

# INDIA and BHUTAN

## The Strategic Imperative

**P Stobdan**



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रक्षा अध्ययन एवं विश्लेषण संस्थान

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# India and Bhutan: The Strategic Imperative

Why the Kingdom of Bhutan factors so heavily in India's calculus? It seemed India's new Prime Minister Narendra Modi not only had inkling but probably was also well advised by the people who are aware about the nuances that underpin India's broader cultural and political obligations in Asia. Sadly, of late the policy thinkers ingenuously spared no efforts to undermine and erode that sense of India's historical responsibilities. In view of this, by making Bhutan as his first visit abroad followed by a visit to Nepal, Prime Minister has effectively invoked the deeper imperatives; thus, boldly owning up those obligations to revitalize India's national identity. This underscores the reason why India attaches such importance to Bhutan.

Although, most political analysts viewed the Prime Minister's visit in the familiar context of India's foreign policy exigencies and his government's emphasis on neighbourhood first policy. Concomitantly, various themes dominated the larger analysis of this visit, including the strategic angle of China threat, internal security imperatives, benefits of Bhutan's rich natural resources and hydropower potentials et al. The subject of this relationship has though remained enigmatic, with none fully aware about India's propinquity with Bhutan until the critics cried shrilly over the crisis that erupted in the summer 2013<sup>1</sup> that has put India's "carefully

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<sup>1</sup> In July 2013, India withdrew all subsidies on cooking gas and kerosene being provided to Bhutan creating a huge crisis in Bhutan that strained the bilateral ties. India's intriguing decision was criticised both in Bhutan and India. Read Sachin Parashar & Sanjay Datta, "Ties strained as India cuts fuel subsidy to Bhutan", TNN, July 6, 2013. Also read "Bilateral Issues", South Asia Monitor, July 19, 2013 at <http://southasiamonitor.org/detail.php?type=n&nid=5451> (Accessed on March 3, 2014)

nurtured and fostered”<sup>2</sup> relations with Bhutan under major strain. Seen in the historical context of its birth and survival as a protectorate of British India since 1910 and later under India since 1949, the recent drift of Bhutan seems quite startling. In fact, when China was stepping up its contacts with Bhutan, the impact was palpable on the ground – creating a string of political electrons, threatening Bhutan’s traditional “sacred”<sup>3</sup> bond with India.

However, it needs to be underlined that over the years India’s traditional sacred bond with countries like Bhutan has been disastrously allowed to erode and the Himalayan state merely remained as an object of strategic play against China where, cutting deals by using the carrot-and-stick approach became the rule of the business. The policy was neither sustainable nor showcased a sign of prudent foreign policy for which India had to face a lot of flack.

### ***Druk’s (Bhutan) Allegiance to Gyagar (India)***

The 1949 Friendship Treaty since the days of Jawaharlal Nehru and King Jigme Dorji Wangchuck has guided the contemporary Indo-Bhutan relationship. The treaty insured non-interference by India in Bhutan’s internal affairs and inter alia Article 2 of the treaty that entrusted India to guide Bhutan’s foreign policy was most significant.<sup>4</sup> Although, it was a set of bureaucratically defined framework for their relationship, however, it did embed values of

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<sup>2</sup> Excerpt from the remark of Prime Minister Manmohan Singh, “PM congratulates Bhutan PDP leader”, *Press Information Bureau*, July 14, 2013. Also read at <http://www.mea.gov.in/lok-sabha.htm?dtl/22063/Q+NO+1470+BHUTANCHINA+GETTING+CLOSER>

<sup>3</sup> Keshav Pradhan, “Bhutan Happy? Not when India is leaning so hard”, *Times of India*, place of publication, July 11, 2013

<sup>4</sup> “Treaty of Friendship between India and Bhutan”, UNHCR website at <http://www.refworld.org/docid/3ae6b4d620.html> (Accessed on January 16, 2014)

trust and equality. This spirit kept the relationship moving unhindered. Various forms of phrases such as ‘special relations’, ‘privileged relations’, and ‘strategic alliance’ and so on so forth were used for signifying the depth of bilateral ties. Apart from the geopolitical exigencies, the ideals of the Indian leaders always inspired the Bhutanese rulers and people. However, the keystone that drove the main engine of this relationship was their deep devotion to *gyagar* (the holy land India) – fidelity embedded into Bhutanese ethos by the wisdom of the 8<sup>th</sup> century Indian leader and philosopher Padmasamhava, also known as Guru, who belonged to Uddiyana of the modern-day Swat Valley of Khyber Pakhtunkhwa.<sup>5</sup> Largely, this piousness today seems to be confined to one side but the Bhutanese have so far diligently displayed their obligations towards India.

Irrespective of contemporary geopolitical pulls and pressures, the Kingdom remained steadfastly and unshakeably the most reliable ally of India. The explicit display of this loyalty was when the Bhutanese Prince escorted Indian Prime Minister Indira Gandhi to the dais and waited at the footstep to walk her back to the seat during multilateral summits, he knew what he was doing.<sup>6</sup> When Druk King Jigme Singye Wangchuck personally led his troops to fight against the Indian insurgent groups, it meant to protect security of both Bhutan and India. The only parallel example in this respect is another *Vajrayana* nation Mongolia that showed similar strategic obligatory faith in India. Tibet could have been another case but for India’s inability to protect its independence. The Dalai Lama refused to buckle under China’s sway and continued to stay in India. Apparently, the bonafide rulers – the Jebtsundamba of Mongolia, the Dalai Lama of Tibet, and the Shabdrung of Bhutan lived in India.

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<sup>5</sup> Padmasamhava is regarded as the third Buddha in the *Vajrayana* tradition.

<sup>6</sup> Sunanda K. Datta-Ray, “India’s Bhutan policy must be far more nuanced from now on”, *The Telegraph*, Kolkata, July 20, 2013

When India broke Pakistan into pieces, Bhutan and Mongolia were the first to endorse India for Bangladesh's independence. Not just that, Bhutan unwaveringly remained committed to India. For example, it safeguarded India's security interests, never played the China card, never ruffled India's feathers in the region, and above all readily cooperated with India to exploit hydro-power assets, unlike Nepal. Chanakya would have easily contextualised the essence of Bhutanese allegiance to the Indian nation, for he also would have known how a policy of nation founder in the absence of a coherent strategic conscious.

## **The Drift**

Seemingly, India's strategic sense has long eroded. Even though the tenability of colonial-style protectorate-ship vanished, India's new brown Englishmen started to take Bhutan for guaranteed. In fact, they mistook Bhutanese adherences to their obeisance to Indian paternalism. Scores of commentaries have concluded that such misconceptions and mistaken assumptions have bred resentments, resulting in India's foreign policy going topsy-turvy.

What the Indian policy makers thoughtlessly pursued was the Colonial-style of buying loyalty through economic aid. As aptly described by Raja Mohan "instead of abandoning them we took pride in perpetuating for self glory."<sup>7</sup> In fact, unlike other neighbours who quickly learnt the art of balancing game, Bhutan has been rather late in joining the anti-India ranks. This is because the relationship could for so long continue on Bhutanese conscientiousness. It seems that the rift would have surfaced long before had it been left to New Delhi.

A peep into the past suggests that Bhutan remained fully embraced to India until the middle of 1960s understandably in the face of China's assertion and events in Tibet, to the effect that it stood by

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<sup>7</sup> Raja Mohan, "The faraway neighbour", *Indian Express*, New Delhi, July 17, 2013

India in the face of its conflict with China. True to the sentiment, Nehru declared in the Indian parliament in November 1959 “any aggression against Bhutan . . . would be regarded as an aggression against India.”<sup>8</sup> However, this status seemed to have started to dwindle subsequently when host of analyses also suggested that Bhutan in fact started to doubt India’s ability to protect her against China especially after the Sino-India War of 1962 and Indo-Pakistan war of 1971.<sup>9</sup> The incorporation of Sikkim by India may have also added to Bhutan’s insecurity. It seems India helped Bhutan secure a membership to the United Nations in 1971 and China too voted in favour of her entry. It was officially narrated that the reason for joining the UN was to gain eligibility for development projects including technical and financial assistance from multilateral agencies.<sup>10</sup> But its impact was that the sacredness of the Article 2 of the 1949 treaty was fundamentally impaired. Concomitantly, Thimphu firmed up its independent status by forging diplomatic ties with Dhaka and raising its representative’s status in New Delhi to full Ambassadorial level in 1971. Since then Bhutan started taking independent position on the international front, for example, sided with China and others on Cambodia’s Khmer Rouge issue at the NAM summit in Havana in 1979. Adopting such divergent approach continued, for example Bhutan did not follow India’s stance on the status of landlocked nations at the UN, it signed the NPT in 1985 and supported Pakistan’s proposal for a Nuclear Free Zone South Asia.<sup>11</sup> New Delhi faced pressures to resolve the

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<sup>8</sup> Ramesh Trivedi, “India’s Relations with Neighbour”, Isha Books, New Delhi, 2008, pp. 122

<sup>9</sup> Interview with Govinda Rizal through e-mail on January 26, 2014

<sup>10</sup> “Bhutan and the UNO”, official statement issued on the occasion of commemorating the 100 anniversary of Monarchy in 2008, at <http://www.bhutan2008.bt/en/node/80> (Accessed on January 19, 2014)

<sup>11</sup> Meenu Roy, *India and her sub-continent neighbours*, Deep & Deep Publications, New Delhi 2010, pp. 110, Ramakant and Ramesh Chandra Mishra, *Bhutan: Society and Polity*, Indus Publications, 1996, pp 314-316.

boundary disputes and since 1979, the Druk King started seeking an “update” in the 1949 treaty.<sup>12</sup>

While India had fathomed the extent and severity of the potential crisis, it ultimately brought amendment in the 1949 treaty. The removal of Article 2 of the 1949 treaty in 2007 – freed Bhutan among other things from seeking India’s guidance on foreign policy and obtaining permission over arms imports.<sup>13</sup> It is however, unclear whether the change was enforced by Bhutan or was mutually desired. Some Bhutanese analysts concluded that amendment was in deference to the Druk King’s desires, as well as, to exemplify the trust and maturity of the relationship and to meet the needs of 21<sup>st</sup> century political reality.<sup>14</sup> However, the revision made with reverence to the King of Bhutan is somewhat misleading. Was there any long festering demand among Bhutanese ruling elite affecting the Druk King to seek deletion of Article 2? Was India unfairly holding Bhutan hostage for its own geopolitical interests? Have there been any serious misgivings - nuanced or rather the lack of it – about Bhutan too becoming another Sikkim (annexed by India) or meeting the fate of Tibet (invaded by China)? However, there are Indian analysts who believe that Article 2 was never invoked and as such it is irrelevant for India to retain its influence. Instead, the Clause has been a sort of a burden; for India being accused by adversarial forces as “hegemonic and expansionist ambitions”.<sup>15</sup>

## The Impending Crisis

The carrot-and-stick policy had to fail eventually. The crisis in Indo-Bhutan relations finally exploded in mid-2013 apparently over

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<sup>12</sup> <http://www.mongabay.com/history/bhutan/bhutan-india.html> (Accessed on January 16, 2014): “please write what needs to be referred on the website”,

<sup>13</sup> Karma Tempel Ngyamtso, “India-Bhutan Relations - Sailing in ‘Trouble Waters’”, *Kuensel*, July 10, 2013

<sup>14</sup> *Ibid.*,

<sup>15</sup> Sudha Ramachandran, “India, Bhutan: No more unequal treaties”, *Asia Times*, Hong Kong, January 17, 2007.

alleged attempt by India at thwarting Bhutanese bid to diversify its foreign policy especially the overtures towards China in 2012. In fact, many believed that to punish the then Prime Minister Jigme Yozzer Thinley (PM-JYT) for getting comfortable with Beijing, New Delhi resorted to withdrawal of petroleum subsidies days before the general election in July 2013.<sup>16</sup> However, the issue unfolding in the Himalayan state seemed not as simple as the usual outcry for China's assertion in India's neighbourhood. China may well have been the cause but not the complete story and was in fact believed that the fissures in the neatly stitched ties remained long under the wraps due to closely securitized relationship between New Delhi and Thimphu.

