India-Bhutan: Affirming 50 Years of Relationship
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Executive Summary

During his three-day visit to India in July 2018, then-Bhutanese Prime Minister Tshering Tobgay held meetings with India’s Prime Minister Narendra Modi and other Indian ministers in which the two sides expressed happiness over the state of their bilateral relations.

India-Bhutan relationships have been cordial since historical times. There were close interactions and engagements between the people from the two countries. During the British rule in India, territorial limit was demarcated between India and Bhutan. In 1949, India and Bhutan signed the Friendship Treaty. Since then, India has been assisting Bhutan in the development of its infrastructure. In 2007, the India-Bhutan Friendship Treaty was revised.

Despite the close relationship, there are certain matters of concerns between the two countries. In recent times, a section of Bhutanese has alleged India of exploitation of the country’s hydro sector. India is also being held responsible for the growing Bhutan’s hydro debt.

China has emerged to be an important player in South Asia. In recent years, Chinese activities at the border regions of India-Bhutan-China have been growing. In 2017, India and China were engaged in a military stand-off for about 73 days at a tri-junction called Doklam. After the stand-off, a number of Bhutanese supported the idea of having a diplomatic relationship with China. In July 2018, Assistant Foreign Minister of China, Kong Xuanyou, visited Bhutan. There, he met a number of Bhutanese officials. Bhutan stated that India was kept “in a loop” about that visit.

In September 2018, Tobgay’s party, the People’s Democratic Party, failed to qualify for the final round of polls, losing out to both the Druk Nyamrup Tshogpa and the Druk Phuensum Tshogpa. In October 2018, the Druk Nyamrup Tshogpa won the final round of the polls and formed the government in Bhutan. It is likely that New Delhi would exercise some degree of caution in its dealings with the new government. However, it is certain that the new government is not likely to deviate much from its predecessor’s position in the relationship with India.

This paper examines bilateral engagements between India and Bhutan as the two countries celebrate 50 years of diplomatic relations this year. It also looks at the China factor in their relationship.
Introduction

Then-Bhutan Prime Minister Tshering Tobgay (2013- August 2018)\(^1\) arrived in New Delhi on 5 July 2018 to discuss ways to enhance defence, security and strategic cooperation between India and Bhutan.\(^2\) During the three-day visit, Tobgay held meetings with India’s Prime Minister Narendra Modi and the Indian ministers for external affairs, finance, railways and power, and the National Security Adviser.\(^3\) During these meetings, the leaders expressed happiness over the state of their bilateral relations. India reiterated its commitment to assist Bhutan in its socio-economic and infrastructure development.\(^4\)

In 2018, India and Bhutan complete 50 years of diplomatic relations. In all these years, the two countries generally have had strong ties. However, certain concerns have also been expressed, particularly by the Bhutanese, on Indian activities in the country. In recent years, with the growing Chinese activities in Bhutan, India has become extra cautious about its relationship with Bhutan. This paper examines the diplomatic relationships between India and Bhutan and concerns expressed by the Bhutanese against India, It also looks at India’s response to the growing Chinese imprint in Bhutan.

India-Bhutan Diplomatic Relationships

For the Bhutanese, India is gyagar (the Holy Land) because the Buddhism practiced in Bhutan was born in India. In 8\(^{th}\) century AD, an Indian monk, Padmasambhava, arrived in Bhutan to teach the tenets of Buddhism. He was from Uddiyyana (present day Swat valley in Khyber Pakhtunkhwa in Pakistan) and was regarded as the third Buddha in the Vajrayana tradition.\(^5\) In Bhutan, he is popularly known as Guru Rinpoche. It is believed that, through his spiritual powers, Padmasambhava subdued almost all confronting hostile spirits and divinities from Tibet who were engaged in acts against Bhutan.\(^6\)

During the Mughal rule (1526-1857) in India, confrontations occurred between the Mughal representatives in Bengal and the Bhutanese Kings to control the fertile plains at their borders. In Bengal, the ruler of Cooch Behar resisted the Mughal rule. To capture Cooch Behar and punish its ruler, Pran Narayan, Mughal Emperor Aurangzeb (1658-1707) sent his commander Mir Jumla. To protect himself, Pran Narayan sought asylum in Bhutan which was seen as Bhutanese involvement in the affairs of Cooch Behar in following years.\(^7\)

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\(^{1}\) On 15 September 2018, Bhutan had its primary round of polls to choose the next government. In that primary round, Tobgay’s party, the People’s Democratic Party, failed to qualify for the final round of polls which were held in 18 October 2018.


\(^{4}\) Ibid.


