

India -Bhutan relations

Mains: GS-II - Bilateral relations - India and its neighborhood- relations.

Why in news?

PM Modi undertook a two-day state visit to Bhutan last week, which **coincided** with the celebrations for the 70th birth anniversary of the Fourth King of Bhutan and the ongoing Global Peace Prayer Festival.

What are the pillars of India - Bhutan relations?

- India and Bhutan share unique and exemplary bilateral relations, which are based on mutual trust, goodwill and understanding.



Diplomatic relations -

- Formal diplomatic relations between India and Bhutan were established in 1968.
- The basic framework of the relations has been the **Treaty of Friendship and Cooperation** signed in 1949 between the two countries, which was revised in February 2007.
- **Regular high-level exchanges** - Bhutan's King visited India multiple times in 2022-2024;

PM Modi visited Bhutan in 2019 and 2025.

- India follows a ***Neighbourhood First Policy***, with Bhutan as a key partner in regional peace and development.

Trade & Economic relations

- **Indian FDI in Bhutan** - India is the largest investor, contributing approximately 50% of Bhutan's total FDI.
- **Bilateral trade volume** - Tripled over the past decade, reaching USD 1.6 billion in 2022-23, with further growth projected in 2025.
- **Major imports** (from Bhutan) - Hydropower, ferrosilicon, cement, and agricultural products.
- **Major exports** - Fuel, machinery, food items, and construction materials.

Development Partnership

- India contributes Rs. 4,500 crore to Bhutan's 12th Five Year Plan, covering 73% of external grants and also, committed Rs. 10,000 crore for 13th Five Year Plan (FYP).
- **Key focus areas** of India's assistance - includes rural water supply, farm roads, infrastructure, health, education, agriculture, and digital connectivity.

Hydropower Diplomacy

- **4 operational projects** - Chukha (336 MW), Kurichhu (60 MW), Mangdechhu (720MW) and Tala (1,020 MW) projects.
- **Trade in Electricity** - India's electricity imports from Bhutan (2022) worth Rs. 2,448 crore

Education & Capacity Building

- **Scholarships** - India provides over 1000 scholarships annually; 4000 Bhutanese students study in India.
- **Skill Development & Training** - Indian Technical and Economic Cooperation (ITEC) Program provides approximately 300 slots/year for Bhutanese officials and private sector employees.

Digital Cooperation

- **BHIM App** - Bhutan became the 2nd country globally to launch BHIM, enhancing cross-border UPI-based transactions.
- India's support for **Digital Drukyl** - provided financial support for optical fibre backbone across all 20 districts to transform Bhutan into a digitally empowered society.

Space Cooperation

- MoU on Peaceful Uses of Outer Space - Signed in November 2020.
- **India-Bhutan SAT** - Jointly developed by ISRO and Bhutan's Department of IT & Telecom (DITT), launched on 26 November 2022 via PSLV.

Cultural & People-to-People Ties

- **India-Bhutan Foundation** - established in 2003 to promote exchanges in education, arts, culture, and environment.
- India supports monastic visits, Buddhist heritage preservation, and temple construction (e.g., Rajgir Lhakhang).

- **Bhutanese pilgrims** regularly visit Bodh Gaya, Rajgir, Nalanda, Sikkim, Udayagiri, and other sacred Buddhist sites in India.
- **Diaspora** - About 50,000 Indian citizens are working in Bhutan, mainly in the construction sector, education and technical consultants involved in infrastructure projects.

Health & COVID-19 Support

- **Vaccine Maitri Initiative** - India gifted 5.5 lakh doses of Covishield to Bhutan and marked a milestone in South-South cooperation and vaccine diplomacy.
- **Repatriation Support** - Facilitated the return of over 2,000 Bhutanese nationals stranded across India.

Defence cooperation - Centered on training the Royal Bhutan Army, joint border management, and strategic coordination, which includes providing equipment, logistical support, and conducting joint exercises

- **Counter-insurgency operations** - India has supported Bhutan in operations against insurgents, such as "Operation All Clear" in 2003, which cleared militant camps from Bhutanese territory.
- **Strategic coordination** - Both countries coordinate on strategic matters, particularly in response to incidents like the 2017 Doklam standoff, which highlighted their commitment to each other's security.

This partnership is crucial for regional stability, with India supporting Bhutan's security and territorial integrity, particularly given Bhutan's strategic location as a buffer state between India and China

What are the Key Highlights of India's State Visit to Bhutan?

- **Economic & Developmental Assistance** - India reaffirmed its support for Bhutan's 13th Five Year Plan and signed 3 New MoUs - Renewable energy, health, and mental health.
- **Cultural ties** - India has announced land for the construction of a Buddhist temple in Varanasi (in addition to the previous Bhutanese temple in Nalanda).
- **Hydropower Diplomacy** - Inaugurated the 1020 MW Punatsangchhu-II Project and resumed work on the 1200 MW Punatsangchhu-I Project.
- **Line of credit** - India also extended a 1st ever Line of Credit of Rs 40 billion for new energy projects in Bhutan.
- **Connectivity & Infrastructure** - Initiatives like the Darranga Check Post (inaugurated in 2024) and agreed to open an immigration check post at Gelephu, Bhutan and at Hatisar, Assam.
- Bhutan will also enjoy access to Assam's Jogighopa multi-modal logistics park.
- India will be funding 2 railway links - between Samtse and Banarhat (Assam) and Gelephu and Kokrajhar (Assam).

What lies ahead?

- India-Bhutan relations are set to evolve into a multidimensional strategic partnership, moving beyond traditional hydropower and development.
- It aid towards deeper collaboration in digital infrastructure, space technology, education, and private sector investment - reinforced through consistent engagement and shared values.

References

1. [The Hindu | A celebration of India-Bhutan ties](#)
2. [Ministry of External Affairs | India-Bhutan relations](#)