Beyond the aforementioned backdrop, politics in Bhutan and its foreign policy conduct significantly altered soon after the Druk King voluntarily abdicated his power to the democratically elected government since 2007. New Delhi and the world at large closely followed the course of events in Bhutan since then. With the first available opportunity, Bhutan's first democratically elected government led by the Druk Phuensum Tshogpa (DPT) made a sudden shift in country's India-centric foreign policy. Thimphu's opted for diversifying international contacts and as a result its diplomatic ties with other nations increased from 25 in 2011 to 53 by 2013.<sup>17</sup> The DPT government even bid for a non-permanent seat of the UNSC and opted for having missions of P-5 countries established in Thimphu.

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<sup>16</sup> Wasbir Hussain, "The Horse Galloped & Bhutan Got A New Government", *The Sentinel* at <http://www.sentinelassam.com/mainnews/story.php?sec=1&subsec=0&id=165486&dtP=2013-07-26&ppr=1#.VANnAcWSyWw> (Accessed on July 5, 2014)

<sup>17</sup> <http://www.mfa.gov.bt/press-releases/establishment-of-diplomatic-relations-between-the-kingdom-of-bhutan-and-the-kingdom-of-spain.html> (Accessed on December 20, 2013). <http://www.kuenselonline.com/foreign-relations-policy-must-reflect-national-interests/#.Utoo9hC3TIU> (Accessed on January 20, 2014).

According to analysts, PM-JYT's meeting with the Chinese Premier Wen Jiabao in Rio in June 2012 ostensibly to deepen bilateral diplomatic and economic ties apparently irked New Delhi.<sup>18</sup> In fact, stories revealed that no heavy items except for purchasing 20 buses from China was committed, but Thimphu faced the blame for having kept New Delhi in dark on PM-JYT's pre-planned meeting with Wen Jiabao. Of course, some have argued that it was not a unilateral act by Bhutan.<sup>19</sup> However, according to news reports New Delhi did make its displeasure explicit through official notes accusing Thimphu for the lack of transparency and acquiring a habit of keeping India in the dark even on matters impinging our common security.<sup>20</sup> In a section of India's strategic community, only the security concerns underlined India's policy outlook towards Bhutan. This aspect, as elaborated elsewhere, primarily involved, a) the Chumbi valley's strategic sensitivity and the need to prevent China's deeper encroachment southwards, b) the possible resolution of China-Bhutan border impinging on India.

## **New Delhi Acts**

The extent to which PM-JYT compromised India's security concerns is unclear but his extra overtures to Beijing seemed to have sowed the seed for mistrust. Thus, general assessment that followed was that not only did PM-JYT go too far and too soon but also it actually undermined the spirit of the treaty with India. PM-JYT playing into India's hands was something probably feared even by the Druk King. Critics in Bhutan suggested that New Delhi had made up its

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<sup>18</sup> The official Press Releases are available in *Bhutan Research* - a website dedicated to the study of politics and democracy in Bhutan <http://www.bhutan-research.org/>.

<sup>19</sup> Buddha Mani Dhakal, "Bhutan-China equation", *Bhutan News Service* August 4, 2012, at <http://www.bhutannewsservice.com/editorial/bhutan-china-equation/> (Accessed on January 10, 2014).

<sup>20</sup> Medha Bisht, "India-Bhutan ties at a beginning or an end?" *Asia Times*, Hong Kong, July 16, 2013

mind to write a fine script for PM-JYT's exit from power.<sup>21</sup> For India, playing with electoral politics was not a big deal. A few days leading up to the general election in July 2013, New Delhi in an unambiguous signal abruptly cut subsidies on gas and kerosene among other tough measures to Bhutan.<sup>22</sup> The critics inferred, it was simply meant to rock the election campaign. The underlying message was clear – be prepared to face sanctions if DPT is voted back to power.<sup>23</sup> In fact, nobody was convinced that the outright cut was purely a commercial decision as the Indian officials presented.

The scathing of India's meddling and influencing the Bhutanese election outcome poured down heavily both at home (India) and from abroad. Many saw it as an act of rage over PM-JYT's "harmless" bid to improve relations with China.<sup>24</sup> When Indian media went frenzy on Bhutan's north shift, former editor of *Bhutan Times* Kinley Tshering thought they were "spinning a yarn of conspiracy theories that are naïve at best and ludicrous at worst". He said that relation runs much deeper than it appears.<sup>25</sup> In a wave of criticism, the Bhutanese through websites and blogs expressed shock and dismay at India's carrot-and-stick policy. Some were

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<sup>21</sup> "How India is losing Bhutan, its last 'friend' in South Asia", *Firstpost World*, New Delhi, July 9, 2013, at <http://www.firstpost.com/world/how-india-is-losing-bhutan-its-last-friend-in-south-asia-942269.html> (Accessed on December 10, 2013)

<sup>22</sup> "Ties strained as India cuts fuel subsidy to Bhutan", [http://articles.timesofindia.indiatimes.com/2013-07-06/india/40407054\\_1\\_subsidy-cut-fuel-subsidy-indian-oil-corporation](http://articles.timesofindia.indiatimes.com/2013-07-06/india/40407054_1_subsidy-cut-fuel-subsidy-indian-oil-corporation) (Accessed on December 20, 2014).

<sup>23</sup> Aniket Bhavthankar, "India should evolve new model to deal with democratic Bhutan", *South Asia Monitor*, July 19, 2013 at <http://southasiamonitor.org/detail.php?type=n&nid=5451> (Accessed on November 30, 2013)

<sup>24</sup> "How India is losing Bhutan, its last 'friend' in South Asia", *Firstpost World*, New Delhi, July 9, 2013, at <http://www.firstpost.com/world/how-india-is-losing-bhutan-its-last-friend-in-south-asia-942269.html> (Accessed on December 10, 2013)

<sup>25</sup> Kinley Tshering, "Curse of the middle kingdom on Indo-Bhutan friendship" <https://www.bhutanimes.com/2013/06/curse-of-the-middle-kingdom-on-indo-bhutan-friendship/>

simply “baffled and confounded” by the Indian actions they were not used to while others felt “simply stunned, lost and scandalised” by the spate of strange and disconcerting developments.<sup>26</sup> In a scathing comment Wangcha Sangye, a popular blogger said, “National interests of Bhutan have to rise over and above the politics of always playing the Indian tune and only pleasing India?”<sup>27</sup> In response to articles appearing in the Indian media Karma Temphe Ngyamtso, a writer and an avid political observer commented, “Our friends in India, unwittingly ensnared in this game of political brinksmanship, must remember that such inadvertent, mercenary and gravely injurious attitudes and moves do not bode well at all for Bhutan-India friendship in the long run.”<sup>28</sup> Such perceptions among the Bhutanese only indicated the degree of erosion that had taken place in the Indian wisdom of handling friends over the years.

The DPT defeat had nonetheless reinforced the Bhutanese fear of India’s armed-twisting. The events led to conspiracy theories to flourish as distrust of India also abound. In a tsunami of public outcry, the bloggers wrote length about how the Indian Intelligence service election totally rigged the elections.<sup>29</sup> The comments ranged from how India needlessly punished PM-JYT and how “world’s largest democracy could influence elections in world’s youngest democracy.” The critics urged Indian media and politicians to stop their “over-lordship” over the kingdom’s affairs and end treating Bhutan as a “pawn” for manipulating the Bhutanese like “lambs in a pen to slaughter whenever India desires a dish of lamb stew.”<sup>30</sup>

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<sup>26</sup> Karma Temphe Ngyamtso, no. 12.

<sup>27</sup> [http://wangchasangye.blogspot.in/2013/08/the-after-effects-of-indian\\_8.html](http://wangchasangye.blogspot.in/2013/08/the-after-effects-of-indian_8.html)

<sup>28</sup> Karma Temphe Ngyamtso, no. 12.

<sup>29</sup> Yeshey Dorji’s blog, *The land of the thunder dragon*, August 27, 2013 at <http://yesheydorji.blogspot.in/2013/08/indo-bhutan-relations-reality-check-iv.html>

<sup>30</sup> Karma Temphe Ngyamtso, no. 12.

One could not imagine such ferocity amongst ordinary Bhutanese against India ever before.

For a while, it appeared that Bhutanese eternal goodwill for India vanished overnight. Given the South Asian hostile environment, many viewed that Bhutan too was sadly joining others that habitually accused India of interfering in their domestic politics. Even at home, the critics thought India was needlessly scoring an exciting political self-goal against a tiny but friendly state. They described New Delhi's handling of Bhutan "ham-handed", "sordid manipulation", "poorly conceived", "counter-productive" and "completely disconnected from any strategic thinking" so on and forth.<sup>31</sup> Miffed with recurring trend, the commentators suggested "India's foreign policy makers to rethink over their mentality towards neighbours and realize the need to rectify it at the outset."<sup>32</sup>

The Chinese dailies too quickly commented over India's coercive and brazen interference in Bhutan's election and said India was treating Bhutan as its colony to meet its own strategic needs. The article, penned by Liu Zongyi, suggested that the move was to thwart Bhutan's attempt at freely engaging with China to resolve the border dispute.<sup>33</sup>

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<sup>31</sup> "Why India must give its neighbours their due", *Rediff.com* July 23, 2013, at <http://www.rediff.com/news/column/why-india-must-give-its-neighbours-their-due/20130723.htm>

M K Bhadrakumar, "Do not manipulate Bhutan's democracy", July 15, 2013, at <http://blogs.rediff.com/mkbhadrakumar/2013/07/15/do-not-manipulate-bhutans-democracy/> (Accessed on December 11, 12, 2013)

Sandeep Dikshit, "Fuel subsidy cut a 'goof-up' but Bhutan result 'unaffected'", *The Hindu*, Chennai, July 16, 2013

<sup>32</sup> Anand Swaroop Verma "Bhutan Elections: A case of India's diplomatic bankruptcy!", *Bhutan News Network*, July 25, 2013, at <http://www.bhutannewsnetwork.com/2013/07/bhutan-elections-a-case-of-indias-diplomatic-bankruptcy/> (Accessed on January 12, 2013)

<sup>33</sup> Liu Zongyi, "New Delhi sees Bhutan as little more than potential protectorate", *Global Times*, Beijing, August 4, 2013; Ananth Krishnan, "India treating Bhutan as 'protectorate': Chinese commentary", *The Hindu*, Chennai, August 5, 2013

The defence of India's actions came from the former Foreign Secretary Kanwal Sibal who argued in a column that the idea of having a "generous and non-reciprocal" relations with Bhutan was misplaced and such thinking overlooks the objectives of third countries "playing upon the insecurities of small countries" and ignores even the "prejudices of ruling elites" in neighbourhood. In a hard-hitting article, Sibal was hinting at Bhutan playing the China card to both balance India and extract more concessions from it.<sup>34</sup> Sibal also argued that Monarch's extremely "sensible" policies have allowed relationship to be best managed and accused the new leaders of scoping to "disregard" India's concerns with some "impunity" by exploiting India's weaknesses like "internal problems", "high level of tolerance", "lack of consensus", "existence of sympathetic lobbies and sensitivity to accusations of hegemony."<sup>35</sup> Coming from India's bureaucratic elite, Sibal's wordings may have either frightened the Bhutanese or perhaps further damaged the already fractured relationship. Clearly, by stoking the discontent within Bhutan, real or conspiracy, India allowed itself to become a subject of attack and contempt amongst sections of Bhutanese. Surely, Bhutan's opposition People's Democratic Party (PDP) may also have played its role by leveraging on India's influence. However, India for having fully supported Bhutan's democratisation processes since 2008 risked the denigration of subverting it in 2013. For Bhutan to lay the foundation of democracy on anti-India sentiments surely was not desirable for India. Thus, India's image as a villain and not a friend in the Bhutanese eyes was beginning to unfold.