\(^{7}\) Ibid.
the death of Aurangzeb, the power of the Mughals declined. This helped the Bhutanese solidify their presence in Cooch Behar. In the 1750s, Bhutan appointed a de-facto Viceroy and garrison forces in Cooch Behar. In 1765, the Bhutanese directly interfered in the Cooch Behar’s affairs to prevent a possible coup in the state.\(^8\)

Earlier, in 1764, after the victory in the Battle of Buxar, the East India Company formally occupied Bengal and Bihar. During the Company’s rule in India, there were frequent skirmishes between the Bhutanese and the East Indian Company’s army over duars (fertile land in rivers Brahmaputra and Ganga region in Assam and Bengal respectively). To engage Bhutan, in the 1770s and 1780s, a number of missions were sent to Bhutan by British Governor General Warren Hastings.\(^9\) After the defeat of the Bhutanese in a clash with the Company’s troops in 1773, the two clashing parties signed a treaty of peace and commerce in 1774.\(^10\) However, peace remained elusive between the two sides and matters were further complicated with China’s growing interests in Bhutan. In 1910, to address trade and security-related issues, the Treaty of Sinchula was signed between Bhutan and British India. The British agreed not to interfere in the internal affairs of Bhutan and the Bhutanese agreed “to be guided by the advice of India in regard to its foreign relations”.\(^11\)

After independence in 1947, India emerged as a successor state of British India. To keep Bhutan on its side, India signed the Treaty of Friendship with Bhutan in 1949. However, diplomatic relations between the two countries were only established in 1968 with the appointment of a resident representative of India in Thimphu. Prior to this, a political officer in Sikkim was in charge of India’s affairs in Bhutan.\(^12\) The India House was inaugurated in Thimphu in May 1968 and resident representatives were exchanged between India and Bhutan in May 1971.\(^13\) The two countries began their ambassadorial-level relations with the upgrading of the residents to embassies in August 1978.\(^14\)

In 2007, the Indo-Bhutan Friendship Treaty was updated. The updated treaty addresses the economic and security-related interests of both signatories. More importantly, the 2007 updates have relieved Bhutan of certain provisions which the two sides agreed under the 1949 treaty. For example, Article 2 of the 1949 India-Bhutan Friendship treaty states, “The Government of India undertakes to exercise no interference in the internal administration of Bhutan. On its part, the Government of Bhutan agrees to be guided by the advice of India in regard to its foreign relations”.\(^11\)


\(^14\) Ibid.
Government of India in regard to its external relations”. In the revised treaty of 2007, Article 2 states, “In keeping with the abiding ties of close friendship and cooperation between Bhutan and India, the Government of the Kingdom of Bhutan and the Government of the Republic of India shall cooperate closely with each other on issues relating to their national interests. Neither Government shall allow the use of its territory for activities harmful to the national security and interest of the other”.

In 2008, then-Indian Prime Minister Dr Manmohan Singh visited Bhutan. At that time, India agreed to let Bhutan have 16 entry and exit points to facilitate trade and commerce with other countries except China. In 2014, soon after taking office, Modi paid a visit to Bhutan, where he inaugurated the India-funded building of the Supreme Court of Bhutan. After Modi’s visit, in November 2014 then-Indian President, Pranab Mukherjee, also visited Bhutan. In 2016, India and Bhutan signed an agreement on trade, commerce and transit between the two countries. In 2018, the Bhutanese consulate was opened at Guwahati in Assam.

**Concerns about India-Bhutan Relations**

In the late 1960s, 1970s and 1980s, there were moments when it seemed that Bhutan was all set to drift away from India. For example, in 1968, Bhutan barred unauthorised foreigners, including Indians, from entering its territory. A year later, in 1969, Bhutan also started its own currency. In 1970, after setting up its Ministry for Foreign Affairs, Bhutan started taking its own position on foreign policy-related matters. In 1978, the Bhutan Mission in India was renamed as the Royal Bhutanese Embassy. This was seen by India as deviation from the spirit and letters of the 1949 treaty. In 1984, Bhutan began boundary-related talks with China. It also reduced India’s annual assistance to Bhutan by 43 per cent and started inviting other international donors.

However, bilateral relationships between India and Bhutan were back on tracks in late 1980s. In 1988, Then-India’s President R Venkatraman visited Bhutan. Earlier, in 1985, and again in 1988, then-Prime Minister of India Rajiv Gandhi visited Bhutan. In 1990s, India provided assistance in the development of several infrastructure projects in Bhutan. For example, in 1995, work on Kurichhu hydro project began with 60 per cent grant and 40 per cent loan from India to Bhutan. Then, in 1997, work on the Tala Project began with 60 per cent grant and 40 per cent loan from India.

