

**CHANGING DYNAMICS OF INDIA-BHUTAN RELATIONS:  
A CASE STUDY OF THE TREATY OF PEACE AND  
FRIENDSHIP, 1949-2011**

*Dissertation submitted to Jawaharlal Nehru University  
in partial fulfilment of the requirements for award of the degree of*

**MASTER OF PHILOSOPHY**

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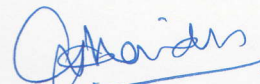
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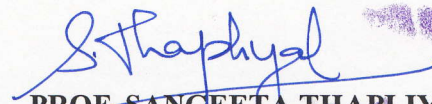
I declare that the dissertation entitled “CHANGING DYNAMICS OF INDIA - BHUTAN RELATIONS: A CASE OF STUDY OF THE TREATY OF PEACE AND FRIENDSHIP, 1949-2011” submitted by me for the award of the degree of MASTER OF PHILOSOPHY of Jawaharlal Nehru University is my own work. The dissertation has not been submitted for any other degree of this University or any other university.

  
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*Dedicated to*

*My Parents, Teachers and Friends*

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## **ABBREVIATIONS**

AIIMS	All India Institute of Medical Sciences
BCCI	Bhutan Chamber of Commerce and Industry
BIMS	Bhutan Institute of Medical Sciences
BIRFTF	Bhutan India Regional Friendship Trade Fair
BPST	Bureau of Parliamentary Studies and Training
CBS	Centre for Bhutan Studies
CEC	Chief Election Commissioner
CII	Confederation of Indian Industries
CME	Continuing Medical Education
DPRs	Detailed Project Reports (DPRs)
EJG	Empowered Joint Group
FDI	Foreign Direct Investment
FYP	Five Year Plan
GIBC	Global Investment Business Centre
GNH	Gross Nation Happiness
GOI	Government of India
HEP	Hydroelectric Project
HUDCO	Housing and Urban Development Cooperation Limited
IBF	India-Bhutan Foundation
ICCR	Indian Council for Cultural Relations
ICT	Information and Communication Technology
IMTRAT	Indian Military Training Team
IT	Information Technology
ITEC	Indian Technical and Economic Cooperation
ITPO	Indian Trade Promotion Organisation

KCIE	Knight Commander of the Indian Empire
KMT	Kuo Min Tang
LAN	Local Area Network
MoEA	Ministry of Economic Affairs
MoUs	Memorandum of Understanding
MW	Megawatt
NASSCOM	National Association of Software Services Companies
NIIT	National Institute of Information Technology
NTSG	National Treaty Support Group
NWCC	Nehru Wngchuck Cultural Center
PM	Prime Minister
PMC	Project Monitoring Committee
PSUs	Public Sector Undertakings
R & D	Research and Development
RAPA	Royal Academy of Performing Arts
RCSC	Royal Civil Service Commission
RGoB	Royal Government of Bhutan
SAARC	South Asian Association for Regional Cooperation
SEF	Seminar Education Foundation
SGPGIMS	Sanjay Gandhi Post Graduate Institute of Medical Sciences
STCB	State Trading Corporation of Bhutan
TCS	Tata Consultancy Services
ULFA	United Liberation Front of Assam
UN	United Nations
UPA	United Progressive Alliance
UPSC	Union Public Service Commission
YPO	Young Presidents Organization

## INTRODUCTION

International legal instruments like treaties, covenants, protocols etc. are important for regulating international relations due to their legitimacy and legality nature (Klabber 1996:1). The treaty of Sinchula signed in 1865, the treaty of Punakha signed in 1910, the treaty of Peace and Friendship signed in 1949 between India and Bhutan have been clear example of such treaties that have been guarding the cordial relation, regulate the international relations and influence their foreign policies<sup>1</sup>. The concept of treaty is very difficult to define because there is no clear cut definition of it. One of the most controversial things about treaty is that whether it is a source of law or merely source of obligation. Yet the concept of treaty is not clear as may seem at first sight. Admittedly, some international agreements enjoy undisputed status as treaty. Few will deny, that, inter alia, the United Nations (UN) charter, the treaty establishing European Union are treaties, and as such, establishing legal rights and obligations for those states at least who are parties to them. However, treaty is not sometime regarded to be legally binding. In 1994, the German Constitutional Court was faced with the question of whether ministerial declarations issued at summit meetings of international organizations are treaties in disguised or not (Klabbers 1996: 2).

A treaty is a settlement or agreement arrived at through negotiation. It gives binding obligations between parties who make them. It may outline the rights and responsibilities of the parties as they are agreed upon. In international law, the word 'treaty' has been used to cover a variety of international agreements. According to the 1969 *Vienna Convention on the Law of Treaties*, 'a treaty is an agreement between two or more nation-states over matters that they have agreed upon'. Enforcement and interpretation of these treaties is governed by international law. However, a 'treaty' can also refer to any agreement or contract and in this sense it can be used to describe agreements made between parties other than nation-states (National Treaty Support Group 2002: 1).

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<sup>1</sup> Foreign Policy attempts to coordinate and it is the way in which at least principle, priorities are established between competing externally projected interests. It is also the chief instrument through which states promote and extrapolate their national interest in international and national scenario. For more details see Hill 2002: 3

In India and Bhutan relations various treaties like the Treaty of Sighula, 1865, the Treaty of Punakha, 1910, the Treaty of Peace and Friendship, 1949 played guiding role. How these treaties were important especially the Treaty of Sighula, 1865 and the Treaty of Punakha, 1910 on only British India and Bhutan relations and 1949 treaty will be discussed in the next chapter and the treaty of Peace and Friendship of 1949 between Independent India and Bhutan is important to trace.

### **1.1 Geostrategic Location of Bhutan**

Geo-strategic location includes the size, location, climate, topography and natural boundaries (Roy 2010: 98). Bhutan by all criteria is a small and weak state situated very strategically wedged itself a buffer state<sup>2</sup> between India and China. It not only shares 700 k.m. long borders with Sikkim, Assam and Arunachal Pradesh but also shared the border with West Bengal. One important reason for close relationship between India and Bhutan is because of common threat perception from China. As China has a border dispute with India and Bhutan. Bhutan- China Agreement on Peace and Tranquillity on borders of 1998 was signed between the two countries. But China has not implemented this agreement and started building border roads close to Bhutan's border which led to protest in Bhutan (Sharma 2011: 54). As Bhutan is a landlocked country and sandwiched India and China, it maintains its relations and contacts with rest of the world through Indian territory. For Bhutan, Calcutta is the nearest airport. By road, it is only 750 k.m. away from Phuntsholing, the main gateway town in Bhutan (Kharat 2005: 14 and see the map no 1.1).

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<sup>2</sup> A buffer state is a country lying between two rival and potentially hostile greater powers, which by its sheer existence is thought to prevent conflict between them. In this chapter Bhutan is buffer state because its geostrategic location placed between two great powers India and China. See T. Turmanidze (2009), Buffer States: Power policies, foreign policies and concepts.

## 1.1 Political Map of Bhutan



Source: Encyclopaedia Britannic Inc.

Moreover, the British policy towards the Himalayan region was shaped by geo-political, strategic. The principal objective of the Himalayan policy of the British was indeed to strengthen the India's traditional border in North. Under this policy, it was assumed that the main threat to India's northern border came from Russia. But as far as, the Himalayan region was concerned, Russian thrust was neutralized by the Anglo-Russian convention of 1907 which was clearly defined the sphere of influences of Britain and Russia in Asia. Eventually, the threat which came from Russia was disappeared altogether. But the more perennial threat to India's north and north-eastern border come from China. China had always held the view that the Himalayan region are within her natural sphere and over Bhutanese claimed a shadow of suzerainty<sup>3</sup>. To contained the Chinese influence over Bhutan, it was importance for British India and independent India to maintain a cordial relations between these two countries (Poulose 1971: 196). After centuries of close ties to Tibet and less definite connections to China, Bhutan developed a southerly political orientation, first with British India and then with independent India. British troops in or near Bhutan presented a considerable deterrent to China from the eighteenth century till the early twentieth century. Britain's withdrawal from India in 1947 and India's replacement of Britain as Bhutan's protector coincided with the communist military victory in China in 1949. Because of its location in India's strategic defence system, Bhutan has long had foreign defence arrangements, first with Britain and then with independent India. Despite common international policy goals of Indian and Chinese leaders, territorial problems between the two powers continued to define Bhutan's buffer status. The 1962 border war between India and China had serious implications for Bhutan and could have embroiled it in the fighting. Thimphu permitted Indian troops to cross Bhutanese territory and Chinese airplanes allegedly violated Bhutanese air space. In addition, China reportedly had six divisions stationed near the borders of Bhutan, Sikkim, and Nepal. China had its own boundary disputes with Bhutan, and Chinese

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<sup>3</sup> Suzerainty in occurs where a region of people is tributary to a more powerful entity which controls its foreign affairs while allowing the tributary vassal state some limited domestic autonomy and it is a kind of international guardianship since the vassal state is either absolutely or mainly represented by the suzerain state. See Contemporary Tibet: Politics, Development, and Society in a Disputed Region By Barry Sautman, June Teufel Dreyer, 2006, p.288

troops reportedly breached the Bhutanese frontier on several occasions in 1966, 1970, and 1979. In each case, New Delhi attempted to represent Thimphu's interests in protest notes to Beijing, all of which were rejected (Mongabay 2010:1).

On account of her physical proximity, geopolitical realities and strategies compulsion, Bhutan is bound to be so close and intimate with India that the country looks like an extension of the continental mass. From the defence point of view, the two constituted the integrated whole and geographically; Bhutan is borderland of India in north eastern region Kohli 1993:3). So, India-Bhutan relations is not a recent phenomenon but it has a long history from the British were reigning in India.