Both subsidy withdrawal and the 2013 election episode had become immediate causes, but there were perhaps a long list of reasons for the evolving strain in relations. In fact, none of the major Bhutanese political parties ever favoured a rift with India gratuitously, but

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<sup>34</sup> Kanwal Sibal, "Ignore the critics: India is getting it right on Bhutan", *Mail Today, New Delhi*, July 23, 2013

<sup>35</sup> *Ibid.*,

then the prevailing trends did not appear that things were copacetic. It is not clear how the Indian political class had been approaching the issue but New Delhi invited the young Jigme Khesar Namgyal Wangchuk as the chief guest at the Republic Day celebrations in January 2013. Perhaps Jigme was not the first choice but a replacement for the Sultan of Oman who rebuffed New Delhi's clumsy protocol of invitation.<sup>36</sup>

Thus, many such events caused the stable relationship with Bhutan adrift. The refutation of the problems and keeping them concealed was perilous though. If it was China's mischief then perhaps India may have well played into its hand. The two countries may have salvaged some of the impending issues; however, the elements of wariness seemed to have crept into the relationship. Now that the genie is out of the bottle, it may have been difficult to undo. The issues though appeared enigmatic the consequences could have been perilous. There was a need for understanding the ominous trends. In fact, it was important for the new incumbent to grasp the issues from a broader perspective that shapes the processes at work.

## **Economic Stranglehold**

Without a doubt, the imperatives of geography always determined the fragile nature of Bhutan's economic independence. However, India's recent coercive commerce diplomacy may not only have effectively demonstrated the advantages it holds, but also may have reminded the Bhutanese of the limits of their urge for an independent foreign policy pursuit. The economic aspect of Indo-Bhutan relations is not sufficiently articulated in the open strategic discourse as yet but a study carried out by Bhutan expert Medha Bisht of the Institute for Defence Studies & Analyses (IDSA) in 2012 has highlighted how Bhutan's economy has become so

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<sup>36</sup> Harsh Pant, "Delhi needs to up its game with smaller neighbours", *DNA*, Mumbai, February 5, 2013

dependent or auxiliary to India's economic intervention model.<sup>37</sup> The study has found that over 60 per cent of government expenditure alone goes into imports of goods from India. The impact of this is not only been found detrimental to Bhutan's sustainable growth but also unsuitable for a healthy bilateral relation with India. The IDSA study also suggests, how India's stranglehold over Bhutan's economy along with unfair business practices often leads to economic crisis such as the debt and rupee crunch that finally trigger political hostility. The fundamentals of economic dependency including the hydropower projects are becoming subjects of debate, essentially to highlight the massive Indian influence in Bhutan. Many analysts have begun to view the dependency relationship in the geopolitical context of India-China zero-sum rivalry and the manner and extent to which Bhutan has been sacrificing its interests. The remedy they see lies lay in balancing the nature of Bhutan's relations with India vis-à-vis China. The study highlights the following issues:

India's limitless budgetary support loans, grants and lines of credit in billions of crore including the setting up of hydropower-plants were expedient to Bhutan, but on the other side, they only helped India captivating the benefits. Bhutan's exports (95 per cent) and imports (75 per cent) of goods to and from India reflected the dependency degree. A comment cited by the study said, "90 to 95 per cent of what Bhutan borrows from India goes back to India." Even India's investment in hydropower industry was squeezing the space for domestic stakeholders thus creating "jobless growth" for Bhutan. Moreover, over-dependency caused a disparity i.e., the grants inflow did not match up the rupee outflow leading to "rupee" crunch as witnessed in 2012.<sup>38</sup>

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<sup>37</sup> Medha Bisht, "The Rupee Crunch and India- Bhutan Economic Engagement", IDSA, *Issue Brief*, July 16, 2012

<sup>38</sup> The author quoted from "National Budget, Financial Year, 2011-2012', Minister of Finance, Royal Government of Bhutan, June 2011, at <http://www.mof.gov.bt/downloads/Budgetreport2012.pdf>,

The other detrimental aspects included, illegal cross border trade, under-invoicing, tax evasions, illegal bank transaction and unfair, exploitative, monopolistic commercial practices by Indian contractors especially in the mining and construction sectors.<sup>39</sup> Heavy dependency on imports of materials, machineries, labours and the practice of profit contracts by sub-contractors were squeezing the local stakeholders. In addition, decades of subsidy system promoted imports of even essential food products from India with severe consequences that led to neglect of Bhutan's own agriculture sector, the share of which declined in GDP to 14 per cent.<sup>40</sup> Moreover, the subsidy benefits only helped India captivate the Bhutanese market and the latter's economy remained highly susceptible to Indian inflationary trends with financial distortions that Bhutan was unable to withstand. Such practices led to continual accretion of public debt, i.e. over 80 percent of country's GDP in 2011, as noted in the study. The huge amount of loan and grants rendered to Bhutan ultimately benefited India. Consequently, even the small cut on the fuels subsidy and the delay of currency supply by India led to Bhutan's economy go in disarray. The tragedy was that India chose to leverage economic assistance as an effective tool to influence the election results. The story is no different from what China also does to its neighbours. However, China does not allow itself look like interfering in internal affairs of others. In essence, India's model of economic assistance to neighbours such as Bhutan and Nepal remain exploitative and no remedy exists for altering it yet.

## **Border Entanglement**

Bhutan's boundary dispute with China remains the principal underlying source of concern for India. Besides India, Bhutan is

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<sup>39</sup> Tsering Tobgay, then leader of the opposition was quoted from his personal blog entries of August 2010 elaborating how L & T Gammon India and Hindustan Construction Company have each established stone crushing plants without licences.

<sup>40</sup> "Self-sufficiency through Commercialization", *The Kuensel*, April 18, 2012.

the only country that has unresolved border with China. The impression among the Bhutanese and for the Chinese has been that India does not want a negotiated border settlement between Bhutan and China. From India's perspective, any boundary deal between Bhutan and China will not only impact Indian security but also on its negotiating position vis-à-vis China on the boundary. From Bhutan's perspective, the vexed boundary dispute with China adversely affected Sino-Bhutan differences. The dominant Bhutanese view is that the unbalanced nature of Bhutan's relations with India vis-à-vis China has come on the way to resolving the issue. This is the main crux leading to complexities and confusion.

Bhutan's shares 470 kilometres long border with China and according to some reports over 25 per cent remained disputed for decades. The Chinese claims are historical and akin to the disputes, they have with India in Arunachal Pradesh and Ladakh. According to some writings, China wanted Bhutan to cede 269 square kilometres area in the west Bhutan including Dramana, Shakhatoe and Sinchulung for which it had offered a swap deal to give 495 square kilometre area of Pasamlung and Jakarlung in northern Bhutan.<sup>41</sup>

In Doklam plateau in the west, the People's Liberation Army (PLA) is known to have made frequent intrusions since the mid-1960s. The talks with China had begun in 1972, but since 1984, negotiations became bilateral without India's participation in them. Thus far, 22 rounds of discussion entailed no results.<sup>42</sup> The last border talk took place soon after Modi visited Bhutan in July 2014.<sup>43</sup> The two

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<sup>41</sup> Govinda Rizal, "Bhutan, China and India on border, fuel and economy", *Bhutan News Service*, August 31, 2013.

<sup>42</sup> Buddha Mani Dhakal, "Bhutan – China equation", *Bhutan News Service*, August 4, 2012

<sup>43</sup> The 22<sup>nd</sup> boundary talk was held between China's State Councillor Yang Jiechi and Bhutanese Foreign Minister Rinzin Dorje in Beijing on July 28, 2014. "China says ready for fair border solution with Bhutan", *The Economic Times*, July 28, 2014 quoted from China's state-run *Xinhua* news agency.

had a Peace and Tranquillity Agreement in 1998. The critics however suggested that Beijing has been using multiple tactics including coercive (border intrusion), economic allurements and diplomatic enticement towards Bhutan to come to a deal. China has been repeatedly violating the agreement to create pressure for a settlement.

At the heart of the issue is the lingering suspicion in India about the possibility of Bhutan ceding Doklam Plateau located on the strategic tri-junction of Bhutan, Chumbi Valley and Sikkim. Of course, the area is extremely critical to India's security as it overlooks the Siliguri corridor. (Plethora of literature relating India's concerns are available in open domain.) China, on the other hand, has shown tough position on Doklam and it has been upgrading infrastructure network including roads nearby areas on the lines that it has built in Aksai Chin.

Bhutan however, until recently as per the treaty obligation followed the Indian direction, kept India's interest in mind and evaded a settlement with China. The general approach was that the country could neither bargain nor impose will on the matter, therefore would go along with India-China understanding.

However, Bhutanese changed in a subtle way especially the manner in which their boundary negotiation with China was proceeding without the knowledge of India. According to Govinda Rizal, a foreign-based Bhutan watcher, soon after the Druk King had stepped down in 2007, the interim government produced a map without Kulakangri (Bhutan's tallest peak) indicating that it ceded the place "unofficially" to China. Rizal contended that during 2008-2013, Bhutan neither accepted the swap nor tried to regain the "cartographically ceded" land.<sup>44</sup> Nevertheless, Rizal said the two

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<sup>44</sup> Govinda Rizal, "Bhutan, China and India on border, fuel and economy" *Bhutan News Service*, August 31, 2013.

had agreed for border demarcation in Pasamlung and Jakarlung. Here, the settlement in the north was to determine the course of action to settle the western border. According to some reports, the nineteenth rounds of talks held in January 2010 agreed for a political compromise.<sup>45</sup> Perhaps this was also the outcome of the meeting between Prime Minister Thinley and Chinese Premier Wen Jiabo on June 21, 2012 in Rio de Janeiro. The agreement also included a decision to establish diplomatic ties.<sup>46</sup> Rizal said China offered a financial deal to PM-JYT's new government for the border settlement. However, some news reports suggested that China has already seized over 8,000 square kilometres and Bhutan's total area has reduced to 38,390 from 46,500 square kilometres since 2010.<sup>47</sup> Many suspected this was the reason for India's disappointment that finally resulted in aborting the deal by defeating Thinley and his party in 2013 General Elections in Bhutan.

Even the perception amongst Bhutanese had undergone a curious transformation. Interestingly, some Bhutanese have argued that neither Bhutan nor India has a strong historical argument to lay claim over Doklam, Sinchulumpa, Dramana and Shakhatoe vis-à-vis China. Bhutan's claims, they contend are based on an "imaginary line drawn on papers by some British surveyors - like those of the McMahon Lines - without actual verification on the ground."<sup>48</sup> A popular perception is that Bhutan has no military capability and strategic considerations to hold on to Doklam, Jakarlung and the

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<sup>45</sup> Bhutan Research 2012 quoted by Tilak Jha, "China and its Peripheries: Limited Objectives in Bhutan", *Issue Brief # 233, IPCS*, August 2013

<sup>46</sup> 28 years on: China, Bhutan gain remarkable headway in border talks", *Sina.com* August 13, 2012, at <http://english.sina.com/china/p/2012/0812/495879.html> (Accessed on December 19, 2013)

<sup>47</sup> Govinda Rizal, "China sets up three camps; PLAs patrol inside Bhutan", *Bhutan News Service*, June 29, 2013.

<sup>48</sup> A respected commentator Yeshey Dorji wrote on his blog *Bhutan: The land of the thunder dragon*, August 27, 2013 at <http://yesheydorji.blogspot.in/2013/08/indo-bhutan-relations-reality-check-iv.html>

Pasamlung areas. Moreover, China has not even considered having disputes in Jakarlung and Pasamlung area. On the main flash point issue of Doklam as Dorji said, “Make no mistake - this issue of the Doklam Plateau is very, very scary! Is there something that the Indians and the Chinese know about this track of desolate and frigid wilderness that we Bhutanese don’t?”<sup>49</sup>

The Bhutanese ambiguity reflected more in the public perception that were visibly getting lauder in the social media. Clearly, as the growing aspirations of the people suggested, Bhutanese ability to withstand pressures from both China and India had become untenable. Interestingly, the aversion if not dislocation among Indian security establishment on the matter was noted by a Bhutanese commentator<sup>50</sup> over an article “*Dealing with Doklam*” by a former Lieutenant General of the Indian Army Prakash Katoch.<sup>51</sup> The article that appeared in journal of the Centre for Land Warfare Studies (CLAWS) on March 16, 2013 suggests, “the king of Bhutan may consider selling the Doklam Plateau to India so that this bone of contention is resolved permanently”, thus, strongly provoking the Bhutanese. The commentator was witheringly harsh and thought it was a “lunacy” among the Indian Think Tank and “insane for anyone to believe that a nation would sell her land .....that too at the heart of the dispute and even while China is sitting on that very piece of land.” He wondered, “Why such an experienced and senior high ranking military officer would be driven to such insane thoughts of desperation?”

