

INDIA - BHUTAN

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- So far India had best relations with Bhutan & Maldives in South Asia but it seems India cant take these for granted.

STATUS OF BHUTAN

- By Treaty of Punakha, 1910: Bhutan became protectorate of British India. It means Bhutan to have internal autonomy & not external autonomy.
- Treaty of Peace, Friendship & Cooperation, 1949
It is continuation of British treaty. It declares India & Bhutan as - 'Natural partners with inseparable future'. Article 1 recognises that friendship is for all times to come & there will be perpetual peace & friendship b/w two. Article 2, Govt undertakes not to interfere in internal affairs & Govt Bhutan undertakes it will be guided by Govt in external matters.
- rest of terms are similar to Nepal's - free trade, National agreement, restriction on arms.

Purpose of Treaty :

Not to undermine Bhutan's sovereignty but ensure Bhutan remains committed to India's security.

Treaty was never applied in strict sense & Bhutan was given lot of freedom in practice to conduct its relations with other countries, including direct negotiations with China to resolve boundary dispute.

Revision of Treaty : 2007

On request of Bhutan, terms of Treaty were revised. It has been suggested that revised one modifies India's role from guiding partner to a close friend & equal partner.

There are no relations limitations on Bhutan wrt relations with other countries, but not use its territory for activities against India's security threat. Despite revision, close relationship remains unchanged.

ECONOMIC CO-OPERATION IN BHUTAN

- Bhutan started its FYP on Nehru's advice
- First & Second FYP were completely financed by India. Subsequently India is partially funding its FYP.
- India is main Development & Trading partner. India offers duty free transit to Bhutan for duty trade with third countries
- India has constructed Paro airport, Bhutan broadcast station, railway line projects
- India gives stand buy credit facility to Bhutan to address its liquidity crunch.
- Major area of cooperation - Hydro Electricity - 3 imp. projects - Tala, Chukha, Kurichu

China factor in Bhutan

- There has been distancing in India-Bhutan relations because of China. It was reported, former PM of Bhutan, met with Chinese Premier on sidelines of 'Rio +20 summit' w/o informing India.

- It was reported by Indian media, that China has offered 'Package Deal' to Bhutan.
- Bhutan & China had 19 rounds of talk so far.
- Bhutan & India are only countries with which its land boundary dispute remains unresolved.
- It has offered 'Land Swap' deal near China. It is offering larger area in NW part of Bhutan in exchange of area, adjacent to India in west Bhutan near Siliguri Corridor.
- Bhutan has assured GoI, that it has no plan for package deals & will not accept any offer from any PS countries to open Diplomatic mission in Bhutan.
- India has disrupted subsidy on Kerosene & Cooking gas to mark displeasure in critical time of elections in Bhutan.

It is not certain for how long India can control Bhutan's temptation that Chinese offer. Recently, GoB placed order of 15 buses from China. Also looking for Chinese support in non permanent seat in UNSC.