## **1.2 Historical Narratives of British-India and Bhutan Relations**

In the early eighteen century, Bhutan had successfully developed control over the principality of Cooch Behar<sup>4</sup>. The Raja of Cooch Behar has sought assistance from the British against the Indian Mughals in 1730, and Bhutanese political influence was not in following by the mid 1760s and Thimphu considered Cooch Behar as its dependency, stationing a garrison force there and directed its civil administration. When the Druk Desi<sup>5</sup> invaded Sikkim in 1770, Cooch Behar joined their Bhutanese counterparts in the offensive. In a succession disputes in Cooch Behar two years later, however, the Druk Desi's nominee for the throne was opposed by a rival who invited British troops, and in effect Cooch Behar became dependency of British East India Company.<sup>6</sup>

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<sup>4</sup> Cooch Behar is one of the three northern most districts of modern Indian state of west Bengal, the other two being Jalpaiguri and Darjeeling. The Koches, ethnically a Tibeto-Burman tribe, formed the original core of the population of the district. See Monorama Kohli, 1982.

<sup>5</sup> The Druk Desi was the title of the secular (administrative) ruler of Bhutan under the under the dual system of governments between the seventeenth and nineteenth centuries. Under this system, government authority was divided among secular and religious administrations, both unified under a single leader. Druck meaning "thunder dragon," refers symbolically to Bhutan, whose most ancient name is Druk-yul. Desi, meaning "regent," was the chief secular office in realms under this system of government. See

<sup>6</sup> For more details see Global Investment Business Centre, Bhutan Foreign Policy and Government Guide, Vol.1, Strategic Investment and Development, 2003.

Under the Cooch Behar agreement with British, a British expeditionary force drove Bhutanese garrison out of Cooch Behar and invaded Bhutan in 1772-73. The Druk Desi petitioned Lhasa for assistance from the Panchen Lama<sup>7</sup>, who was serving as regent for the Dalai Lama, in correspondence with the British Governor General of India. However, the Panchen Lama instead castigated the Druk Desi and invoked Tibet's claim of suzerainty over Bhutan (US Library Congress 2011: 1). Failing to receive help from Tibet, the Druk signed a 'Treaty of Peace' with the British East India Company on 25 April, 1774. Bhutan agreed to return to its pre 1730 boundaries, paid a symbolic tribute of five horses to Britain, and, among the other concession, allowed the British to harvest Timber in Bhutan. Subsequent missions to Bhutan were made by British in 1776, 1777, 1783 and commerce was opened between British India and Bhutan. Boundary disputes ploughed Bhutanese and British India relations. To reconcile these differences Bhutan sent an emissary to Calcutta in 1787 and British sent mission to Thimphu in 1815 and 1838. The 1815 mission was inconclusive. The 1838 mission offered a treaty providing for extradition of Bhutanese officials responsible for incursions into Assam, free and unrestricted commerce between India and Bhutan, and settlement of Bhutan's debt to the British. In attempt to protect its independence, Bhutan rejected the British's offer. Despite increasing disorder, Bhutan had maintained its control over a portion of the Assam Duars more or less since its reduction of Cooch Behar to a dependency in 1760s<sup>8</sup>.

After British gained control over lower Assam, tension between the countries began to rise as Britain exerted its strength. Bhutanese payment of annuals tribute to British for Assam Duars gradually fell into arrears, however the resulting British demands for payment and military inclusion in 1834 and 1835 brought about defeat for Bhutan force and a temporary loss of territory. The British proceed in 1841 to annex the

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<sup>7</sup> Panchen Lama, any of the reincarnated lamas in Tibet, each of whom heads the influential Tashilhunpo Monastery (near Shigatse) and until recent times was second only to the Dalai Lama in spiritual authority within the dominant Dge-Lugs-Pa sect of Tibetan Buddhism. The title Panchen (a short form of the Sanskrit-Tibetan Pandita Chen-po, or "Great Scholar") was that traditionally given to head abbots of the Tashilhunpo Monastery, who were chosen for their maturity and learning. In the 17th century the fifth Dalai Lama declared that his tutor, Blo-bzang chos-kyi-rgyal-mtshan (1570–1662), who was the current Panchen Lama, would be reincarnated in a child.

<sup>8</sup> For more details see Global Investment Business Centre, Bhutan Foreign Policy and Government Guide, Vol.1, Strategic Investment and Development, 2003.



formerly Bhutanese controlled Assam Duars, paying compensation of 10,000 rupees a year to Bhutan. In 1842 Bhutan gave up control to the British of some of the troublesome Bengal Duars territory it had administered since 1784. Charges and counter charges of borders inclusions and protection of fugitives led to unsuccessful Bhutanese mission to Calcutta in 1852. Among others demands, the mission sought increased compensation for its former Duars territories, but instead the British deducted nearly 3000 rupees from the annual compensation and demanded an apology for alleged plundering of the British protected land by the members of the mission, following more incidents and prospects of an anti-Bhutan rebellion in the Bengal Duars., British troops deployed in frontiers in the mid 1850s.<sup>9</sup> However, the sepoy rebellion in 1857-58 and the demise of British East Company prevented immediate British action. Bhutanese armed force raided Sikkim and Cooch Behar in 1862, seized people, property and money. The British responded by withholding all compensation and payment and demanded to release all captives and return of stolen property. Demands to the Druk Desi went unheeded, as he was alleged to be unaware of his frontiers officials' actions against Sikkim and Cooch Behar. Britain sent a peace mission to Bhutan in the early of 1864, in the wake of conclusion of a civil war there. The Dzungpon of Punakha who had emerged victorious had broken with the central government and set up a rival Druk Desi while the legitimate Druk Desi sought the protection of the Ponlop of Paro and was later disposed. The British mission dealt alternative with the rival Ponlop Paro and Ponlop of Paro and the Ponlop of Tongsa but Bhutan rejected the Peace and Friendship treaty it offered. Britain declared war in November 1864. Bhutan had no regular army, and forces existed were composed of Dzong Guards, carrying shields and wearing chainmail armour, engaged in well equipped British forces.

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<sup>9</sup> Ibid.

### 1.3 Treaty of Sinchula, 1865<sup>10</sup>

The Duar war<sup>11</sup> (1864-65) lasted only five months and despite some battlefield victories by Bhutanese forces, resulted of Bhutanese defeat loss of part of its sovereignty territory, forced cession of formerly occupied territories. British India and Bhutan went for treaty on November 11 in 1865, named as Sinchula Treaty (US Library Congress 2011: 1). Both India and Bhutanese Government agreed that there should be perpetual peace and friendship between British Government and the Government of Bhutan and if there would be consequence of repeated aggressions of Bhutan Government and of the refusal of that Government to afford satisfaction for those aggressions, and their insulting treatment for the officers sent by his Excellency, the Governor General in Council for the purpose of procuring an amicable adjustment of difference existing between the two states, the British Government has been compelled to seize by an armed force of the whole of the Duars and certain Hill posts protecting the passes into Bhutan. However, the Bhutan Government had expressed

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<sup>10</sup> The treaty of Sinchula was signed between the Government of Bhutan and British India at Sinchula, India on November 11, 1865. It was also called the Ten Article Treaty of Rawa Rani. In this treaty, the Bhutan government agreed to cede the Assam and Bengal Duars to the British government and to surrender all the subjects of Sikkim and Cooch Behar to the British. Mutual extradition of criminals and establishment of free trade between the two countries were agreed upon. The British government agreed to pay 25,000 rupees for the fulfilment of the terms of treaty - 35,000 rupees on January 10 as the first payment, 45,000 rupees on January 15 on the following year, and 50,000 rupees on January 10 every year following. As the result of the treaty, 2,750 square miles (7,122 square km) of the total land of Bhutan was ceded to British India. Bhutan also lost Ambari Falakata and some of the hill territory on the bank of the Teesta River. In reciprocal basis the treaty secured the exemption of the levy of duty on goods imported to Bhutan territories. It also subjected the attribution of British government to all its disputes over Sikkim and Cooch Behar. The Sinchula Treaty between the Government of Bhutan and British India has special components, which is also the base of the Indo-Bhutan Treaty of 1949. Articles that are included in the Sinchula Treaty are still working as a milestone to the relation between Bhutan and India.