The sentiment expressed since then has been in favour of resolving the issue with China amicably without further delay so that Bhutan

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<sup>49</sup> Ibid.,

<sup>50</sup> Yeshey Dorji wrote on his blog *Bhutan: The land of the thunder dragon*, August 27, 2013 at <http://yesheydorji.blogspot.in/2013/08/indo-bhutan-relations-reality-check-iv.html>

<sup>51</sup> Prakash Katoch, “Dealing with Doklam”, *Article No 2332, Centre for Land Warfare Studies*, New Delhi, 6 March 16, 2013.

could have a peaceful boundary with its northern neighbour as it has with India. Clearly, it indicated that the Bhutanese were getting impatient on the boundary question. This was also a sign of their growing enchantment with India's non-reciprocity to their deep commitments for Indian security concerns. As the commentator wittingly wrote, "do not force the chicken to fly the coop. It is bad foreign policy." Many would also convey in private their impatience for change as they say Bhutan made much sacrifices for India which were in fact detrimental to its own interests. They feared the delay could lead China toughening position and revive its maximal territorial claims that would result Bhutan losing land as far as Kanglung to the east and Samdrup Jongkhar to the south. The Chinese maps show Arunachal Pradesh boundary, which China claims as its territory, extending up to Kanglung in east Bhutan. According to Govinda Rizal, who closely follows the border issue, noted that Bhutan might lose another 4500 square kilometres or up to 10 per cent of the country's area, if it fails to resolve the disputes with China. In June 2013, the PLA troops intruded through the Sektang region in the east and Pang La region in the north and built three posts inside Bhutanese territory.<sup>52</sup> Rizal says, "Every year when India reports about the Chinese assertions, they provide impetus to push in more military men into Bhutan."<sup>53</sup> The Bhutanese authority remains mute and the media has neither the courage nor the concept to report incursions, he said. The only out-let to the world outside is through media in exile like *Bhutan News Service*.<sup>54</sup>

Concerning China's position, it had long desired an independent Bhutanese stand without Indian advocacy and interference on the boundary issue.<sup>55</sup> The Chinese academia often dubbed India's

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<sup>52</sup> "China sets up camps, hoists flag in Bhutan", *Times of Bhutan*, June 26, 2013.

<sup>53</sup> Govinda Rizal, "China sets up three camps; PLAs patrol inside Bhutan" *Bhutan New Service*, June 29, 2013.

<sup>54</sup> *Bhutan New Service* is the only link to the outside world that freely reports on the border issue.

<sup>55</sup> Quoted by Tilak Jha, "China and its Peripheries: Limited Objectives in Bhutan", *Issue Brief # 233*, IPCS, August 2013

interference as hegemony in South Asia. When the Chinese Vice Foreign Minister Liu Zhenmin visited Thimphu in August 2013, he talked about broadening the relations. Chinese officials always indicated that for any step to settle the boundary once for all establishing the diplomatic ties between the two countries is necessary. The Chinese had long desired to open its Embassy in Thimphu. It had promised to upgrade Bhutanese Consulate in Hongkong to Embassy, to promote increased tourist flows and exchange of visits, among others. Beijing finds itself in a strange position for not having diplomatic ties with a neighbouring Bhutan, which has lately widen its ties with 52 countries, including Japan, another adversary of China.

However, the key to Beijing's strategy so far has been to dilute the Indian dominant position if not seeking parity in Bhutan. Towards this goal, Beijing worked first on its diplomacy by deciding to vote for Bhutan's membership to the UN in 1971. Later, China managed to bring Bhutan to the negotiating table on the boundary issue<sup>56</sup> and lately they may have perhaps influenced Thimphu to have the Article 2 of 1949 Treaty with India removed altogether. Many analysts view Bhutan is already neutralised.

From the Indian standpoint, New Delhi pegged the boundary issue with the financial packages it has offered to Bhutan so far.<sup>57</sup> Therefore, it is widely suspected that Thimphu's discreet deals with China led to financial cut and the election rigging by India in 2013. Is it a sustainable strategy? It seems that Modi like Nehru had reportedly promised India's continues security guarantee to Bhutan

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<sup>56</sup> Mohan Malik, "South Asia in China's Foreign Relations", *Pacifica Review*, 13 (1) 2001, pp. 73-90. [http://sga.myweb.uga.edu/readings/sa\\_in\\_chinas\\_fr.pdf](http://sga.myweb.uga.edu/readings/sa_in_chinas_fr.pdf). (Accessed on December 26, 2013)

<sup>57</sup> Media Bisht, "Sino-Bhutan Boundary Negotiations: Complexities of the 'Package Deal'" *IDSIA Commentary*, January 19, 2010, at [http://www.idsia.in/idsacomments/Sino-BhutanBoundaryNegotiations\\_mbisht\\_190110](http://www.idsia.in/idsacomments/Sino-BhutanBoundaryNegotiations_mbisht_190110). (Accessed on December 10, 2013)

against any possible expansionist designs. However, the question remains whether the Bhutanese still consider China posing any real threat to them. Almost all the South Asian countries have stopped perceiving China as a threat and instead they consider China as a key partner for developing infrastructural projects and a source of foreign investment.

## India's Strategic Concerns

India's insecurity in Bhutan seems based on the prospect of revival of Sino-Bhutan relations and it would be relevant to understand whether it would be possible or not. In fact, China respected Bhutan's political status as defined under the 8 January 1910 Punakha Treaty reached between Kingdom of Bhutan and the British India – the Treaty that guaranteed independence to Bhutan as a Kingdom. When the Communist Party of China came to power, it too did not challenge Bhutan's sovereignty. In fact, Zhou En-lai on April 30, 1960 said, "I am sorry to disappoint. We have no claim with regard to Bhutan, nor do we have any dispute with it."<sup>58</sup> Nevertheless, there have been instances of Chinese leaders having made nuanced assertion in the 1960s, such as, "Bhutanese, Sikkimese and Ladakhese form a united family in Tibet. They have always been subject to Tibet and to the great motherland of China. They must once again be united and taught the communist doctrine."<sup>59</sup> However, when China started to claim large tracts of Bhutanese land in the early 1960s, Thimphu severed ties and closed its borders with the northern neighbour. Subsequently, Bhutan formed the Royal Army in 1963 and took complete shelter under India.

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<sup>58</sup> Quoted by Sunanda K. Datta-Ray, "India's Bhutan policy must be far more nuanced from now on", *The Telegraph*, July 20, 2013

<sup>59</sup> "Economic and Political Relations between Bhutan and Neighbouring Countries" *Monograph no 12, Centre for Bhutan Studies*, April 12, 2004 at <http://www.bhutanstudies.org.bt/wp-content/uploads/monograph/mono-Ecnmc-Pol-Rel-Bt-Nghbrng.pdf>. (Accessed on December 1, 2013).

The context then was different. Inevitably, given its spatial and geopolitical position and above all the ugly nature of the Chinese religious persecution in Tibet, Bhutan was compelled to lean towards India. In fact in hindsight, Bhutan would have faced the Tibetan fate but for the non-religious nature of its political perceptions.

Clearly, in the 21<sup>st</sup> century, Bhutan seems unable to escape the pull factor of China's growing power especially its economic influence in the region and global arena. China has been pursuing its policy engagement with Bhutan at several levels; moreover, the geography contiguity allows the possibility of China restoring its lost connectivity and trade ties with Bhutan. In addition, China has long pursued its policy of spurring internal economic development with regional linkages with its neighbours for it is aware that even though Bhutan itself may be economically less significant (bilateral trade is said to be meagre) but its pivotal status as a trade corridor and a gateway assumes immense importance to expand into South Asian market.

It is also pertinent to underline that until the 1960s, Bhutan provided one of the shortest routes for Tibetan trade with Bengal and Assam. In fact, prior to the British engagement, Bhutan had flourishing and balanced trade with Tibet and India.<sup>60</sup> Inexorable flow of goods passed across into India and back through Bhutan. According to studies, disruption of trade had grossly affected Bhutan's modern economic and political status. Therefore, the talks about prospect of reviving the trading hotspot role become enticing for the Bhutanese, for they expect to benefit from it in every way. In fact, once the democratic process has begun to unfold, Bhutanese political parties, have started to show their inclination in this direction – a reason why India got in to tizzy.

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<sup>60</sup> Tilak Jha quoted from *Bhutan studies* the works of Sarkar, Ray and other on Bhutanese trade with Tibet and Bengal: In the 18<sup>th</sup> century Bhutan's annual trade was worth of Rs 200 thousand with Bengal and Rs 150 thousand with Tibet, including China.

India's heightened concerns also relates to China's steps to build infrastructure (roads and railways) in the Tibetan plateau along the entire Himalayan border. With their eyes on 1.4 billion people market, the Chinese have long planned to reactivate the old "Southern Silk Route" to connect its Sichuan and Yunnan provinces with South Asian countries.<sup>61</sup> Earlier in, the Chinese knocked down the Great Himalayas by getting railway to Lhasa.<sup>62</sup> The plans are afoot to extend the railway to Shigatse and then to Yadong adjacent to Chumbi Valley and another track connecting to Nyingchi near Arunachal Pradesh. Additional highways to Lhasa from Golmud and Kunming are under construction. All these will inevitably give way to Chinese economic inroads into the markets in the Himalayas. It is here that Bhutan provides a useful window for China to widen linkages with South Asian countries.

Many commentators have viewed China's motivation in Bhutan also in regard to geopolitical context, as this country is the only missing link in Beijing's South Asia strategy.<sup>63</sup> Any restoration of Bhutan's pivotal role as a trading nation could therefore enhance China's manoeuvrability and a means of better aligning with the SAARC members. Indian experts on South Asia affairs believe that China's South Asia policy for a long time remained focused on exploiting the Indian weaknesses and vulnerabilities in the region.<sup>64</sup> Employing methods, a mix of coercion and allurements, over Bhutan while also playing upon its insecurities had been a part of Chinese strategy. To rival India, Beijing may already have designed a policy of its non-interfering role in Bhutan's domestic affairs. Gradually,

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<sup>61</sup> Author spent one month in Chengdu, Yunnan and Pangshi understanding the Chinese "South Silk Route" schemes.

<sup>62</sup> P. Stobdan, "Flattening the Himalayas" *Indian Express*, New Delhi, July 1, 2006.

<sup>63</sup> Tilak Jha, "*China and its Peripheries: Limited Objectives in Bhutan*", IPCS Issue Brief # 233, August 2013 (Accessed on July 7, 2014)

<sup>64</sup> Harsh Pant, "Delhi needs to up its game with smaller neighbours", *DNA*, Mumbai, February 5, 2013.

Beijing may offer a more flexible and gradual approach to contrast India's rigid and restrictive outlook towards Bhutan. Many suspect this could gradually prove to be appealing for the Bhutanese compared to the Indian often-dismissive attitude towards its smaller neighbours. Beijing may further sell the idea of pragmatism for enhancing economic cooperation –a euphemism to neutralize Bhutan further from India's control. This could be realised by winning access to profit-making opportunities for its companies in areas such as tourism, hydroelectricity, infrastructure building, mining etc. China has already tried this in Nepal. Moreover, once the economic advantage gets momentum, China may remind Bhutan of the repercussions of siding with India and when stakes gain high Beijing might use military coercion along the border. Therefore, Bhutan starting to play the rebalancing game is a matter of time.