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18 Ibid.
19 Ibid.
21 “Economic and Political Relations Between Bhutan and Neighbouring Countries A Joint Research Project of The Centre for Bhutan Studies (CBS) and Institute of Developing Economies, Japan External Trade Organization (IDE/JETRO)”, op cit.
In 2003, to address India’s concerns, the Royal Bhutan Army carried out ‘Operation All Clear’ to flush out the United Liberation Front of Assam and Bodo militants taking shelter in Bhutan.\(^{22}\)

A major cause of concern among the Bhutanese is the India-assisted hydropower projects in Bhutan. In January 2016, New Delhi-based Vasudha Foundation came out with a report titled “A Study of the India-Bhutan Energy Cooperation Agreements and the Implementation of Hydropower Projects in Bhutan”. This field study-based report discussed several critical points such as hydropower-related debts on Bhutan and the increasing number of Indian hydropower companies engaged in allied activities, among others.\(^{23}\) Also, in his opinion piece in the *Indian Express*, journalist Tenzing Lamsang spoke about how most of the India-assisted hydropower projects were in fact benefitting India and not Bhutan.\(^{24}\)

Bhutan’s involvement in the Bangladesh, Bhutan, India and Nepal (BBIN) Motor Vehicle Agreement (MVA)\(^{25}\) also faced issues, which had implications on its relations with India. During the India-Bhutan bilateral meeting on trade and transit in January 2017, the Bhutanese side mentioned that the ratification of the BBIN MVA could not be carried out through the Upper House of the Parliament due to “some concerns”.\(^{26}\) These concerns were the environmental impact of the frequent movement of vehicles and the economic impact of losing business due to the emergence of India and Bangladesh as competitors.\(^{27}\) As a result, in April 2017, Bhutan withdrew from the BBIN.\(^{28}\)

In September 2018, Tobgay’s party lost the elections. There are now murmurings in New Delhi about the political inclination of the new government. During the election campaign, the manifesto of the Druk Nyamrup Tshogpa, the top performer in the elections, did not specifically mention foreign policy and international diplomacy. However, it is unlikely that the new government in Bhutan would adopt a less than friendly approach in its relations with India.

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\(^{26}\) Ibid, p. 5.


\(^{28}\) Ibid.
China and India-Bhutan Relations

Historically, China’s engagement in Bhutan and in the adjoining regions can be traced to the British rule in India. To address the territorial boundaries, a convention was signed between the British India and China in 1890. Article 1 of the 1890 Convention stated, “The boundary of Sikkim and Tibet shall be the crest of the mountain range separating the waters flowing into the Sikkim Teesta and its affluent from the waters flowing into the Tibetan Mochu and northwards into other Rivers of Tibet. The line commences at Mount Gipmochi on the Bhutan frontier, and follows the above mentioned water-parting to the point where it meets Nepali territory.”

In 1910, the Manchu government of China laid claim to Bhutan, along with Nepal and Sikkim. However, it failed to occupy them. Later, Bhutan and China established direct contacts under the Kuomintang regime in China. After the Chinese Revolution and the coming into power of the Chinese Communist Party under Mao Zedong, the People’s Republic of China tried to maintain good relationships with Bhutan. However, earlier, in 1930, Mao had openly declared that Bhutan should be included, along with Burma, Nepal, Taiwan, Korea and Ryukyu Islands to “correct” the boundaries of China. This was later deleted from the official versions of the book, *Chinese Revolution and Communist Party*, to avoid suspicions in the minds of the leaders of these countries. In the early 1950s, China attempted to improve its relationship with Bhutan by sending gifts to the Bhutanese King, Druk Gyalpo, and inviting Bhutanese citizens to China. However, Bhutan remained cautious to such moves by China, given past dealings.

The official contact between Bhutan and China began in 1970s. In 1971, Bhutan voted in favour of China’s membership to the United Nations. In 1974, along with few other countries, China was also invited to the coronation of King Jigme Singye Wangchuck. The Chinese delegation was led by Ma Muming, Chargé d’Affaires of the Chinese Embassy in New Delhi. In 1979, as a result of Chinese intrusions into Bhutanese territory, the Royal Government of Bhutan thought about direct negotiations with China on the boundary issue. As a part of the process, in 1983, Chinese State Councillor and Foreign Minister Wu Xueqian and Bhutanese Foreign Minister Dawa Tsering met and held consultations in New Delhi.