<sup>11</sup> Britain sent a peace mission to Bhutan in early 1864, in the wake of the recent conclusion of a civil war there, under Ashley Eden. who had emerged victorious – had broken with the central government and set up a rival Durk Desi while the legitimate druk desi sought the protection of the Penlop of Paro and was later deposed. The British mission dealt alternately with the rival ponlop of Paro and the ponlop of Tongsa (the latter acted on behalf of the druk desi), but Bhutan rejected the peace and friendship treaty it offered. Britain declared war in November 1864. Bhutan had no regular army, and what forces existed were composed of dzong guards armed with matchlocks, bows and arrows, swords, knives, and catapults. Some of these dzong guards, carrying shields and wearing chainmail armor, engaged the well-equipped British forces. The fort, known at the time as Dewangiri, at Deothang was dismantled by the British during 1865. The British initially suffered a humiliating defeat at Deothang and when they recaptured Dewangiri they destroyed much in an attempt to compensate. The Duar War (1864–1865) lasted only five months and, despite some battlefield victories by Bhutanese forces, resulted in Bhutan's defeat, loss of part of its sovereign territory, and forced cession of formerly occupied territories. In the Treaty of Sinchula that ended the Duar War, Bhutan was forced to cede parts of the Assam Duars, the Bengal Duars and Dewangiri to British India In return, the British Raj paid a rent of 50,000 rupees to Bhutan up until 1910.

its regret for past misconduct and make a desire for the establishment of friendly relations with the British Government, it was agreed that the whole of the tract known as the Eighteen Doars, bordering on the District of Rungpoor, Cooch Behar and Assam, together with the Talook of Ambaree Fallacottah and the Hill territory on the left bank of the Teesta and up to such point laid down by the British Commissioner appointed for the purpose was ceded by the Bhutan Government to the British Government forever. Moreover, the Bhootan Government agree to surrender all British subjects as well as Subjects of the chiefs of Sikkim and Cooch Behar who detained in Bhutan against their will, and hold no impediment in the way of the return of all or any of such persons into British territory (Kohli 1993: 226). With consideration of the session by the Bhutan Government of the territory specified in Article 2 of Sinchula Treaty (see Appendix One), and Bhutan Government expressed its regret for the past misconduct, and hold that it would engaged for the future to restrain all evil-disposed persons from committing crimes within British territory or the territories of the Rajahs of Sikkim and Cooch Behar, it was further agreed to give full redress for all such crimes which was committed in defence of their commands, the British Government agreed to make an annual allowance to the Government of Bhutan of a sum not exceeding fifty thousand rupees to be paid to officers not below the rank of Jungpen, who disputed by the Government of Bhutan to receive the same. And it is further agreed that on the fulfilment by the Bhutan Government of the conditions of the Treaty twenty five thousand rupees, On the 10 January following the first payment, thirty five thousand rupees, on the 10 January following forty five thousand rupees and on every succeeding 10 January fifty thousand. The British Government had the power to suspend at any time the payment of that compensation money either in whole or in part in the event of misconduct on the part of the Bhutan Government or its failure to check the aggression of its subjects or to comply with the provisions of Sinchula Treaty. Moreover, the British Government agreed on demand being duly made in writing by the Bhutan Government, to surrender, under the provisions of Article VII of 1865 (see Appendix One), of which a copy furnished to the Bhutan Government, all Bhutanese subjects accused of any of the following crimes who may take refuge in British dominions. The crimes are murder, attempting to murder, rape, kidnapping, great personal violence, maiming, dacoity, thuggee, robbery or burglary, cattle stealing, breaking and entering a dwelling house and

stealing therein, arson, setting fire to village house, or town, forgery or uttering forged documents, counterfeit coin, perjury, subordination of perjury, embezzlement by public officers or other persons, and being an accessory to any of the above offences (Rajput 2011: 247). If there would British subjects accused of crimes, the Bhutan Government agree on requition being duly made or by the authority of any Lieutenant Governor of Bengal, to surrender any British subjects accused of any crimes specified in the above Article who took refuge in the territory under the jurisdiction of the Bhutan Government, and also Bhutanese subjects who after, committing any of those above crimes in British territory, shall flee into Bhutan, on such evidence of their guilt being produced as shall satisfy the local Court of the district in which the offence may have been committed and if there is arbitration agree to refer to the arbitration of the British Government all disputes with, or causes of complaint against, the Rajahs of Sikkim and Cooch Behar, and to abide by the decision of the British Government; and British Government hereby engage to enquire into and settle all such disputes and complaints in such manner as justice may require, and to insist on the observance of the decision by the Rajahs of Sikkim and Cooch Behar. In matter of trade and commerce, the treaty said about free trade and commerce between the two governments. No duties would be levied on Bhutanese goods imported into, or transported through, the Bhutanese territories nor shall the Bhutanese Government levy any duties on British goods imported into, or transported through, the Bhutanese territories. Bhutanese subjects residing in British territories would have equal justice with British subjects, and British subjects residing in Bhutan shall have equal justice of the Bhutan Government (Kohli 1993: 227).

Under the term of the treaty of Sinchula 1865, Bhutan ceded territories in Assam and Bengal Duars as well as the eighty three kilometres territory Dewangiri in south-eastern Bhutan, in return for an annual subsidy of fifty thousand. The treaty contained provision for free trade and commerce between the subjects of Bhutan and those of British India. Although the treaty was silent on the question of conducting foreign relations of Bhutan, article 10 of this treaty stipulated that the British government will act as arbitrator in any dispute between Bhutan and any of her neighbour's countries. At a time, when Bhutan did not have foreign relations with the countries beyond the

Himalayas, this provision was sufficient for British to exercise full control over Bhutan in foreign matters and unfavourable from the Bhutanese point of view was that the boundary was left to be determined unilaterally by the British. The article relating to free trade between the people of the two countries was also not to the liking of the Deb Raja. The superior might of the British and the threat to stop payment of subsidy to Bhutan forced Bhutan to accept all the terms of the treaty without reservations (Kohli 1993: 16).

The Governor General Sir John Lawrence in his letter dated 15 June, 1865 said that annexation of Bhutan would have alarmed Tibet much to the discomfort of the British. Following the conclusion of treaty 1865 and settlement boundary without interfering in the internal matters of Bhutan, the British chose to deal directly with the Darbar avoiding the Penlops or other local officials, and for all acts of commission on their part the Darbar was held responsible. In the 1870s and 1880s, renewed competition between regional rivals primarily the pro-British and Penlop of Tongsa and the anti- British, pro-Tibetan Penlop of Paro resulted in the ascendancy of Ugyen Wangchuck, the Penlop of Trongsa. From his power base in central Bhutan, Ugyen Wangchuck had defeated his political enemies and united the country following several civil wars and rebellion in 1882-85. His victory came at a time of crisis for the central government, however, British power was more extensive to South and in the West Tibet which had violated its border with Sikkim, incurring British disfavour<sup>12</sup> Moreover, the Chinese were trying some kind of suzerainty over Bhutan by virtue of appointing the chiefs of Bhutan, the British were put on alert. Consequently, the Deputy Commissioner of Darjeeling suggested that they might also do something to open up more intimate and cordial relations with Penlop and others in Bhutan. However, a martial relations change in British policy in the Himalayan region took place after Curzon assumed charge of the office of the Governor General in 1899. In the context of Curzon's famous "forward Policy"<sup>13</sup> in Tibet, friendly and dependent

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<sup>12</sup> For more details see Global Investment Business Centre, Bhutan Foreign Policy and Government Guide, Vol.1, Strategic Investment and Development, 2003.

<sup>13</sup> This is a policy which was applied by Lord Curzon to contain Russian influence in Central Asian region, manifested more dramatically in his tactic support for the Younghusband Expedition to Tibet. See British Foreign Secretaries in an uncertain World: 1919-39 by M. Hughes.

Bhutan served a very useful purpose. Determined to open a direct communication channel with Lhasa, and not through the Chinese Amban, Curzon thought of using Ugyen Kazi, the Bhutan agent, who had some contact with the Tibetan authorities (Kohli 1993: 18).

Ugeyn Kazi wrote a couple a letters to the Panchen Lama who did not respond. In June 1901 yet another attempt was made through Ugeyn Kazi who was entrusted to go to Lhasa with a letter from Curzon to the Dalai Lama. In October he returned with the Curzon's letter unopened and the seals intact. He said the Dalai Lama had refused to accept Curzon's letter. As developments in Tibet assumed a kind of seriousness and the British decided to send an expedition to Tibet where Bhutan's cooperation in the successful conduct of the expedition became crucial significance (Kohli 1993: 19). In 1901, a communication was sent the Tongsa Penlop that the Government of India was desirous of obtaining the good offices of the Government of Bhutan in securing satisfactory settlement with Tibet. In order to bring Bhutan closer to India, a proposal was also mooted that Bhutan's permission may be sought for constructing a road via Bhutan to Lhasa. For this purpose an increase in annual subsidy could be suggested to Bhutan as an incentive to have their consent. The Government of Bengal also proposed that some territorial concessions could be offered to Bhutan. The aims and objectives of the Tibet expedition led by Colonel Francis Younghusband have remained controversial till this date, but there can be no doubt that British were unsuccessful in winning over Bhutan to their side through their diplomacy of friendship and coercion. A letter from the chief secretary of Bengal Government under the dateline 9 October, 1903, requested the Penlop of Trongsa to come to Buxa for meeting with the commissioner of Rajshahi. The objective as stated was to bring negotiations with Tibet to a happy conclusion and to obtain the good offices of the Government of Bhutan in securing a satisfactory solution of all difficulties. As there was some kind of an evasive reply from the Penlop of Trongsa, the commissioner of Rajshahi wrote that reports had been received of military preparations in Bhutan, he even threatened to suspend the payment of subsidy which was due in January 1904. It was hoped that, if the subsidy which ultimately worked and the purposed meeting eventually took place on 15 February, 1904 and from then onwards Bhutan almost

completely sided with British. So satisfied were the British with dialogue that Curzon wrote the secretary of state 'Bhutan have shown a good temper and friendliness, at which we have agreeably surprised and are lending every assistance in the exploration of the new route by the Di Chu and the Amu Chu, which we hope to open up towards the Chumbi Valley from the plains of Bengal. On 3 June , 1904, Ugyen Wangchuck, the then Tongsa Penlop of Bhutan, Kazi Ugyen, the Bhutan envoy at Darjeeling, and a retinue of 200 officers came to Phari to have talks with British India officials with a view to assisting the latter towards reaching some kind of settlement of with Tibet'. A meeting between Ugyen Wangchuck and General Macdonald, military commander of the expedition, took place in the first week of June, 1904. This could very easily be described as the turning point in the history of Bhutan. In recognition of the services rendered by Ugyen Wangchuck the British India Government decided to confer on him the title of the Knight Commander of the Indian Empire (K.C.I.E).In 1904, a special mission was dispatched to Bhutan under the leadership of J.C. White along with Major Rennick of the intelligence department and A.W. Paul, the former Political Officer in Sikkim. This was the first British mission since the unsuccessful mission led by Asheley Eden. Ugyen Wangchuck, however, pleased no doubt with the title , was hoping to be rewarded with the support of the British. This impression one gets from his correspondent with Curzon. Although the Foreign Department did not express any opinion on the proposal, the Department noted on file that it was probably under instigation from White that the Penlop of Trongsa made such a demand on the British Government. The White was favourably inclined towards Sir Ugyen Wangchuck and wanted to strengthen his position within Bhutan was cleared from a set of proposals he placed before the government for consideration, including an increase in the annual subsidy payable to Bhutan.<sup>14</sup> He quote 'the slight increase called for would give Government absolute hold on the country: formerly there was a chance of Tibet paying it but by making the subsidy a lakh, all danger on this point would disappear. It will be money well paid out in that it will help to consolidate the present stable Government in Bhutan; It will find Bhutan closer to India and give the Indian Government a much greater control over it; it will assist the Bhutanese, who