Nevertheless, security considerations will outweigh any possible economic benefit China might gain in Bhutan for China's concerns in Bhutan relates to stability in Tibet especially when the future course of Tibetan politics remains unpredictable. In fact, China would not like Bhutan to possibly become a launching pad for Tibetan 'separatist' or freedom fighters. In fact, there were conspiracies in the past about Tibetans using Bhutan as a staging ground for guerrilla attacks into Tibet.<sup>65</sup> For years now, Bhutan's policy has been to support China's 'One China Policy'.<sup>66</sup> It is quite possible that Beijing may soon press Bhutan into cooperative paradigm to jointly fight against China's 'three evils' including separatism in Tibet. To what degree Bhutan is able to shield itself from the Tibetan dynamics, and whether India would be able to check China's southward forays remains critical question.<sup>67</sup>

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<sup>65</sup> <http://www.encyclopedia.com/topic/Bhutan.aspx> (Accessed on July 20, 2014)

<sup>66</sup> "How India is losing Bhutan, its last 'friend' in South Asia", *Firstpost World*, 9 July at <http://www.firstpost.com/world/how-india-is-losing-bhutan-its-last-friend-in-south-asia-942269.html> (Accessed on December 10, 2013)

<sup>67</sup> Binyon, Michael, "Chinese Silk Railroad ambitions" *The World Today*, 69 (1) 2013 at <http://www.chathamhouse.org/publications/twt/archive/view/189223> (Accessed on January 2, 2013)

## Big and Small Dragon

The most critical challenge in this game is how far both China and India are able to contain and undercut the religious proximities between Tibet and Bhutan. The matter acts like a double-edged sword for both the countries playing the Himalayan game. In the Bhutanese case, the only countervailing internal force that traditionally challenged the Monarchy rule has been the country's incarnates of the Tibetan origin god-king the Shabdrung who founded in 1616 the original *Druk- Gyalkhap* or *Druk-Yul* (Nation of the Thunder Dragon) lasting until 1907 when the Monarchy was established.<sup>68</sup> The institution of Shabdrung, the original founder of Bhutan state however remained banned by the Royal Bhutan since 1931. However, in the changed context of democratisation of Bhutanese polity, the issue could assume new significance. In the interest of strategic importance, the Shabdrung factor would require greater understanding and awareness.

Historically, Bhutan formed a part of “*Lho-Mon*” (Southern Tibet). Several aspects of Tantric mysticism and politics of reincarnation has shrouded Bhutanese linkages with Tibet until 1637 when a Tibetan monk Shabdrung Ngawang Namgyal (1594–1651) came to Southern Tibet in 1616 to establish *Druk Gyalkhap* (Nation of the Thunder Dragon) as an independent state.<sup>69</sup> Ngawang Namgyal belonged to the Drukpa Kargyu lineage of Ralung monastery in Tibet. Since then Bhutan and Tibet fought several battles and the former was able to carve out an independent political identity cantered on the institution of the Shabdrung (*before the feet of*). He assumed the god-king status or Bhutan's equivalent of the Dalai Lama. The Shabdrung established Drukpa Kargyupa as the state

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<sup>68</sup> Online encyclopaedia of the leaders of nations and territories, *World Statesmen.org* at <http://www.worldstatesmen.org/Bhutan.html> (Accessed on December 13, 2013)

<sup>69</sup> John Ardussi, “Formation of the State of Bhutan (Bruggzhung) in the 17<sup>th</sup> Century and its Tibetan Antecedents”, *Journal of Bhutan Studies*, Vol. 11, 2004, Thimphu

religion of the *Druk* nation and swayed power through the “*Choe-Sidnyiden*” or a dual governance system where in a regent Desid (Deb Raja) headed the temporal affair and J Khenpo (Dharma Raja) looked after the religious affairs. The most learned members of clergy occupied the regent posts. However, soon after demise of the First Shabdrung’s (1651), the duo conspired and manipulated the Shabdrung’s successive incarnates and their rise to power for over 250 years. In 1905, when the Seventh Shabdrung Jigme Dorji was born, the duo orchestrated to form a monarchy by installing Ugyen Wangchuk as the hereditary king with the connivance of British rulers in India. Some suggest that a brother of the Seventh Shabdrung rumoured to have met Mahatma Gandhi in 1920s to garner British India’s support for the restoration of the Shabdrung’s authority.<sup>70</sup> Nevertheless, the King and his forces faced accusation of having killed the seventh Shabdrung Jigme Dorji (1931) and subsequently his next incarnate the Eighth Shabdrung Jigme Tenzin (1953).

The Eight reincarnate and the last Shabdrung, Jigme Ngawang Namgyal (S-JNN) was born in 1955. While he was young, the then Chief Secretary of Assam, Nari Rustomji managed to rescue S-JNN from Tawang during the 1962 war. In India, he lived in Rewalsar (Himachal Pradesh) and remained under police surveillance, for he feared getting killed by the Bhutanese authorities. However, at home, S-JNN enjoyed considerable amount of popularity among the people. Information available in open literature suggests that some political forces including the Druk National Congress stood in favour of resurrecting the Shabdrung within the Bhutanese constitutional framework. However, when he had visited Bhutan clandestinely in 1985, the authorities nearly caught S-JNN.

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<sup>70</sup> Rongthong Kunley Dorji another spiritual Lama and a close associate of Shabdrung wrote in his article “My understanding of Shabdrung” in *Bhutan Today* (read article: [http://www.bhutandnc.com/aprilmay03\\_3.htm](http://www.bhutandnc.com/aprilmay03_3.htm))

There had been some view that the S-JNN was India's reserve card.<sup>71</sup> However, there are hardly any documents available as to whether India ever wanted to play the Shabdrung off against the Druk King. Since the King Jigme Singye Wangchuck had been close to the Indian establishment such an occasion perhaps may never have arisen. In fact, those who were associated with the S-JNN faced persecution by Indian authorities. It seems Prime Minister Rajeev Gandhi had arranged a face-to-face meeting between Singye Wangchuk and the S-JNN in New Delhi in 1988. The S-JNN probably lived amongst the Tibetan refugee community and there is not much reference available on his political activities in India. Surely, he may have remained under surveillance. The only exception was the Indo Bhutan Friendship Society (IBFS), formed in 1999 by Satya Prakash Malaviya and Prof. Anand Kumar of JNU, which made a failed attempt to rally support around him. However, when S-JNN was about to take interest in the issue of Bhutanese refugees "sharchop" living in camps in Nepal, died in Vellore based hospital in April 2003.<sup>72</sup> Many Bhutanese claimed that royal agents allegedly poisoned the S-JNN. Nevertheless, Bhutanese media, including *Kuensel* reported extensively how he died after a prolonged illness. Surely, another claimant of the Ninth Shabdrung also existed in Tibet.

For a Tibetan-origin Vajrayana state, the recurring politics of reincarnation always remained hazardous for the government, for its impact on the internal political dynamics. Months after S-JNN passed away, a young boy Pema Namgyal was born in November

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<sup>71</sup> Norma Levine, "From Frothy Romance to Ecstasy - Chronicles of love and death: My years with the lost spiritual king of Bhutan", *Vajra*, as reviewed by Sunanda K. Datta, *Telegraph*, April 29, 2011

<sup>72</sup> The S-JNN was quoted in the *Himalayan Times* by saying "I myself am living a life of an exile in India for three decades now despite my wishes, and as such, am virtually helpless at this stage." at [http://www.bhutandnc.com/aprilmay03\\_3.htm](http://www.bhutandnc.com/aprilmay03_3.htm) (Accessed on April 15, 2014)

2003 in Trashiyangtse (Bhutan). He was found to be the Tenth incarnate of Shabdrung. Another claimant had been born in Paro four years prior to the demise of the S-JNN. However, a powerful Bhutanese oracle Choechong Tseurama and a senior spiritual master Khenpo Tshoki Dorji authenticated Pema Namgyal to be the true incarnate of S-JNN. Pema was quickly smuggled out of Bhutan to Bodh Gaya in India.

Interestingly, Khenpo Tshoki Dorji and others managed to get Pema ordained by the Seventeenth Karmapa Urgen Thinley Dorji (K-UTD) in December 2004.<sup>73</sup> It was not clear whether the move had a political angle or was it meant to forestall a rival claimant, but the news of K-UTD being instrumental in the ordination of the Tenth Shabdrung had sent alarm bell in Bhutan and India. To be sure, the Bhutanese authorities did not take the issue lightly, especially when the matter also involved interference by a Tibetan Lama exiled in India. The Bhutanese government through the embassy of Bhutan in New Delhi did raise strong objection to the Tibetan Government in Exile in Dharamsala for the K-UTD's role in the Shabdrung's issue. However, it is not clear how the issue was resolved but it appeared that the Bhutanese Government did manage, through diplomatic pressure, to get the recognition letter of Shabdrung Pema Namgyal revoked in writing from the Karmapa subsequently.

In Bhutan, the authorities panicked and quickly arranged to pass a resolution regarding the case in the 83<sup>rd</sup> Session of the National Assembly held in June 2005. The National Assembly constituted a five-member Reincarnation or Verification committee under a senior member of the state clergy to set the traditional procedures and rules for the formal *ngedz'in* (recognition) of the *Lamas* and *Truelkus*

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<sup>73</sup> Indrakari, "Is new Shabdrung threat to Bhutanese royals?" *IPA Journal*, September 26, 2012 at <http://ipajournal.com/2012/09/26/is-new-shabdrung-threat-to-bhutanese-royals/> (Accessed on March 11, 2014)

taking rebirth in the country.<sup>74</sup> The intension was ostensibly to deal with the issue of the Tenth Shabdrung already recognised by Karmapa. The Committee finally laid down 14-point rules of procedure for recognition by traditional norms, which included verifying the candidate through the biographical sketch and his previous life.

The Committee invited the claimants of the Ninth Shabdrung who died in 2003 to face the verification process. The two claimants; one was eight years old belonged to Paro and the second claimant Pema Namgyal, aged two years was born to Tashi Dawa and Yeshe Lham from Trashiyangtse. While Pema Namgyal who was living in India since 2004 under constant threat of assassination accepted the Druk King's invitation to return to Bhutan with the hope to receive the official seal of recognition in his own country. Pema along with his parents, the main patron Khenpo Tshoki Dorji and oracle Choechong Tseurama left India and produced themselves before the verification committee on 17 October 2005. The verification process took place under the supervision of Bhutan's chief clergy the Je Khenpo along with eight other members. This was a pre-decided exercise to denounce and reject any claimants to the Shabdrung against the will of the state. The Je Khenpo spelt out at first that there had been no precedence of obtaining recognition of the Shabdrung from outside the country.

The Committee found the first candidate to be invalid on the ground that the boy was already eight years old, which meant he was born few years prior to the Ninth Shabdrung's death in 2003. In the case of Pema Namgyal, the Chair, Je Khenpo conveyed that during

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<sup>74</sup> Dorji Lopon (Principal Assistant of the Je Khenpo in charge of religious teachings) headed the high-level Committee (set up in August 2005). It included Drabi Lopon (master of literary studies) of the Zhung Dratshang, the Zhung Kalyon, the eminent Ningma lam, Lam Kinzang Wangdi, Sungtruel Rinpoche (speech incarnation Tertön Pema Lingpa), Dasho Sigay Dorji of the Royal Advisory Council, Home Secretary, Dasho Penden Wangchuk, and Secretary, dratshang Lhenstshog, Dasho Sangay Wangchug.

the *Soeldeb* prayer, he showed no extraordinary signs and circumstantial situation indicating him to be the true reincarnation. He ordered not go ahead with the next stage that required to exhibit the personal belongings of the previous Shabdrung for identification by the boy. The Committee came out with the following findings:

Firstly, the oracle Choechong Tseurama, who was the medium and initially authenticated the boy, went against the law for having directly approached K-UTD in India for Pema's recognition. The authorities had convicted Choechong of crime for misguiding several people in the past. Secondly, the Ministry of Home and Cultural Affairs produced two letters of K-UTD, one in favour of recognising the boy and the second revoking the recognition.<sup>75</sup> Thirdly, the Committee found that the boy had not completed even two years and he was not old enough to identify himself. Based on these three main findings, the Committee rejected Pema to be the true reincarnation of the Shabdrung. At last, Khenpo Tshoki Dorji and his associated monks reported to have acknowledged or made to accept their mistakes and gave their assurances to abide by the laws and traditions and not to repeat such mistakes in the future.