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33 From 1945 to 1971 it was Republic of China which was member of the United Nations.
34 Ibid.
35 Ibid.
York on developing bilateral relations. The first round of boundary talks was held in Beijing in April 1984. From 1994 onwards, Chinese Ambassadors to India have been paying working visits to Bhutan. Since 1995, Bhutan has been “supporting (the) one-China policy”. In 1998, Bhutan and China signed an agreement on the Maintenance of Peace and Tranquillity along the Sino-Bhutanese Border Areas. The two sides accepted that they have reached an agreement and were committed to working in accordance with the five principles of mutual respect for each other’s sovereignty and territorial integrity, mutual non-aggression, mutual non-interference in each other’s internal affairs and peaceful co-existence and for the purpose of maintaining peace and tranquillity along the Sino-Bhutanese border. In June 2000, the Bhutanese Ambassador to India visited China. These visits have opened up a new channel of contacts other than the boundary talks. In 2015, the 23rd round of talks were held in Thimphu and, in 2016, technical expert groups from the two countries met in Bhutan.

Despite agreement and on-going talks, in 2017, a military stand-off took place between India and China when China laid a territorial claim over Doklam/Doko-La (or Donglong) in Bhutan. The territory in focus was a plateau of approximately 89 square kilometres, which lies at the tri-junction of India, China and Bhutan. It is close to India’s ‘Chicken’s Neck’, the Siliguri Corridor. The border remained tense for about 73 days, following which India and China agreed to disengage their personnel from that site on 28 August 2017.

The Chinese government claimed that the land is located on its side of the border as per the 1890 Convention between Great Britain and China Relating to Sikkim and Tibet and it was, therefore, free to construct a road near the site. However, on 29 June 2017, in a press release, the Bhutanese government stated, “Boundary talks are ongoing between Bhutan and China and we have written agreements of 1988 and 1998 stating that the two sides agree to maintain peace and tranquillity in their border areas pending a final settlement on the boundary question, and to maintain status quo on the boundary as before March 1959. The agreements also state that the two sides will refrain from taking unilateral action, or use of force, to change the status quo of the boundary. Bhutan has conveyed to the Chinese side, both on the ground and through the diplomatic channel, that the construction of the road inside Bhutanese territory is a direct violation of the agreements and affects the process of demarcating the boundary between our two countries. Bhutan hopes that the status quo in the Doklam area will be maintained as before 16 June 2017.”

Following the military stand-off at Doklam, Assistant Foreign Minister of China, Kong Xuanyou, visited Bhutan from 22 to 24 July 2018. He was accompanied by Luo Zhaohui, the Chinese Ambassador to India. In Bhutan, the Assistant Foreign Minister met the fifth King,
During the meetings, the Chinese Assistant Foreign Minister stated, “The Chinese side is willing to work with the Bhutanese side to maintain high-level contacts, expand practical cooperation, and strengthen multilateral communication and coordination, so as to achieve common development on the basis of mutual respect, mutual benefit and win-win results. The Chinese side welcomes Bhutan to actively participate in the Belt and Road Initiative and share China’s development dividend. Both sides should continue to promote the boundary negotiations, abide by the already-reached principles and consensus, and jointly maintain peace and tranquillity in boarder areas so as to create positive conditions for the final settlement of the boundary issue.”

On its part, “The Bhutanese side expressed the view that although China and Bhutan have not formally established diplomatic relations, the two countries have enjoyed a traditional friendship which could be regarded as a model between big countries and small countries. The Bhutanese side admires the development achievements of China and welcomes the positive outcomes of the Belt and Road Initiative proposed by President Xi Jinping...Bhutan firmly adheres to the one-China policy and is committed to deepening exchanges and cooperation with China, and stands ready to maintain communication with the Chinese side on bilateral relations and the boundary issue.”

About the Chinese Assistant Foreign Minister’s visit to Bhutan, Thimphu apparently kept New Delhi “in the loop”. However, India continues to remain cautious about any such visits and meetings between the officials from Bhutan and China.

**Conclusion**

In defining Bhutan’s relations with India, Tobgay correctly posited that “India is not an elder brother (but) older sibling”. He made this point at the inaugural session of Advantage Assam – Global Investor Summit in February 2018. At the end of October 2018, the Druk Nyamrup Tshogpa came into power in Bhutan. Like its predecessor, the new government is likely to maintain strong relations with India. However, in spite of this affirmation, concerns and differences on certain issues still remain between the two countries.

China’s military activities in the Bhutanese territory and its diplomatic outreach to Bhutan may cause ripples in India. However, they are not going to have any serious impact on India-

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42 Ibid.
43 Ibid.
Bhutan relationships, given the strength and depth of their ties. However, such ties should not be taken for granted, given the growing efforts by China to enhance its presence in Bhutan and the region. New Delhi must remain cognisant of the Bhutanese concerns and must make concerted to keep the relationship with the tiny Himalayan kingdom warm and cordial at all times.

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