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<sup>14</sup> For more details see Global Investment Business Centre, Bhutan Foreign Policy and Government Guide, Vol.1, Strategic Investment and Development, 2003.

have now, for many years, shown themselves friendly to us, to carry out some very pressing reforms and to open up their country to trade; and will finally place Bhutan on our side and will show the Tibetans and the Chinese that it is so'. White suggested that the treaty of 1865 should be revised. He stated that A new treaty could be drawn up so as to prevent Bhutan having relations with others foreign powers such as Tibet and China, and might stipulate for the authority to make roads as was the case with Sikkim. In 1906, when the prince of Wales visited India, the Deb Raja, and Sir Ugyen Wangchuck were invited to India as also the Maharaja and Maharajakumar of Sikkim and Tishu Lama of Tibet. Although the Deb Raja could not come because of some preoccupations in his country, Ugyen Wnagchuck came (Kohli 1993: 22). On arrival, he was given a salute of fifteen guns, an honour reserved for the chiefs of the princely states of India. It may be noted that legally speaking, Ugyen Wangchuck was not the chief of his country as Bhutan still had Deb Raja who was the formal head of state. Nevertheless, the British virtually treated him as the head of state and hence extended to him the same honour as was given to Maharaja of Sikkim. The Penlop of Trongsa, in return, in a Kharita presented to the viceroy on the occasion, pledged complete loyalty to the Government of India. The Foreign Department's comments on the language of the Kharita was that it expressed the Bhutanese Darbar's desire to enter into relations such as text books of International Law of Indian Political Practice contemplate as existing between a protecting and a feudatory state. It appears that Bhutan brought under some kind of protection of British, was already developing in the British India circles. J.C. White and Ugyen Wangchuck had developed a kind of personal rapport between them and a trust which eventually led to the signing of a new treaty in 1910 (Kohli 1993: 23).



#### **1.4 Treaty of 1910, Punakha<sup>15</sup>**

The political officer in Sikkim, Charles Bell, recommended to the Government of British India, that to counter the Chinese advances in Bhutan, Bhutan should submit all her disputes with foreign powers for consideration, to the Government of British India. Thus, British India could control Bhutan's foreign policy. Finally, a new treaty was concluded on 8 January 1910 between Bhutan and British India at Punakha. The new treaty consisted of ten Articles with IV and VIII of the earlier treaty 1865 with some modifications. According to the revised article VIII of the treaty of 1865, the Government of Bhutan agreed to conduct its foreign relations under the guidance and advice of British India (Kharat 2005: 54).

As the treaty of Punakha 1910 was a revised treaty of Sinchula, 1865, the following addition has been made to Article IV of the treaty of Sinchula of 1865. "The British Government has increased the annual allowance to Government of Bhutan from fifty thousand to one hundred thousand rupees with effect from 10 January, 1910 (See Appendix Two). Article VIII of Sinchula Treaty of 1865 has been revised and revised Article runs as follows: "The British Government undertakes to exercise no interference in internal administration of Bhutan. On its part, the Bhutanese Government agrees in regard to its external relations. In the event of disputes with or causes of complaint against the Maharajs of Sikkim and Cooch Behar, such matters will be referred for arbitration to the British as justice may require and insist upon the observance of its decision by the Maharajas named (See Appendix Two).

From the Bhutanese point of view, the treaty of Punakha 1910, changed not only the political history of Bhutan but also social and economic life in Bhutan. There were many reasons which promoted Maharaja Ugyen Wangchuck to sign this treaty. First, he wanted to protect Bhutan from Chinese expansionist policies. Secondly, it was not

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<sup>15</sup>The 1865 treaty of Sinchula between British-India and Bhutan was revised on 8 January 1910 under the Treaty of Punakha. Under the treaty, the British increased the annual subsidy payment to Bhutan from Rs. 50,000 to Rs. 100,000 and agreed not to interfere in the internal administration of Bhutan. On its part, Bhutan agreed to consult the British government in regard to its external relations. Bhutan also received a portion of land at Kalimpong to set up a Bhutanese Agent. The signing of the treaty ensured a lasting peace and friendship between the two countries. On the one hand, the security and sovereignty of Bhutan was ensured. On the other, the fear of the British-Indian government that Bhutan would come under the influence of other powerful nations and threaten its security and dominance in India was removed.

possible for Bhutan to maintain a separate political entity without the help of British India. Thirdly, he felt this way the way to modern Bhutan and bring radical changes into the economic system of the country with British India's assistance. It was true that by concluding this treaty, Ugyen Wangchuck not only ensured the autonomy of Bhutan, but also kept it free from foreign influence. The Treaty Punakha, 1910 served the British India's interest as it extended its commercial, political and military relations with Tibet as well as in the Himalayan region through the territory of Bhutan. In fact, the Treaty was indeed fortuitous, as British India could not ignore Bhutan's strategic location in the Himalayan region (Kharat 2005: 56).

During reign, Ugyen Wangchuck he eliminated all conflicts and established peace and stability in Bhutan. He was succeeded by his son Jigme Wangchuck in 1926. Throughout his rule he maintained cordial and friendly relations with British India. Along with Maharani, he paid his first visit to India 11 to 31 December of 1934. During his visit, the Maharaja attended various functions, and also visited the gun and shell factory at Calcutta and statesman house to see production of newspaper. In 1947, J.P. Dorji, agent of Bhutan Government to India at Kalimpong, participated in Asian Relations Conference at New Delhi, and presented a paper on Bhutan. In the following year 1948, Bhutan sent its delegation to discuss further Bhutanese relations with India, in view of the Treaty of Punakha, 1910. This meeting finally resulted in the signing of a standstill Agreement between Bhutan and independent India on 8 August 1949 at Darjeeling (Kharat 2005: 57).

**Table 1.1- Historical Narratives of British India and Bhutan**

<b>Years</b>	<b>Historical Events of British India and Bhutan Relations</b>
1774	Bhutan allowed British India to harvest Timber in Bhutan and relationship of commerce grew up.
1787	Bhutan sent an emissary to Calcutta in 1787 to reconcile the boundary disputes between British India and Bhutan.
1842	Bhutan gave up control to the British of some of the troublesome Bengal Duars territory it had administered since 1784.
1864	Duars between British India and Bhutan.
1865	Sinchula Treaty.
1910	Punakha Treaty.

## **1.5 Concluding Remarks**

Treaties always remain as an important instrument between or amongst states because of its legality and legitimacy which also impact on international relations. The treaties between India and Bhutan like Sinchula, 1865, Punakha, 1910 were the founding stone for cordial and friendly relations between these two and also these are important to control the expansionist policies of China towards Bhutan. After India's independence in 1947, there was another important treaty which was signed between Independence India and Bhutan known as the Peace and Friendship, 1949 Treaty. The next chapter will explore the relevance of the treaty of Peace and Friendship, 1949 between India and Bhutan.

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## **Genesis of India- Bhutan Treaty of 1949**

The Treaty of Punakha, 1910, between India and Bhutan gave Bhutan complete freedom to control its internal administration. Significantly, it did not form part of the British Indian Empire. Accordingly, Bhutan requested the British to guarantee that its relations with the future independent India would be maintained on the same basis after 1947. In 1949, the communist captured almost all part of the Chinese mainland and were to establish their own government. This development was seen as a threat not only to Bhutan's security but also India's. Thus security consideration compelled both the countries to maintain close and friendly relations with each other. The negotiation lasted till August 1949. At that time the Government of India gave an assurance that India would always be happy to respect Bhutan's independence if Bhutan maintained the same relationship which had been set-up by the British. During the negotiations as a gesture of goodwill, the Government of India agreed to give back the area of the Dewangiri Hill strip, an area of thirty two sq. Miles in Eastern Bhutan, if Bhutan agreed to revise the essential provisions of the Treaty of Punakha, 1910. The Bhutan delegation accepted all these deals and agreed to conclude a new treaty signed by India and Bhutan on 8 August 1949 (Kharat 2005: 57). The present chapter will focus on the Treaty of Peace and Friendship, 1949.