Soon after the recognition process was over on 20 November 2005, the National Assembly of Bhutan, after a lengthy debate, resolved that hereafter the formal recognition of *Trulkus and Lamas* born in Bhutan would be conducted according to Bhutanese traditions and the rules of procedure framed by the Committee.<sup>76</sup> The Assembly

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<sup>75</sup> The verification Committee had found that Pema's supporters manipulated a recognition letter from the K-UTD who later realized that he had been forced into issuing the letter and hence withdrew the recognition. The Committee quoted from K-UTD's letter, since the child and his propagators had indulged in unethical and immoral practices by using the Karmapa's name, he revoked his first letter of recognition.

<sup>76</sup> "National Assembly of Bhutan finalises rules on recognition of trulkus and lamas", *KuenseOnline*, Thimphu, November 23, 2005 at <http://www.buddhistchannel.tv/index.php?id=40,1977,0,0,1,0#.VAKhF8WSyWw> (Accessed on January 20, 2014)

also invoked the resolution of the 30<sup>th</sup> Assembly (1969) which stipulated rules regarding those incarnate who were not Bhutanese citizens but were born in Bhutan and those Bhutanese Lamas who lives outside Bhutan. For them the option given was to renounce Bhutanese citizenship.

Since then the government has strictly ordered to adhere to the rules and procedures and instructed that false claimants within or outside the country be discouraged. The Ministry of Home also warned people not to interfere in Bhutan's internal matters with their ulterior motives. The Ministry of Home and Cultural Affairs instructed the Dzongdags to carry out a census of incarnated Lamas in the country along with their personal details. Their number exceeded 60 and many of them were residing outside Bhutan, as they were reincarnations of Tibetan Lamas. A circular issued by the authority said that the two claimants of the Shabdrung were false and people should restrain from recognising them.

It seems, on completion of the recognition process by the Incarnation Committee, Pema Namgyal expressed his desire to return to Bodh Gaya. The authorities however put him under house arrest.<sup>77</sup> He is presently educated in monastery in Chirang. No details are available about young Pema Namgyal except that a picture of him had appeared on social media in September 2012, after a gap of seven years but without any details.<sup>78</sup> Pema Tenzin, Regional Head of Kuensel Corporation at Kanglung told that the young

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<sup>77</sup> In early 2007, the Home Ministry of Bhutan via the Incarnation Committee, Bhutan Ministry of Culture, ordered Shabdrung's detention. Read "Respected Buddhist teacher under house arrest in Bhutan, *The Buddhist Channel*, February 3, 2007 at <http://www.buddhistchannel.tv/index.php?id=40,3674,0,0,1,0>

<sup>78</sup> "Is new Shabdrung threat to Bhutanese royals?" posted on September 26, 2012 by Indrakari <http://ipajournal.com/2012/09/26/is-new-shabdrung-threat-to-bhutanese-royals/> (Accessed April 15, 2014)

Shabdrung was able to learn good English in a week's time.<sup>79</sup> Pema's whereabouts continue to remain a matter of concern to his follower mostly concentrated in Bodh Gaya based Druk Ngawang Thubten Choling (Buddhist Institute for Higher Studies and Research).

The Shabdrung institution remains a subject of power politics in Bhutan even though it is a thing of arcane past having no relevance to the present. The Shabdrungs claimed that Wangchuks in connivance with the British and Indian authorities grabbed his power. Nonetheless, Bhutan Government's policy measures to thwart the Shabdrung's emergence clearly indicate that the issue still remains critical for country's internal politics. Firstly, by de-authenticating Pema Namgyal the authorities have managed to bury the Shabdrung question. Secondly, Pema has been prevented from leaving the country so that he does not fall into the hands of powerful body of Buddhist hierarchy outside Bhutan. The Buddhists of *Ka-gyu* sect already legitimized him to be the true Tenth Shabdrung.

As it stands, the authentication of Pema Namgyal as the true transmission of the spirit remains beyond doubt for people. The believers suggested that Pema was born amidst auspicious indications like the "blooming of unseasonal flowers, appearance of spring water in a village that went dry after the death of Ninth Shabdrung". The K-UTD too had predicted in 2004 through his wisdom eyes at Dharamsala that the incarnate had been born to a couple in eastern Bhutan. The K-UTD authenticated Pema as true Shabdrung in the presence of the Dalai Lama at Bodh Gaya in December 2004. As per the tradition, K-UTD formally consecrated Pema into the *Ka-gyu* institution. Importantly, Pema Namgyal received authentication by the chief patron Khenpo Tshoki Dorji and oracle Choechong Tseurama who enjoy legitimacy in their own

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<sup>79</sup> Interview with Pema Tenzin, who attended the 7<sup>th</sup> South Asia Conference at *IDS.A*, New Delhi on October 30, 31, 2013

right in spiritual sense. As such, non-recognition of Pema by the Bhutanese state may not hold much water amongst the ordinary population. It is not clear how democratic Bhutan will be able to curb the emotional appeal for the Shabdrung. Interestingly, China too has adopted a similar policy concerning Panchen Lama and other reincarnated Lamas in Tibet.

The Druk King has given up his absolute power in favour of a democratically elected government in 2007. As Bhutan's polity becomes more pluralistic, the Shabdrung factor coming on the centre stage of the country's politics remains a possibility. Until the 1950s, the Shabdrung had drawn attention of external powers particularly of Tibet. He could still assume an important factor in Bhutan's foreign policy, for it is never an improbable thing not to revive the esoteric Tibet-Shabdrung nexus. It is also plausible that the Shabdrung factor could become one of the most comprehensive and subtle nature of China's policies towards Bhutan in the years to come. There are no direct and visible pointers steering the dynamics of Bhutan in the direction yet. So far, Bhutan has never played the Tibet card and the Dalai Lama never visited the Kingdom. Of course, apart from the fear factor of China, the sectarian divide of *Gelug's* monastic supremacy over *Ka-gyu* (dominant tradition in Bhutan) has kept the Bhutanese away from main Tibet politics.<sup>80</sup> In the present context, after having failed to crush the Tibetan Buddhism, China has started using the politics of reincarnation as a tool to sway control over Tibet. This could also become an effective means to cement the social and ethnic bonds, however mystic that may be, to secure China's larger national interest. Clearly, the soft power of spiritualism or *tantricism* could become crucial element of superpower influence of China.

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<sup>80</sup> Thierry Mathou, "Bhutan-China Relations: Towards a New Step in Himalayan Politics", *Bhutan Studies* Vol. 20, 2004, pp. 388-411 at <http://www.bhutanstudies.org.bt/publicationFiles/ConferenceProceedings/SpiderAndPiglet/19-Spdr&Pglt.pdf> (Accessed on January 15, 2014)

Moreover, in the changing Tibetan sectarian context, the *Ka-gyu* order that remained confined to the peripheries of Tibet and received less political patronage since the Sixteenth century resurgence of *Gelug* order, is once again assuming prominence. This is symbolised by the projection of the Seventeenth K-UTD who is recognised by both the Dalai Lama and Beijing as the next dominant leader. This factor would make Tibet-Bhutan linkages more relevant than before. The Karmapa lives in India and he has so far refrained from criticising the Chinese government.<sup>81</sup>

For China, Bhutan could hold key to its control over Tibet as the two share common ethnic, religious, cultural and historic ties. By having Bhutan on its side, China could easily moderate the politics of Lamaism.

Beyond the security and economic issues, the above aspect could also become a challenge for India as well. The central issue here is the asymmetrical nature of Bhutan's cultural relationship with China vis-à-vis India. This will have implications for geopolitical balancing game in the Himalayas. The disquieting part is that once Beijing succeeds in Bhutan, it will seek to achieve expanded cultural presence and influence all along including over adjoining Arunachal Pradesh, Sikkim and other parts of the Indian Himalayas. At least in Bhutan, the authorities have started regulating the reincarnation of Lamas, their rights and role in the country. In India, no law exists in this regard and the politics of Lamas and the issues relating reincarnation may already be infringing on key aspects of Indian polity and national security.

## Challenges & Options for India

The intrinsic nature of Indo-Bhutan relations are unlikely to alter in a major way irrespective of the recent fissures whether they were conspiratorial or real. As such, an exaggerated paranoia is not

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<sup>81</sup> Melinda Liu, "Politics of Reincarnation", *Newsweek*, February 28, 2011

required; however, it is essential to understand the new patterns of relationship and their challenges from an Indian perspective.

## **Political Challenges**

The Bhutanese desire for change is inevitable. However, as the country redefines itself to meet the 21<sup>st</sup> century challenges, it could confront with multiple dilemma within and with the world outside. Internally, the country has moved away from absolute monarchy to parliamentary system of governance, from being a closed and traditional system to a more open and modern society; from conducting a conventional one-sided or guided foreign policy to playing an independent role on the world's stage. This process of change may become more complex with the increasing competitive politics within, which is having an extended impact on its ties with India.

For India, dealing with democratic Bhutan could become more challenging compared to the experience of simply keeping the Druk King in good humour. Unfortunately, resentment against India has started at the very onset of Bhutan's experiment with democracy as also evident through two multi-party democratic elections that have strained this relationship. Clearly, India will become the focal point in Bhutan's future electoral politics as well. There will be temptation among the Indian political leaders for making noisy interference in Bhutanese politics. With the democratic changes unfolding, any events in Bhutan could spin out at a higher scale than before. Although, there is no powerful anti-India lobby in the country, but the new generation in Bhutan could be more assertive as well as sensitive towards India's dealings.<sup>82</sup> Such a situation will demand a competitive relationship and transparent conduct of diplomacy in the longer-term.

The Bhutanese attitude towards India lately stemmed from former's low image in South Asia. The lack of political sensitivity and inability

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<sup>82</sup> Medha Bisht, no. 34

to handle issues at the political level by New Delhi may have added to the diplomatic row. Of late, the policy makers failed to grasp many details and the long-term implications; as such they resorted to punitive actions aimed at short-term consideration, which tended to scare the relations. The considerations of seeking a favourable election results cannot be the policy guideline. In fact, such a short-sighted approach guided by electoral prism makes it hard to address the main issues – and this may perhaps be causing India’s overall foreign policy failure with the neighbours. India should instead allow the political developments in Bhutan to progress through a normal process so as not to allow any strands of tensions and conflicts to take roots in Bhutan, at the same time draw a clear red line on security.

## **Economic Challenges**

Bhutan’s economic crises are not entirely the doing of India, and Bhutan is therefore expected to fix them through its reforms and measures at the same time recreate sufficient space for its domestic growth process and revenue base to increase. However, as the democratization of Bhutan continues diverse groups and stakeholders, in the name of good governance and their urge for diversifying economic and foreign policies will inevitably articulate the issues of economic exploitations and disparities. In a sense, the Bhutanese quest for achieving a relative economic independence from India was evident in the 2013 elections that showcased a glimpse of its aspirations and advocacy for self-reliance.

India has been providing development assistance loans, grants and other forms of project-funds to Bhutan for years. In fact, the grants seem to have increased considerably in the 11<sup>th</sup> five-year plan.<sup>83</sup>

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<sup>83</sup> Joint Press Statement on the State Visit of Prime Minister of India to the Kingdom of Bhutan (June 15-16, 2014) Ministry of External Affairs released on 16 June 2014 at <http://www.mea.gov.in/bilateral-documents.htm?dt1/23435/Joint+Press+Statement+on+the+State+Visit+of+Prime+Minister+of+India+to+the+Kingdom+of+Bhutan+1516+June+2014> (Accessed on July 10, 2014)

However, Bhutanese have perceived the Indian model of economic assistance as exploitative, which tends only to serve Indian interests.<sup>84</sup>

The cooperation in the hydropower sector has been one of the keystones of India-Bhutan economic partnership. In July 2014, Prime Minister Modi has laid the foundation stone of the 600 MW Kholongchu Hydroelectric project to widen the scope of cooperation further. Both countries seem to be committed to achieve the 10,000 MW target by 2020. The symbiotic philosophy that seems to guide the partnership is to generate revenue for Bhutan and avail clean electricity power for India. Bhutan has over 24,000 MW hydro potential, which India thinks could solve its energy security problems and so plans to build 12 new hydropower projects in Bhutan. However, certain factors such as the operational aspects, control of assets, the differences over power tariffs, etc are already creating rift that could spill over into political domain, for they also involve the psychological factor of 'being exploited'.

