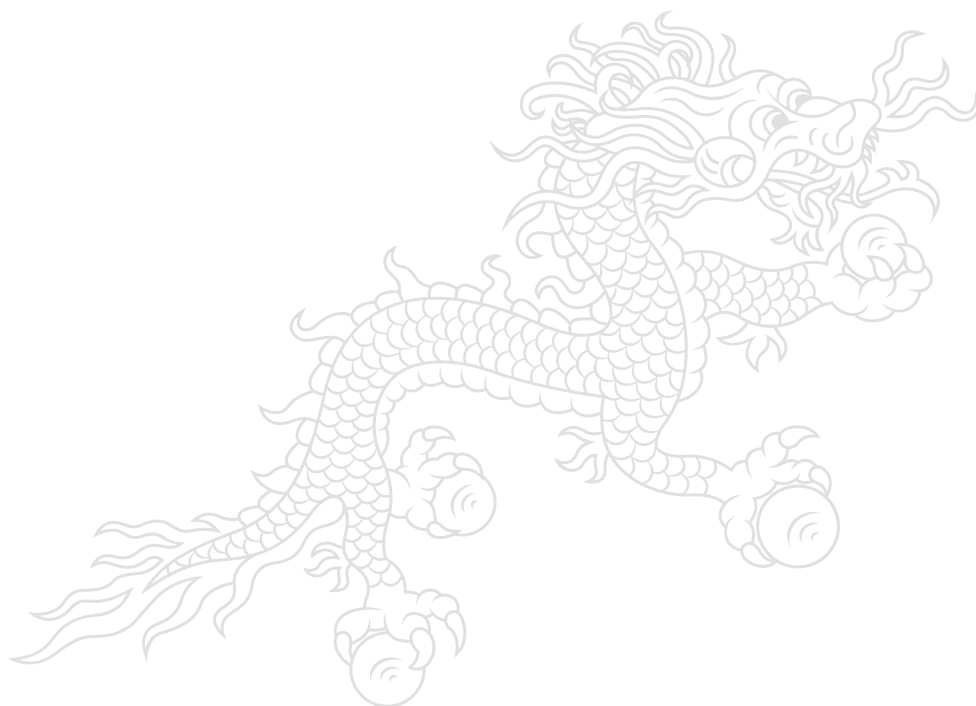
the strategic imperative of balancing between India and China is impacting Bhutan's space for manoeuvre and has the potential to erode its strategic autonomy.

It is quite evident from this paper that India has underwritten Bhutan's security and development since India's independence and continues to do so. This represents what can quintessentially be seen as India's non-reciprocal and large-hearted approach to a traditionally close and friendly neighbour Bhutan. It may, however, be added here that it would be naïve to assume that India's approach and policy to Bhutan is not based on strategic thought and concerns related to the long-term stability and security of the sub-continent and its people.



Paddy Field above the Palace Thimphu, Bhutan.

BIO PROFILES





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During her 29 years of service, Smt. Nutan Kapoor Mahawar has gained expertise in the working of institutions of global governance having done a stint at the Permanent Mission of India to the United Nations and other International Organizations in Geneva. She has served twice in the Indian Embassy in Moscow and is known as a Russia hand in the Indian Foreign Service. In the Ministry of External Affairs in New Delhi, she has looked after India's relations with West European countries and has served as Joint Secretary (Coordination). As Joint Secretary (Parliament), she oversaw the Ministry's Parliamentary work and coordinated all interactions between the Ministry and the Parliament ranging from the hearings of the Parliamentary Committee on External Affairs and other Committees, Parliamentary debates on foreign policy and meetings of the Consultative Committee on External Affairs. A key area of Interest and expertise of Smt. Nutan Kapoor Mahawar is Disarmament and Non-Proliferation

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The Indian Council of World Affairs (ICWA) was established in 1943 by a group of eminent intellectuals led by Sir Tej Bahadur Sapru and Dr. H. N. Kunzru. Its principal objective was to create an Indian perspective on international relations and act as a repository of knowledge and thinking on foreign policy issues. The Council today conducts policy research through an in-house faculty as well as through external experts. It regularly organizes an array of intellectual activities including conferences, seminars, roundtable discussions, lectures and brings out a range of publications. It has a well-stocked library, publishes the journal 'India Quarterly', and is active on social media.

ICWA has over 100 MoUs with leading international and national think tanks, research and academic institutions to promote better understanding on international affairs and develop areas of mutual cooperation. The Council's international partnerships are focused on dialogue and joint activities like research publications, while its national outreach is focused on creating awareness of and scholarship on issues pertaining to foreign policy and international relations.





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