### **2.1 The Treaty of Peace and Friendship, 1949**

With the departure of the British from the subcontinent, it became necessary for both India and Bhutan to define or redefine their mutual ties and to make a fresh beginning. Undoubtedly, there were apprehensions in the Bhutanese circles as to the motivations of independent India towards her small neighbours in the periphery. Bhutan feared that the new India may be imperialistic and ignore the urges and aspirations of the Himalayan Kingdom. Apparently one cause of misunderstanding and confusion was the lack of exact definition of the legal and political status of Bhutan according to the provisions of the treaty of Punakha, 1910 (Kohli 1993: 37). Without describing Bhutan as a protectorate<sup>1</sup>, the British virtually treated her like a protectorate as they

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<sup>1</sup> In history the term protectorate has two different meaning. In the earlier inception which has been adopted by modern international law, it is autonomous territory that is protected diplomatically or militarily against third parties by stronger state or entity. In exchange for this the protectorate usually accepts specific obligations, which may vary greatly depend on the real nature of their relationship.

exercised full control of her foreign relations whatever the scope and nature of these relations. Indeed, so long as Bhutan remained isolated and inward-looking, the need to define her status from the point of view of her external contacts did not arise. (Kohli 1993: 38). However, after India's independence in 1947, standstill agreements with Sikkim<sup>2</sup>, Nepal and Tibet were signed to continue existing relations until new agreements were made. Bhutan's status as a country with respect to India became clearer following Prime Minister Jawaharlal Nehru's invitation to participate in the Asian Relations Conference in 1947<sup>3</sup>. (Bandyopadhyay 2009: 3).

But another cause of concern from the Bhutanese point of view was that since Bhutan was treated at par with the Indian princely states, Bhutan might also get eventually be absorbed in the Indian Union and thus her independent existence altogether.

On the other hand, the relationship that developed between Tibet and British; with Trongsa Penlop being instrumental in forging the relationship between the two countries- both the young husband mission and the Viceroy of India acknowledged their efforts. In recognition to the service that Bhutan rendered, the British extended many facilities to that country under the recommendations of White who led a mission to Bhutan in 1903-05. Among others White recommended: (1) that the Government of India should enhance the subsidy to Bhutan from Rs.50000 to

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However, it retains formal sovereignty and remains a state under international law. A second meaning came about as a result of European Colonial Expansion in the nineteenth century. Many colonized territory came to be referred to colonial protectorate between not regard as a separate state under International law. Entities refers to as International Protectorate can become so subordinated to the protectoring that in effect they lose their independent statehood, through their exceptions.

<sup>2</sup> With the departure of British from India soil lapsed the British paramountcy over Sikkim, but the Standstill agreement conducted between India and Sikkim in order to retain their respective rights and obligations evolved through earlier treaties and conventions. Encyclopaedia of North-East India: Sikkim by Hamlet Bareh 2004 : 3

<sup>3</sup> The 1st Asian Relations Conference took place in New Delhi in March-April 1947. It was hosted by Prime Minister Jawaharlal Nehru, who then headed a provisional government that was preparing for India's Independence, which came on 15 August 1947. The Asian Relations Conference brought together many leaders of the independence movements in Asia, and represented a first attempt to assert Asian unity. The objectives of the conference were "to bring together the leading men and women of Asia on a common platform to study the problems of common concern to the people of the continent, to focus attention on social, economic and cultural problems of the different countries of Asia, and to foster mutual contact and understanding." In his writings and speeches, Nehru had laid great emphasis on the manner in which post-colonial India would rebuild its Asia connections. At this conference Nehru declared: "Asia is again finding herself one of the notable consequences of the European domination of Asia has been the isolation of the countries of Asia from one another. Today this isolation is breaking down because of many reasons, political and otherwise. This Conference is significant as an expression of that deeper urge of the mind and spirit of Asia which has persisted. In this Conference and in this work there are no leaders and no followers. All countries of Asia have to meet together in a common task.

Rs.100000; (2) that the Sinchula Treaty of 1865 should be revised in respect of Bhutan's foreign relation with China and Tibet; (3) that new roads should be constructed in Bhutan under the financial assistance from British India; and (4) that the Indo-Bhutan trade relation should be improved. Also, the British administration provided compliments to the Trongsa Penlop Ugyen Wangchuk by conferring him the title of Knight Commander of the Indian Empire (Sarkar and Ray 2007: 1).

In 1905, when Ugyen Wangchuk visited India officially, he was accorded a salute of 15 guns to which the chiefs of all princely states were entitled in the memorandum on Indian states published by the Political Department of the Government of India, Bhutan was included in the list of Indian states. But under the Government of India act 1935 which defined India's constitutional arrangements in the British-held provinces and the Indian states, Bhutan was not in the category of the later. Benegal Rau, a constitutional expert observed:

*Bhutan could not be an India state strictly so called and could not be taken even to be a state in India. Its precise legal status was, therefore, of a foreign state governed by treaty relations. It was foreign because it was in law not an Indian state nor it was governed by the limitations imposed by agreement which Bhutan had signed 1910 with British in India* (Kohli 1993: 38).

Benegal Rau's argument was that an Indian state did not have any foreign relations whatsoever. On the contrary, in the case of Bhutan she had foreign relations, but, under the provisions of the treaty agreements, these were being looked after by the Government of India. An Indian state, moreover, was a part of the territory of India and treaties concluded by the Government of India, ipso facto applied to the whole of India including such Indian states that had acceded to the domination of India after 1947. The same could not be said in the case of Bhutan since the legislative writ of India did not ipso facto extend to Bhutan. India, therefore, decided to exclude Bhutan from its legislative and executive domain, and by doing so it made clear that Bhutan was completely an independent country and not a part of Indian Territory. Notwithstanding all this, uncertainty began to take place and Bhutan, it was believed, was thinking of joining a Federation of Himalayan Kingdom's including Sikkim and Tibet as a counter weight to India. In the year 1948, the Bhutan State Congress was formed just as similar Congresses were formed in many other Indian States. This



heightened the fears of the rulers of Bhutan as to the motives of the Indian National Congress which assumed political authority in India. (Kohli 1993: 39).

However, Bhutan during this period also made three major policy shifts: first, Bhutan moved much closer to India on security issues; second, it initiated a policy of modernization; and third, in order to get outside assistance for its modernization drive and to pre-serve its independence, Bhutan decided to open up and gradually expand relations with the outside world. The Tibetan episode made Bhutan realize that its detachment from the world might cost it its independence. Under the progressive King Jigme Dorji Wangchuck, Bhutan entered a new phase in its history. To achieve its modernization goal, it moved towards accepting assistance from India, which was usually ready to extend aid to Bhutan before the latter sought it. (Ahsan and Chakma 1993:1045)

On the other hand, as per one interpretation Sardar Patel, who was the moving spirit behind the formation of State Congress parties, encouraged some people who decided to form the State Congress in Bhutan. Since the members of this party Nepalese settlers in southern Bhutan, and support of some of the Nepalese political leaders, such as B.P. Koirala, for the India struggle for freedom and even their participation in the struggle for freedom and even their participation in the struggle are known and well established fact of history, the anti-feudal and anti loyal attitude of the Bhutan Congress could not be overlooked. Its formation during 1948-49 when treaty negotiations were on, with an avowed aim to act as a lever against the Bhutanese feudal elite could not be doubted. A Bhutanese delegation came to India to negotiate a fresh treaty with India (Kohli 1993: 40).

Traditionally, Bhutan followed a policy of isolation, or perhaps better termed a policy of withdrawal from international politics to preserve its independence and distinct identity. Its geography protected it and allowed it to apply this policy successfully during the colonial years. But strategic developments in the Himalayan region in the 1950s moved Bhutan away from this tradition. (Ahsan and Chakma 1993:1045)

Thus the Treaty of Friendship and Peace with provisions of ten articles was concluded in 1949. It is article II of the treaty which almost verbatim follows article IV of the

Punakha Treaty of 1910 that explains the relationships between India and Bhutan which states that:

*The Government of India undertakes to exercise no interference in the internal administration of Bhutan. On its part, the Government of Bhutan agrees to be guided by the advice of the Government of India in its external relations (See Appendix Two).*

## **2.2 Analyse of the treaty of Peace and Friendship, 1949**

Both India and Bhutan agreed for perpetual peace and friendship between the Government of India and the Government of Bhutan. Article 2 (See Appendix Three) of this treaty is very important which states that India will not interfere in the international administration of Bhutan. On its part the Government of Bhutan agrees to be guided by the advice of the Government of India in regard to its external relations. So far the payment which was described in Article of Sinchula Treaty, 1865 (Kharat 2005: 245). Here made certain changes like in place of compensation granted to the Government of Bhutan under Article 4 of the Treaty of Sinchula and enhanced by the treaty of eight day January, 1910 and the temporary subsidy of Rupees one lakh per annum granted in 1942, the Government of India agreed according to this article to make an annual payment of rupees five lakhs to the Government of Bhutan. And it was further agreed that the said annual payment was to be made on the tenth day of January, 1950. This payment was to continue as long as this Treaty remains in force and its terms are duly observed. Further, to mark the friendship existing and continuing between the said Governments, the Government of India within one year from the date of signature of this treaty returned to the Government of Bhutan about 32 square miles of territory in the area known as Dewangiri. The Government of India was to appoint a competent officer or officers to mark out the area so returned to the Government of Bhutan (Kohli 1993: 233). In the matter free trade and commerce, both countries agreed for free trade and commerce between the territories of the Government of India and the Government of Bhutan; and the Govt. of India agreed to grant the Government of Bhutan every facility for the carriage, by land and water, of its produce throughout the territory of the Government of India, including the right to use such forest roads as may be specified by mutual agreement from time to time. In matter of arms exports and imports the Government of India agreed based on this