In the absence of a 'win-win framework' or mutually beneficial schemes, rifts with Bhutan could only widen and spiral out of control, as the IDSA study also suggested. In fact, irony is, India after having guided Bhutan for over six decades and spent billions of rupees in aid is yet to frame a strategy for establishing a balanced and healthy economic interdependency between the two nations. Clearly, the economic subsidy policy of enlisting political loyalty seemed over-lived its utility and may prove to be counterproductive in the long term. Such ad hoc measures also cannot remain sustainable especially in the age of globalisation. It thus becomes imperative that India needs to offer a more beneficial economic engagement plan to Bhutan, which is sustainable and may even consider channelizing its own experiences to strengthen the

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<sup>84</sup> Medha Bisht, no. 34

fundamentals of Bhutanese economy. These are possible only by enabling agreements and letting the market forces leverage the existing economic and geographic complementarities. A smart policy would entail providing Bhutan with greater access to markets, improved connectivity, modern trade facilities and allowing it to benefit from India's economic growth. The bilateral trade (2012-13) was meagre \$400 million.<sup>85</sup> However, Bhutan could surely offer more than just hydropower if India opts to create a more innovative partnership in the Himalayan state.

The solution should lie in helping Bhutan in its capacity building, generating domestic revenues, making it a hub of agricultural products tea, fruits, vegetable products, etc, to meet the Indian demands and conversely allowing Bhutanese to create business stakes in India. Prime Minister Tshering Tobgay also offered investment opportunities in the infrastructure sectors for example, setting up of special economic zones, dry ports, industrial townships; IT Parks by the Indian private investors.<sup>86</sup> Prospects also seem to be abundant in tourism, mining, lumbering, industry like cement, and financial services.<sup>87</sup> Unless India finds a fresh approach and its investment offers impetus for local business to grow in Bhutan China is likely to encroach in these areas.

Prime Minister Modi voiced emphatically when he spoke to the joint session of Bhutan Parliament during his visit. For example, his point on "Terrorism Divides, Tourism Unites" highlights the importance of creating a web of development plans with Bhutan. He also made commitment to help Bhutan in transactional areas

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<sup>85</sup> Ministry of Commerce & Industry, Department of Commerce, Export & Import Data Bank at <http://commerce.nic.in/eidb/iecnt.asp>, (Accessed on January 12, 2014)

<sup>86</sup> <http://www.samachar.com/Bhutan-seeks-investments-from-India-in-various-sectors-njrKKhcebc.html> (Accessed on March 10, 2014)

<sup>87</sup> Author, "India, Bhutan share unshakable friendship: Tobgay", *Hindustan Times*, New Delhi, July 18, 2013

such as in education, sports, e-libraries, Himalayan Studies etc. However, these areas are unlikely to make the Bhutanese happy and ultimately, India will need to think about how to help the Bhutanese stand independently.

Moreover, the 'special' relationship will hold water only when India takes cognizance of the winds of change and redesigns its policy approach to help Bhutan realize its urge to be a self-reliant country via stronger economic independence. The assessment, as Sibal made that Bhutan is playing the China card to extract more from India may not hold much water because the issue is larger than economic assistance and military security.

Any prospect for economic independence could rather propel a sense of self-confidence in Bhutan. In this sense, a stable and prosperous Bhutan strongly committed to democracy would be in India's interest. Even though, India provides over 80 per cent of Bhutan's energy and consumer needs; however, it has been politics and culture and not economics that remained the overriding factors with Bhutan. India's tough economic measures against Bhutan i.e. cutting of fuel supply may have dented the trust cemented over centuries. A repeat of such acts could become a rather risky gamble. Relations with all neighbours involved the dimension of political sensitivity and cultural ownership that will sustain the trust. India should therefore embed the sensitive and fragile nature of Bhutan's economy in its political approach.

## **Strategic Challenges**

Bhutan's geo-strategic importance to India as a security buffer is indisputable and extends beyond the military security. Moreover, the geographical proximity of Bhutan to sensitive Sikkim, Arunachal Pradesh (states), Nepal and China renders it of great strategic importance with regard to India which is why Bhutan has always assumed vital importance in India's military calculus. The China factor is important for India because Bhutan shares considerably long borders with its northern neighbour. The focal point of India's concerns relates to the Bhutanese desire to solve border disputes with China. It also continues to remain a sensitive

issue for India, which is also likely to bear the consequences of any compromise on the part of Bhutan. For India, the issue is also about the larger strategic and military question of the PLA gaining access to several important Himalayan passes. In this sense, Bhutan's role in dealing with India's internal security is critical. There are fresh concerns about Bodo insurgent groups trying to establish links with a Bhutan-based Maoist militant outfit.<sup>88</sup> The commitment for not allowing territories of the two countries to be used by the forces inimical to each other underlines the importance of cooperation. Against this backdrop, Modi's choice of Bhutan as his foreign destination was essential and decorous. However, India's policy essentially remains defensive in approach, unsustainable in the long run.

Firstly, it is not a correct approach to hold Bhutan hostage of its desire to improve with China and solve the boundary issue. There is a growing sense that the consideration of keeping the Indian interest has obstructed if not delayed Bhutanese quest for to improve ties with others. The changing perceptions signify their repudiation to continue with India's unwavering position on the boundary dispute with China. In fact, a polarised view has surfaced in the recent years with the current PDP led government criticising the previous regime for pursuing a China policy at the cost of India's interests. For now the ruling PDP has pledged to tread cautiously on the international stage.<sup>89</sup> Of course, there is no indication whether subsidy restoration in exchange of Bhutan's willingness to forego the opening of the P-5 missions in Thimphu has any linkage. However, there will be elements tempted to raise stronger voice in favour of playing the China card against India's overweening

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<sup>88</sup> <http://www.easternpanorama.in/index.php/work-on-progress/2954-bhutan-hydel-project-assam-s-protest>, Retrieved on August 14, 2014.

<sup>89</sup> Tsering Tobgay, "Not sure if you would like to mention a specific writing or leave it as is", *Hindustan Times*, New Delhi, July 18, 2013

presence. That is why the rationale that stirred the DPT government for stronger ties with China needs understanding from a broader perspective. In fact, it may no longer be possible to curb Bhutan from diversifying its external economic contacts especially with important powerhouse like China which has been able to expand its influence in South Asia despite India's efforts to contain it. Moreover, it may also be unfair and hypocritical to hinder Bhutan when India's own trade relations with China have grown many folds.

Secondly, India should note that the Bhutanese desire to be connected with China will remain easier said than done. A full engagement with China may not only create excessive hope within but also an exaggerated paranoia around and outside; therefore one of the initial challenges for Bhutan would be to overcome its inherent self-ambivalence. The geography especially access to seaport will continue to determine Bhutan's choice. Having used to being oriented towards the south, a switch over to the north will not be that easy especially when India too is also ascending economically. Much will also depend on future developments in Tibet. In the past, there had been paranoia over increasing Tibetan emigration into sparsely populated Bhutan. This among other things will avert a full embrace of China by the Bhutanese.

Thirdly, Prime Minister Modi's visit to the two Himalayan states has also clarified that these states have played the China card not so much to leverage their strategic location for balancing off India's influence but largely to disapprove New Delhi's often display of its inept carrot-and-stick policies against them and so dubbed every action of India's as interference in their internal affairs.

### **Trans-Himalayan Regionalism Prospect**

There are several future scenarios unfolding in the Himalayas to which India has not started to respond in many articulated ways apart from adopting a defensive approach. In this regard, India should not confine friendship with Bhutan to China factor alone. Instead, India should factor Bhutan in its China policy and not the other way round. Even while Bhutan remains a close ally, it would be of India's interest to push the former's greater international

engagements. Instead of being restrictive, Bhutan could play a lead role to aid India in seeking its influence beyond the Himalayas.

In a recent visit to New Delhi, China's Ambassador, Wei Weis' mention of having trans-border cooperation with India under the Trans-Himalayan Economic Growth Region needs to be noted and appreciated for its farsightedness. As C Raja Mohan commented, "Instead of being defensive, Delhi must seek more details on this very interesting idea and offer a vision of its own for productive engagement with Beijing all across the Tibetan frontier."<sup>90</sup> Thus, both Bhutan and Nepal should fall into India's scheme for enlarging better connectivity with rest of Asia. China is already walking on that track in its policy guidelines. If China could look south, why India cannot look north?

The debate on the prospect of trans-Himalayan regionalism is fast gaining momentum. In fact, Prime Minister Modi has also been articulating his idea on these lines in his recent speeches. The idea could open up vast opportunities for India. Drawing from Modi's momentous speeches in Bhutan and Nepal, the trans-Himalayas holds the keystone for Asian culture, environmental, political and regional security. His speech was remarkable and if expounded it could change the Asian context. India's trans-Himalaya policy thinking should include areas beyond the mountain ranges to cover wider Eurasian space the access to which is blocked by Pakistan. A way out could be to promote a regional market across the border, woven by a web of spiritual and commercial interests. A cooperative thinking could herald a constituency of appreciativeness, softening of mistrust and muting the China threat. Opening the Himalayan door could benefit India more than China but delay could risk serious ramifications against China's increasing quest for strategic minerals and water resources.

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<sup>90</sup> C. Raja Mohan, "Chinese takeaway: Panchsheel Blues", *Indian Express*, June 25, 2014

Buddhism is fast becoming a factor of cultural mobilization and economic growth across Asia including China. India is sitting atop millennia-old tourist mines. Buddha-Industry alone could transform the lives of millions, providing lucrative career options to its youth. The followers of Shakyamuni (400-500 million already) link their spiritual destinies to India. Tangible actions are required not just for market import but also for staging India's soft-power lever. In many ways, Buddhism could affect the geopolitical trend, and in fact, China is grabbing the leadership role - controlling both trend and nature of discourse. India cannot afford to lose its ancient wisdom tool. Of course, both India and China require a synergy for a nuanced and adept policy pursuit in this regard.

Linked to this is the imperative of promoting a brand of sustainable cultural tourism. China plans to invest \$10 billion to build infrastructure projects (roads, airports and hydropower stations) to develop the Kailash-Manasarovar, supremely sacred for billions of Hindus, Buddhists and Jains. A series of pilgrimage corridors across the Himalayan ranges could serve as engines of economic growth for the people living in the region.

Coordinated policies are essential to mitigate the environmental challenges. Gradual glacial attrition means water scarcity. The case of Brahmaputra's diversion by China has raised some eyebrows in India. Here again the solution may lie in culture than in politics. Just as the Mt. Kailash is the abode of Lord Shiva, the Shuomatan Point or Brahmaputra's U-Bend is the home of *Vajra Yogini* – a sacred deity, worshipped by millions in both India and China. In this sense, eventually water, environment and culture would become the keystone of policy planning.

## **Beyond Symbolism**

From the Bhutanese perspective, the significance of their ties with India extends beyond formalism of treaty obligation. However, this appears to be lopsided and India must not take Bhutan's buffer to its security as guaranteed, rather an article of faith. Although, the Bhutanese to an extent understand India's legitimate say in their domestic affairs, however, any diplomatic missteps will risk

undermining the trust. Surely, such missteps would also hurt Bhutan as Dorji observed<sup>91</sup> in *Kuensel*, ‘sovereignty’ works not in the abstract, but in daily lives as well. For Bhutan to maintain the “symbiotic relationship”, the leadership would need to be “intelligent” “cautious” and not “delusional” about conducting relations with India. Hence, in the end mending the relationship will be for common good.

India perhaps did recognise the problem and sought to put relations with Bhutan on a more equitable footing by renegotiating the 1949 treaty of friendship in 2007. However, some foreign policy analysts maintained that the previous United Progressive Alliance (UPA) government took ties with Bhutan for granted. New Delhi revoked its policy of penalising vis-à-vis Thimphu soon after PDP came to power in July 2013. Prime Minister Tobgay being more accommodative to India’s security concerns maintains that “good relations with India are the cornerstone of our foreign policy”. In fact, the fundamental underpinnings of Bhutan’s bonds with India will remain unchanged for majority Bhutanese consider ties with India as “sacred” and above politics which is why even if China, without much ado, may have managed to sow the seed of mistrust between Bhutan and India, it would not be able to match India’s soft-power image. No amount of economic and military power can substitute India’s traditional image of a stabilizing force to that of a colonial power.

Importantly, for India derived the essence of security from peace and not vice versa. However, the perception space may be changing because of India’s inability to portray the spirit of its cultural warmth effectively. Nevertheless India has been able to assist Bhutanese in many ways, such as hundreds of Bhutanese students graduate from Indian universities and form the elite of Bhutanese society. The

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<sup>91</sup> “How India is losing Bhutan, its last ‘friend’ in South Asia”, *Firstpost World*, July 9, 2013 at <http://www.firstpost.com/world/how-india-is-losing-bhutan-its-last-friend-in-south-asia-942269.html> (accessed on December 12, 2013)

second queen of the third Druk King is an Indian and continues to stay in India. In the past, the Bhutanese diplomats were hugely trusted and New Delhi may have leveraged them in their engagement with the Chinese. Instead of getting paranoid, New Delhi should continue to leverage the Bhutanese with full confidence while conducting diplomacy vis-à-vis China.

## **Conclusion**

There is a growing perplexity in India about what is happening in and around the region alongside prevalent difficulty in comprehending the undercurrents. Besides, the recent policy paralysis in the government has only undermined India's long-term credibility and its traditional soft power image. Indian diplomacy and diplomats seem oblivious of the declining trend in the established value system and even more unaware of the long-term implications of today's actions on the future. In the past, the Indian mandarins had in them the sense of displaying cultural sensitivity. The diplomacy today is reduced to an art of cutting-deals. When they apply the art for creating crises and catastrophizing issues to suit specific purposes, it only becomes worst. The breakdown and recent fracas with Bhutan underlies why New Delhi needs to recast its neighbourhood policy and make a shift from "manage the situation" approach, which has only rendered India with accumulated problems. Moreover, in the aftermath of fall of Monarchies in Nepal and Bhutan, the problems have only become more challenging. Little effort was made by the previous government to set the things in order.

Ideally, the relationships are successful when the mutual differences get resolved without the need for either side making compromises on its core national values and interests. Resolving deadlocks through coercive and at the triumph of a single party is a recipe for long-term trouble and if such a trend continues, it gives an opportunity to country like China to fill the space with neither negative repercussions for India which is neither desirable nor portent for India-Bhutan relations. However, that did not mean China would stop applying its strategic sense concerning important

Himalayan states with which it shares long borders. Clearly, to hide its weaknesses, the Indian officialdom took cover under the rhetoric of China threat. Especially the Indian security and academic communities went frenzy about the China's so-called "string of pearls" theory intend to encircle India.

That is why many analysts have pressed for discarding the British era model of Indian foreign policy aimed at seeking "self glory"<sup>92</sup> and discarding the attitude of behaving like a big brother. It is against this backdrop that Modi's recent visit to Bhutan not only assumed vital importance but also indicated that the current Indian leadership clearly fathomed the problem and so is trying to arrest the speedy erosion of India's credibility as well as recover from the past losses.

The lack of conceptualisation has been a serious deficit in India's policy thinking. Of course, India is unable to match China's brilliant strategic conceptualization of nexus with Pakistan. China has cleverly boxed India in South Asia. To be sure, Prime Minister Modi is showing his ability to think strategically that too in grand way. Prime Minister Modi's visit to Bhutan was reassuring for the region and India, as it signified its ability to show responsibility, realism and regionalism that are essential to harness the culture of cooperation and co-existence. In a sense, Modi's visit has revived the defining spirit behind the Indo-Bhutanese friendship.

Many foreign policy analysts have taken solace in the fact that China's efforts to establish diplomatic relations with Bhutan have failed to bore much result. They believe that the leadership in Thimphu remains unenthusiastic and wary of taking ties with China beyond reciprocal visits and the boundary talks.<sup>93</sup> Such thinking

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<sup>92</sup> Raja Mohan, "The faraway neighbour", *Indian Express*, New Delhi, July 17, 2013

<sup>93</sup> Monish Tourangbam and Manish Vaid, "Modi's Friendly Bhutan Visit, In a Volatile Neighborhood", at <https://www.google.co.in/search?q=Monish+Tourangbam+and+Manish+Vaid%2C+Modi's+Friendly+Bhutan+Visit%2C+In+a+Volatile+Neighborhood> 4%5C&oq=Monish+Tourangbam+and+Manish+Vaid%2C+Modi's+Friendly, (July 10, 2014). (Accessed on July 20, 2014)

smacks of insecurity among people. India needs to recognise that Bhutan too shares borders with China especially with Tibet with which Bhutan has long historical association. Instead of curtailing Bhutanese contacts with its neighbour in the north, India should visualize Bhutan playing the role of a bridge. Modi's usage of emotionally appealing phrases like "B2B" or "Bharat to Bhutan" during his meeting with Bhutanese king Jigme Khesar Namgyel Wangchuk<sup>94</sup> also underscores the importance the neighbours might receive in Modi's foreign policy. The challenging task however, facing Modi is how to include China as an integral partner in the game in spite of colossal obstacles. A recent example of a confident step that Prime Minister Modi took during the BRICS summit meeting in Brazil, when he shared with President Xi Jinping "if India and China could amicably resolve the "boundary question", it would set an example for the entire world, on peaceful conflict resolution".

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<sup>94</sup> "Narendra Modi vows to nurture "B2B - Bharat to Bhutan" ties on first foreign tour", at [http://articles.economicstimes.indiatimes.com/2014-06-15/news/50598200\\_1\\_bhutanese-king-prime-minister-narendra-modi-bilateral-relations](http://articles.economicstimes.indiatimes.com/2014-06-15/news/50598200_1_bhutanese-king-prime-minister-narendra-modi-bilateral-relations) quoting PTI, June 15, 2014

## **Annexure**

### **Joint Press Statement on the State Visit of Prime Minister of India to the Kingdom of Bhutan (15-16 June 2014)**

June 16, 2014

1. At the invitation of His Majesty Jigme Khesar Namgyel Wangchuck, the King of Bhutan, Prime Minister of the Republic of India Shri Narendra Modi paid a State Visit to Bhutan from 15-16 June 2014. The Prime Minister of India was accompanied by External Affairs Minister Smt. Sushma Swaraj, National Security Adviser Shri Ajit Doval, Foreign Secretary Smt. Sujatha Singh and other senior officials of the Government of India.
2. The visit to Bhutan by Prime Minister Shri Narendra Modi is highly significant as it is his first visit abroad after he was sworn-in as the Prime Minister of India on 26 May 2014 in New Delhi. The visit reinforces the tradition of regular high-level exchanges between the two countries and upholds and strengthens the special and unique age-old friendship between Bhutan and India.
3. His Majesty Jigme Khesar Namgyel Wangchuck, the King of Bhutan and His Majesty Jigme Singye Wangchuck, the Fourth Druk Gyalpo separately granted audiences to Prime Minister Shri Narendra Modi. Prime Minister Shri Narendra Modi held official talks with Lyonchhen Tshering Tobgay and discussed issues of mutual interests.
4. Prime Minister Shri Narendra Modi addressed the Joint Sitting of the Parliament in the Gyalyong Tshogkhang on 16 June 2014.
5. His Majesty the King hosted a lunch in honour of the Prime Minister and his delegation. Lyonchhen Tshering Tobgay also hosted a banquet in honour of the Prime Minister of India.

6. Prime Minister Shri Narendra Modi unveiled the Foundation Stone of the 600 Megawatt Kholongchu Hydropower Project which is a Joint Venture project between the Indian and Bhutanese PSUs, SJVNL and Druk Green Power Corporation. The construction of the Project which is located in Trashiyangtse in Eastern Bhutan will commence later this year.
7. Prime Minister Shri Narendra Modi inaugurated the new Supreme Court building which was constructed with assistance from the Government of India amounting to Rs./Nu. 793.545 million.
8. **The main outcomes of the discussions were:**
  - a. The two sides exchanged views and held discussions on bilateral relations and economic cooperation as well as cooperation in regional and multilateral forums. They recalled the strong historical ties of friendship and understanding that exist between the governments and peoples of the two countries. They expressed satisfaction at the excellent state of bilateral relations and reaffirmed their commitment to further strengthen the special friendship between the two countries.
  - b. Lyonchhen Tshering Tobgay, on behalf of the Royal Government and people of Bhutan conveyed his appreciation to the Government and people of India for the generous development assistance since the 1st Five Year Plan in 1961. The two leaders expressed satisfaction over the all round socio-economic development achieved by Bhutan with the assistance and support of India. Lyonchhen Tshering Tobgay thanked the Government of India for the allocation of Rs./Nu. 45 billion for the 11th Five Year Plan and Rs./Nu. 5 billion for the economic stimulus plan of the Royal Government of Bhutan. Prime Minister Shri Narendra Modi reiterated the commitment of the Government of India to support Bhutan for the

successful implementation of the 11th Five Year Plan of the Royal Government of Bhutan.

- c. Prime Minister Shri Narendra Modi, on behalf of the Government of India, expressed satisfaction at being a privileged partner of Bhutan in its socio-economic development, and reassured Lyonchhen Tshering Tobgay of India's continued commitment to capacity building especially in the education and IT sectors in Bhutan.
- d. The two sides acknowledged the importance of cooperation and mutual benefit arising from the hydropower sector between the two countries and expressed satisfaction on the progress being made. They reiterated their commitment to achieving the 10000 MW target.
- e. The two leaders expressed satisfaction with the completion of the Supreme Court building and the imminent commencement of the construction of the Kholongchhu Hydroelectric Project. They noted the tremendous benefits the Kholongchhu Project would bring to the people of Eastern Bhutan.
- f. The two sides recalled the free trade arrangement between the two countries and the expanding bilateral trade between the two countries and its importance in further cementing the friendship between the two countries. Government of India conveyed its decision to exempt Bhutan from any ban or quantitative restrictions on exports of following items:- Milk powder, Wheat, Edible oil, Pulses and Non-basmati rice. The two sides also agreed to further promote trade and investments between the two countries.
- g. In keeping with the emphasis on capacity building and education, Prime Minister Shri Narendra Modi announced the doubling of the Nehru-Wangchuck scholarship to Rs./ Nu. 20 million per year. Government of India would also

provide grant assistance for the establishment of the digital section/ E-library in the National Library of Bhutan and in all 20 districts of Bhutan.

- h. The two sides expressed satisfaction with the cooperation between the two countries related to their mutual security. They agreed to continue with their close coordination and cooperation with each other on issues relating to their national interests, and not allow each other's territory to be used for interests inimical to the other.
- i. The visit of Prime Minister Shri Narendra Modi to Bhutan further strengthened the close bonds of friendship and cooperation between the two countries.

**Thimphu**

**16 June 2014**

**P**rime Minister Narendra Modi seemed aware about the nuances that underpin India's cultural and political obligations in Asia. By making Bhutan as his first visit abroad followed by a visit to Nepal, he has effectively invoked the deeper imperatives to revitalize India's national interests. The subject of Indo-Bhutan relations remained enigmatic until the critics cried shrilly over the 2013 crisis that had put the ties under major strain. Bhutan's drift seemed startling and with China stepping up its contacts, the impact was palpable on the ground – creating a string of political electrons.

The breakdown and the fracas with Bhutan underlies why New Delhi needs to recast its neighbourhood policy and make a shift away from a “manage the situation” approach. Prime Minister Modi has tried to revive the defining spirit behind the Indo-Bhutanese friendship. The challenging task however is how he brings Bhutan to play an integral role into India's China policy.



**Ambassador (Prof.) P. Stobdan** is a distinguished academician, diplomat, author and foreign policy/national security expert. Prof. Stobdan has been India's Ambassador to the Republic of Kyrgyzstan from 2010- 2012. Currently, he is a Senior Fellow at the Institute for Defence Studies and Analyses, New Delhi.

Ambassador Stobdan has earlier served in the Embassy of India, Almaty in 1999 – 2002. He was formerly with India's National Security Council Secretariat (NSCS). Prof Stobdan also served as Director at the Centre for Strategic and Regional Studies (CSRS) in 2006-2008. He is the Founding President of the Ladakh International Centre, Leh. His recent book *Central Asia: Democracy, Instability and Strategic Game in Kyrgyzstan* was published in 2014.

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