article that the Government of Bhutan was free to import with the assistance and approval of the Government of India, from or through India into Bhutan, whatever arms, ammunition, machinery, warlike material or welfare of Bhutan, and that this arrangement would hold good for all time as long as the Government of India is satisfied that the intentions of Government of Bhutan are friendly and that there is no danger to India from such importations. The Government of Bhutan, on the other hand, agreed that there shall be no export of such arms, ammunition etc. across the frontier of Bhutan either by the Government of Bhutan or by private individuals (Kharat 2005: 246). Moreover, the Government of India and the Government of Bhutan agreed that Bhutanese subjects residing in Indian territories shall have equal justice with Indian subjects residing in Bhutan shall have equal justice with the subjects of the Government of Bhutan. The Government of India shall according to this article, on demand being duly made in writing by the Government of Bhutan, take proceedings in accordance with the provisions of the Indian Extradition Act, 1903 (of which a copy was to be furnished to the Government of Bhutan), or surrender of all Bhutanese subjects accused of any of the crimes specified in the first schedule of said Act who may take refuge in India territory. The Government of Bhutan shall, on requisition being duly made by the Government of India, or by any officer authorised by the Government of India in this behalf, surrender any Indian subject, or subjects of a foreign power, whose extradition was required in pursuance of any Government of India with said power, accused of any crimes, specified in the first schedule of Act XV of 1903, who may take refuge in the territory under the jurisdiction of the Government of Bhutan, and also any Bhutanese subjects who, after committing any crimes referred to in Indian territory, shall flee into Bhutan, on such evidence of their guilt being produced as shall satisfy the local court of the district in which the offence may have been committed (Trivedi 2008: 138). If there will be any disputes arising in the application or interpretation of this treaty shall in the first instance be settled by negotiation. If within three months of the start of negotiations no settlement is arrived at, then the matter was to be referred to the Arbitration of three arbitrators, who shall be nationals of either India or Bhutan, chosen in the following manner:

- (1) One person nominated by the Government of India;
- (2) One person nominated by the Government of Bhutan;

- (3) A judge of the federal Court, or a High Court in India, to be chosen by the Government of Bhutan, who shall be chairman.

The judgement of this Tribunal according to this article would be final and executed without delay by either party. (Kohli 1993: 235).

### **2.3 Is the treaty of 1949- “A British Imperialist Model?”**

A couple of statements of Nehru, and the events which preceded the conclusion of the treaty, influenced Bhutan to renew the treaty with India. Therefore, even if it meant continuation of some kind of dependency relationship with India, under the given circumstances, Thimpu was willing to accept. Bhutan’s limited national capabilities motivated her to maintain a status quo. Hence, it was decided not to end all historic ties with India even if it implied perpetuation of the old British defined order in the region. Historically speaking, therefore, India’s relations with Bhutan are a legacy of the British period (Kohli 1993: 43).

It is well known fact that even after the formal recognition of Bhutan and Nepal as independent states, the British did not allow and encourage them to participate in matters even of direct mutual interests to them. To keep them isolated from the outside world as well as apart from each other was indeed the principal objective of British policy followed throughout the region. They were extra-respectful, therefore, towards the protection of their isolation. After independence It was a delicate and difficult choice for India to decide upon a policy consistent with her anti-colonial record and national interests. On the one hand, the Government of India, therefore, assured “all countries with which the British Government of undivided India had treaties and agreements that the new Government of India would abide by the obligations arising from them.” On the other hand, India declared that she was prepared to relinquish her extra-territorial rights (as was subsequently shown in the case of Tibet) 25 and other relics of British imperialism. Accordingly India undertook to re-negotiate some of her Treaties including the Treaties with Bhutan. (Poulose 1971: 198)

Even though the Asian Relations conference in 1947 was not called officially by the Government of India but since the government provided every assistance and

supported it, the objectives of the conference conformed to the objectives of the foreign policy of India. Bhutan attended the conference and this was the first ever participation of kingdom in an International Conference. Apart from this, India and Nehru took some steps to dispel all apprehensions which Bhutan might be having of her giant neighbour. When Bhutanese delegation visited India in 1946, Nehru assured them that independent India's attitude would be one of friendliness and respect for her integrity and independence. That Nehru was not interested in perpetuating the British imperialist model is evident from a statement he made on 30 March 1958 in parliament with regard to Tibet. He said:

*Regardless of what happened in Tibet or China or anywhere else, we could not in conformity with our policy maintain our forces in a foreign country. That was a relic of British imperialism which we did not wish to continue even if there had been no change in Tibet. So we withdrew them .... The policy we adopted towards Tibet would have been adopted regardless of what China did... The privileges which we do not seek to have in any country in the world, Tibet or any other (Kohli 1993: 44).*

This statement of Nehru makes it amply clear that he, as the architect of India's foreign policy, was least interested in continuing with such policies as smacked of British imperial design. Nehru in the statement quoted above was referring to surrender of some of the extra-territorial rights which British India enjoyed in Tibet for which he was accused of total surrender in the Himalayan region (Kohli 1993: 45). Indo-Bhutan relations began to take on concrete form following state visits made by the third king, His Majesty Jigme Dorji Wangchuck to India, and by Prime Minister Jawaharlal Nehru to Bhutan between 1954 to 1961. Besides emphasizing India's recognition of Bhutan's independence and sovereignty in his public statement in Paro, Nehru's visit in 1958 was also significant with discussions initiated for development cooperation between the two countries (Mathou 2008: 391).

India rejected British India model in Bhutan as well as can be ascertained from some changes included in the treaty 1949. Although these modifications were a mere formality bearing only symbolic significances, examined more carefully they will indicate India's altered perceptions in the context of which ties with Bhutan came to

be moulded. The treaty of 1949 substituted the word “Maharaja” as used in the 1910 treaty by Druk Gyaipo for the ruler and head of the state of Bhutan. It was done clearly to distinguish the Bhutanese head of state distinct from those of the princely states of India for which the title Maharaja was in vogue. Provisions of the treaty defined the procedure and machinery for the settlement of disputes between India and Bhutan arising out of application and interpretation of the treaty are also different. Unlike the 1910 treaty, the 1949 treaty places both the parties in an equal position, except in selection of chairman of the arbitral tribunal. As for Bhutan, which was almost a total novice to the world of diplomacy, so long as arrangements did not disturb her in her high Himalayan habitat and guaranteed her independent status and non- interference, she was satisfied . Once the Dragon Kingdom was assured of India’s good intentions, she agreed to retain the old pattern of bilateralism with India. It is therefore, incorrect to assume that Bhutan signed the treaty 1949 under any kind of diplomatic or political pressures from the side of India (Kohli 1993: 47).

Since Bhutan had lived in a state of isolation, largely because of geographical reasons but also due to psycho-cultural inhibitions which people in the region had developed, a sudden and abrupt change would only have upset the people much beyond their capacity to adjust and accommodate. It neither binds Bhutan to a status of dependence nor does it restrain her from the enlargement of her external relations with the third world countries. Bhutan has been extremely vulnerable because of its geopolitical location, but the cautious and consistent foreign policy pursued by Bhutanese leaders has allowed the country to survive as a sovereign state. Its effective foreign policy initiatives helped state-building by, first, nullifying the possibility of external interference in Bhutan's domestic situation, and second, by achieving international status and altering Bhutan's image from an Indian protectorate to an independent nation. (Ahsan and Chakma 1993: 1054)

In the 1950s and 60s this treaty helped Bhutan in safeguarding her physical existence and cultural identity, in the 1970s it did not prevent her from acquiring and articulating an international personality, in the 1980s Bhutan got well equipped to take up some national responsibilities to resolve issues with neighbours and also collaborative with them whenever possible and practical, and by the 1990s, she was

well set on the threshold of taking new initiatives both at the regional and international level. In view of the fact both Tibet and Sikkim lost that status, because of some historical and legal ambiguities relating to their positions, should be an adequate cause of satisfaction to the Bhutanese (Kohli 1993: 51).

As the British left the Subcontinent in 1947, Bhutan's main concern was the restoration of sovereign status, and when negotiations for a renewed treaty with India began in 1949, its objectives were simple: recognition of its independence and restoration of the Dewangiri hill strip on the frontier with India. Bhutan got what it wanted: autonomy in internal affairs while agreeing to be guided by India in external matters. (Ahsan and Chakma, 1993; 1043)

So far India is concerned; it looks for stability through not status quo in her neighbourhood policy. In the Himalayan region comprising Nepal, Bhutan, Sikkim and North East of India, India's stakes in the maintenance of security and stability were indeed very high. As such any bold policy initiatives went beyond all policy planning in the early 1950s at any rate. Hence, the objective behind the signing of this treaty of 1949 is concerned was to protect the strategic interests without impinging on the Bhutanese urges as a people (Kohli 1993: 51).

#### **2.4 Interpretation of the treaty 1949 of India and Bhutan in relations to 1865 and 1910 treaties**

Reading and interpreting the treaty of 1949 between Bhutan and India in isolation to the relation and treaties which existed between Bhutan and British India will give an incomplete picture. In this context the relevance of the provisions of the two important treaties concluded between British India and Bhutan- the Treaty of Sinchula, 1865, and the Treaty of Punakha, 1910 will be analysed.

Article 1 of the Treaty of Sinchula (see Appendix One) reads, "There shall be perpetual peace and friendship between the British Government and the Government of Bhutan. It is in continuance of this Article that India, as spelt out in Article 3 of the 1949 treaty (see Appendix Three), till date make an annual payment of Rs 5 lakhs. Article 6 of the treaty of 1865, spelt out details on surrender of Bhutanese subjects accused of any crime and taking refuge in Bhutan (Trivedi 2008: 138). Article 9 of the treaty refers to provisions of free trade and commerce between two Governments.

Article 8 is very important and it refers to the British Government's arbitration in matters differences which Bhutan might have with the Rajahs of Sikkim and Cooch Behar, and that the British Government decision would be abided by Article 2 of the treaty 1949 should be read in background of Article 8 of the Treaty 1865 (Kharat 2005: 246). The Treaty of Punakha 1910 has two articles, one deal with increasing the amount of the annual allowances paid to the Government of Bhutan by the British Government. The other deals with revising Article 8 of the Treaty of Sinchula, 1865.

The revised Article reads, "The British Government undertakes to exercise no interference in the internal administration of Bhutan. On its part, the Bhutanese agrees to be guided by the advice of British Government in regards to its external relations. In the event of disputes with, or causes of complaint against, the Maharajas and Cooch Behar, such matters will be referred arbitration for British Government which will settle them in such manner as justice may require and insist upon the observance of its decision by the Maharajas named. Article 2 of the 1949 treaty should be read along with the provision of 1910 treaty. It throws light on the continuity of arrangement as existed between Bhutan and British India. Thus it is important to note that all the provisions of 1949 treaty were not being negotiated for the first time. At this stage it is important to mention the circumstances under which the British sought to include Article 8 in the treaty of 1910 by which Bhutan agreed to be guided by the advice of British Government in regards to its external relations (Kohli 1993: 229).

The 1865 treaty enabled the British Government to negotiate the dispute of Bhutan with regard to Sikkim and Cooch Behar. However, the Chinese foreword policy towards Tibet and other Himalayan states, the British became concerned. The Chinese representative in Lhasa sought to liken the union of China, Tibet, Nepal, Bhutan and Sikkim to the blending of the five principal colours which would produce an excellent political model like a beautiful design. The British realised that it was essential to prevent China from encroaching on Bhutan if they wanted peace on the frontier. The British were keen on maintain Nepal, Bhutan and Sikkim as buffer states. Bhutan however vulnerable to Chinese influence in as much as Chinese claimed suzerainty over Bhutan (Trivedi 2008: 140). It was in such circumstances, it was proposed that, in view of great importance of British interest at stake, it was necessary for the



government of India to persuade Bhutan to place its foreign relations under British control. From going by the clause of the treaty of Sinchula, 1865, the British could not prevent Bhutan from receiving Chinese agents. In return it was suggested that Chinese should abstain from interfering in the internal affairs of the country. The treaty of Punakha, 1910 thus, was an attempt by the British to checkmate China's ambition to either impose its authority on, or interfere, in Bhutan although it was maintained as a buffer state. The clause was thus prompted by circumstances and postures advocated by China. The Punakha Treaty also promulgated the government of Bhutan to seek mandatorily advice of British India with regard to its external relations. Thus this treaty also enabled trade relations between both Bhutan and British India that showed an upward trend during the 20<sup>th</sup> century (Trivedi 2008: 140).

It was appropriate to note that the British did not want China to control Bhutan. One of the very first missions to Bhutan advised against it in its terms of the inhospitable terrain under which it would be difficult to hold the conquest, the British's aim was primarily to find a route to trade with Tibet through Bhutan. Later, there were some controversies over the possession of the fertile and economically valuable duars of Assam and Bengal which was settled through the treaty 1865. Most important even the 1910 treaty was signed (following which Bhutan's external relations was placed under British India) the British Indian Government was maintained that there was no departure in its policy of non interference in the states bordering the frontiers of India and the obligation would not go beyond what was stated in the letter of the treaty (Kohli 1993: 229).

The geopolitical scene in the entire Himalayan region and Indian sub-continent underwent great change following the proclamation of the People's Republic of China in 1949 and the takeover of Tibet by the People's Liberation Army in 1950. These events, plus the presence of Chinese troops near Bhutan's border, the annexation of Bhutanese enclaves in Tibet and Chinese claims all led Bhutan to re-evaluate its traditional policy of isolation; the need to develop its lines of communications with India became an urgent necessity (Choden 2004: 114).

The major provision of which has to be examined is Article 2 of treaty of 1949. When the controversy regarding Sino- Bhutan boundary arose, Nehru wrote to Chinese Government,

*Based on the treaty the relationship with Bhutan, the Government of India are the only competent authority to take matters concerning Bhutan's external relations, and in fact, we have taken up with your Government a number of matters on behalf of the Bhutan Government (Trivedi 2008: 141).*

However since 1984, the Government of India has not objected to the Government of Bhutan and China having direct bilateral relations regarding the border disputes on the northern side of the border. More than ten rounds have been held so far and their differences seemed to have narrowed down. One of the factor enabling was the move towards normalizing the relations between India and China. Similarly as Bhutan expands its relation with the outside world, it is interesting to note that the strict implementation of the treaty 1949 does not take place. In 1971, Bhutan was the second country after India to recognise Bangladesh. The decision was the interest of the Indian Government. However, the important point is not the issue of the recognition of Bangladesh by Bhutan but the fact that Bhutan took an independent foreign policy decision which it could do like any other issues (Trivedi 2008: 141).

## **2.5 Discourse on Article 2 of 1949 treaty and its controversy.**

The western and the central part of Bhutan has been home to the Drukpa identity<sup>4</sup> with social, religious, traditions and political culture emerged as the national identity. This new identity in the Bhutan land is a source of tension and dissatisfaction for the two major ethnic groups, that is the Tibetan refugees on one hand and the Nepalese refugees on the other, both of whom consider their cultural superior of the other which emerged as major concern for Bhutan. Tibetan refugees posed serious problems in the 1950s and 1960s, but the challenge to the Drukpa culture today is from the ethnic Nepalese who have mostly settled in southern Bhutan. It has been a serious problem because of the sheer size of the Nepalese settlements as well as the sympathy and support of Nepalese living in adjacent territories in India and in Nepal itself.

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<sup>4</sup>The Drukpa identity is a source of tension and discontent mainly for two ethnic groups: Tibetan refugees and Nepalese settlers, both of whom consider themselves as belonging to cultures superior to the Drukpa. By Ahsan and Chakma1993:1049.

There is disagreement on the size of the Nepalese component of the Bhutanese population, with some Nepalese sources claiming it to be as high as 64% but the Bhutan government does not concede more than 15% of the population are permanent settlers of Nepalese origin (Ahsan and Chakma 1993: 1049).

One of the bilateral foreign policy problems facing Bhutan is its negotiations with the Nepalese Government on the refugee issue is that Bhutan's interactions with Nepal surely came under the realm of Bhutan's external relations. India's position in spite of all that is written in the treaty of 1949 has been that it will not interfere in the bilateral matters of the two countries. It is not being indicated that India should go for strict implementation of the Article 2 of 1949 treaty and thereby restrict the space of Bhutan so as to allow Bhutan to independently conduct its foreign relations. In the present circumstances, neither is this feasible nor desirable. The challenging regional and international environment and Bhutan's own desire to assert its independent sovereign state status have resulted in not only a flexible interpretation of the Article 2 of the treaty of 1949 but also, in India assisting Bhutan to have an independent identity in the international forum.

In fact over time, the treaty has been amended in spirit though not in letter. An important question, which follows, is whether the duality will stand against India's security interest. It will not be unwise to conclude that if a situation emerges in the near future whereby China makes moves with the reference to Bhutan which will be inimical to India's security interest, the position of India in this contest will not be that it is a bilateral issue between China and Bhutan. Under such circumstances it would be interesting to note India's approach especially with reference. It is important to emphasise that the aim of Article 2 of the treaty does not to bind Bhutan but to ensure India's security interest. At present India and Bhutan share a cordial security relationship and Bhutanese presently don't have any issues over the treaty. However, there have been occasions when there was controversy over its provisions, especially regarding the interpretation of the word "guidance". Thus, in a situation where Article 2 is not strictly implemented, it is being suggested that India should seek an assurance that issues concerning the security interest of India will be replaced by Bhutan. This

will ensure that future changes in either regional or international environment will not adversely affect India's security interest (Trivedi 2008: 142).

## **2.6 Article 2 of the Treaty of Peace and Friendship 1949- Bhutan's position**

From the Bhutanese point of view, the incorporation of article 2 in this treaty has a different meaning altogether. As far as the first part is concerned, non interference in the internal administration of Bhutan, it did not create any misinterpretation concerning the sovereign and independent status of Bhutan. But it was not happy with the second part of the article 2. It implied that the treaty restricted Bhutan from extending her relations beyond India (Muni 1984: 515).

However, Bhutan must have realised the importance of this treaty, on account of the rise of the communist power in China and its claims on her lost territories viz. Tibet, Bhutan, Nepal. This was brought home forcefully after Chinese declared its suzerainty over Tibet. Hence, the treaty of 1949 had played a significant role in the formulation of foreign policy of Bhutan (Kharat 2005: 58). Since the mid-1960s, there have been a number of Chinese encroachments on Bhutanese territory. The method used was for armed Chinese graziers regularly to come inside unpatrolled Bhutanese areas and then make permanent settlements and claim such areas as theirs. The Chinese have succeeded in capturing strategic locations in a systematic way. The most extensive encroachments took place in 1967, 1979 and 1983 (Muni 1984: 515).

Even in the period of British India, there was no interference by it in the internal political struggle and civil war that was taking place in Bhutan. The monarchy as we know was today established only in 1907. British India, by recognizing it, gave additional legitimacy to the monarchy and contributed to stability. Later in 1910, the treaty of Punakha, by incorporating the clause that would be no interference in the internal affair of Bhutan, ensured the primacy of the new regime. This continues even after the British withdrawal from India (Trivedi 2008: 139). With a democratic India as its neighbour, it was feared that monarchy in Bhutan could face problems. However, this was not to be. Presently even as Bhutan is witnessing a movement for change and democracy from certain quarters, India has continued to adhere to the clause of non interference in its internal affairs. It seems to believe that whatever changes take place, should be from within not from outside. In the past Bhutan had

feared that following Sikkim's incorporation into India, it too would be affected (Trivedi 2008: 139).

But India assured it that its territorial integrity would be respected. Bhutan also feared that following Sikkim's incorporation into India, it would too be affected. But India assured that its territorial integrity would be respected. Bhutan also feared that like Sikkim where the minorities were overtaken by the Nepalese population; in Bhutan too the Nepalese would overtake by the locals. Bhutan's problem at present revolves around the concept of "Greater Nepal". To this is linked to the problem of refugees from the southern Bhutan who is Nepalese origin. There are a large number of Nepalese in India and the movement for Gorkhaland and consequent autonomous council have made Bhutan concerned about its people of Nepalese origin and their intentions. India's official position of non interference in the matters of Bhutan helped in further strengthening of relations between both India and Bhutan. China's standard reply to India since 1958 had been that it does not recognise India's right (under Article II of the 1949 Indo- Bhutanese Treaty) to negotiate on behalf of Bhutan. Instead, China insisted on dealing with Bhutan directly. Until 1981, India had refused to agree to that. The dropping of Indian reservations on this issue came as a result of the process of Sino-Indian normalisation on the one hand and Bhutan's growing anxieties about the ultimate Chinese aims on the other. (Muni 1984: 515)

### **2.7 Article 2 of 1949 treaty and India's position**

This treaty was the outcome of the relationship that Bhutan shared with British India. The alliance of British India and Bhutan reflected with the signing o the Treaties of 1855 and 1910. The man motive of these treaties was to keep Bhutan out of the battle for establishing status quo in the region especially the power politics of China. The 1949 Treaty, which formalized relations between India and Bhutan after the end of the British Raj, was an innocuous document except for Article II: this stated that 'the Government of Bhutan agrees to be guided by the advice of the Government of India in regard to its external relations', thus stipulating - albeit with some ambiguity - that Bhutan was to surrender its freedom to conduct foreign relations with the neighbouring states to India, accepting the latter's special commitment in this region (Choudhury 1981: 471).

From the Indian point of view, article 2 of this treaty has its own significance. In the first place, the treaty was a logical continuation of the British Indian arrangement. Bhutan is strategically located on India's northern border. It is crossed by three rivers: Raidak, Sankosh and Manas. A line of mountains runs through it, rising from about 5,000 feet at the Indian border to the great peak of Jula Kangri is over 24,000 feet. Nehru did not expect armed attack on India by China from Tibet but he did not rule out infiltration by groups or even occupation of disputed areas. Therefore, Nehru had emphasised that India should take care not to get involved in the internal squabbles of Bhutan (which he thought, in turn, might encourage China or other foreign influences within its territory). Also, in a private meeting with B.M. Kaul, Nehru said that

*.....how important it was from India's point of view to strengthen Bhutan's friendship in view of her key position on our border and how we must do everything possible to help her. He also said we must treat smaller countries like Bhutan as equals and never give them an impression that they were being civilised by us (Kharat 2005: 59).*

Thus, from the point view of defence, India benefits from this security arrangement. As an ally of India, Bhutan provides a natural barrier to protect the Himalayan frontier of India.

In other words, it prevents the Chinese from entering into India. Bhutan's loyalty to India is dictated by the fact that her landlocked position of Bhutan makes her dependent on India for trade, transit and contact with the outside world. Moreover, if any foreign power tries to violate this security arrangements like presence of IMTRAT (Indian Military Training Team) in Bhutan. In spite of changed international political environment, 1949 treaty seems to serve a useful purpose. The background to this treaty can be understood if we note that during that period, namely in 1949, the communist movement was very powerful in China. It had captured power from the KMT (Kuo Min Tang) regime. Naturally, India was deeply concerned with the rapid onslaught of communist forces, which could disturb the democratic set up of the country and integrity of the nation. Hence, to contain Chinese communist influence and expansion in Indian sub continent, India might have concluded this

treaty. We cannot deny the fact, that already in 1948; India was facing the consequence of the accession of Jammu Kashmir in India. India's support to Bhutan as a sovereign and independent country was the right decision in the circumstances (Kharat 2005: 60).

The Chinese premier, Chou-En Lai, affirmed that China recognised the independent and sovereign status of Bhutan and she wanted to maintain friendly relations with Bhutan without committing aggression. During his visit to New Delhi in 1958, he also pronounced that China always respected the proper relations between Bhutan and India. Moreover, according to article 3 of this treaty, Government of India increased the compensation grant as a consolidated amount of Rs. 5 lakhs. It was to be paid annually to Bhutan. Article IV established the principles of equality in bilateral relationship between Bhutan and India. In support of the principle of equality, Indian Government agreed to return an area of thirty two Sq. miles called Dewangiri to Bhutan. Article 5 of this treaty established free trade and commerce between India and Bhutan. Also, the Government of India provided free access for trade to the Government of Bhutan through the territory of India. By this treaty, Bhutan as a sovereign state entered into a special relationship with India, which after a few years enlarged into friendly assistance for the former economic development. Thus, Indo-Bhutanese friendship became a corner stone of Bhutan's foreign policy (Kharat 2005: 60).

There are two Articles in the treaty on account of which it has been cited as a case of unequal treaty. First, Article VIII of the treaty (see Appendix Three) which provides for only extradition of the Bhutanese subjects of obliged to surrender not only Indian subjects, or subjects of a foreign power whose extradition may be required in pursuance of any agreement which India signed with foreign powers, but also Bhutanese subjects who, after committing any crimes in Indian Territory, flee to Bhutan. A similar provision is Bhutan and then seek asylum in India (Kohli 1993: 41). This article again is a continuation of the Extradition Treaty which Bhutan had signed with British India 1910.

The other article where Bhutan is somewhat on an inferior position is that which deals with the settlement of disputes between the two signatories arising out of the application and interpretation of the treaty. All such differences and disputes are to be settled by negotiation, failing which, matter is to be referred to an arbitral tribunal which would include one nominee each of Bhutan and India and the Chairman to be chosen by Bhutan out of the judges of the Federal Court (Supreme Court of India since 1950) or High Courts of India. Since the choice of the chairman of the arbitral tribunal is restricted to the highest judiciary of India, it is argued that the treaty places India in a superior position as compared to Bhutan. It implies that Bhutan is left independent on India for all future interpretation of the provisions as under Article IX of the treaty (see Appendix Three). However, considering the fact that Bhutan did not have its judicial system based upon the more prevalent Anglo-Saxon model and/ or the jurists who were familiar with the working of the universally accepted norms of the Law of Nations, this was the best choice before the authors of the treaty, Bhutan, in fact, continues to follow a domestic judicial system the foundations of which were laid down by Shabdrung Ngawang Namgyal as far back as seventeenth century. Even though the late Druk Gyalpo established a High Court in 1968 and some other modifications have been introduced in the legal system but the basic Buddhist nature of the system has remained untouched. Under the circumstances, therefore, the provisions made under Articles VIII and IX probably been the best choice (Kohli 1993: 42).

## **2.8 Concluding Remarks**

The treaty of 1949 between India and Bhutan is a fresh beginning in India got post independent period. It constructed a new identity to Bhutan in the world of diplomacy and enabled her to use her diplomatic skill so as to protect her national interests (Kohli 1993: 52). The treaty signed with India in 1949 also set the tone for the diplomatic and defence relationships between the two. From Bhutan's point of view, establishing diplomatic ties with China without inviting the anger of India is an interesting test for Bhutan's ability as a sovereign state. Judging from the current triangular relationship, it can be seen that Bhutan does not wish to change its policy of alliance with India, leaving China still in the undesirable position. Yet more large-scale diplomatic operations of China toward south and even Southeast Asia are a



testimony to its increasingly ambitious intentions, and the future development of the Bhutan-India-China triangle remains to be seen. Hence, this treaty opened a new era in the history India and Bhutan relations (Hsu 1994: 10). The next chapter will focus on what are the implications of Peace and Friendship Treaty of 1949 between India and Bhutan in different fields like political, strategic, economic, cultural etc.

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## **Implication of Indo-Bhutan Treaty: Politico-Economic and Strategic**

Soon after Independence, both India and Bhutan tried to redefine their relationship and make a fresh beginning and they signed the historical Peace and Friendship treaty, 1949. This treaty is very imperative because it provides a basic framework for conducting relations between these two countries and institutionalized the formal relationship between Bhutan and India. The treaty conceded the independent and sovereign status of Bhutan and played a vital role in promoting and fostering friendly relations with India. Though Bhutan was not happy with the second part of this treaty as it is a controversial clause of this treaty as discussed in the second chapter which restricted Bhutan extending her relations beyond India? The treaty had played a significant role in the formulation foreign policy of Bhutan. From India's point of view to strengthen friendship with Bhutan was important in view of her key positions on the Indian border. From the defence point, India benefits from the security arrangement. As an ally of India, Bhutan provides natural barriers to protect the Himalayan frontiers (Roy 2010: 100). As the treaty of Peace and friendship, 1949 provided far reaching implications in various fields thus, it is very importance to discuss about the implication of this treaty in different spheres like Political, Economic, Cultural etc between India and Bhutan (Trivedi 2010: 137 and Sinha and Mehta 2007: 578).

### **3.1 India and Bhutan: Political and Strategic Relationship**

The King of Bhutan Jigme Dorji Wangchuck paid a visit to India for first time in 1954 to make an assessment of India's attitudes and policies towards his country. In the following year in 1955, he visited the Indian delegation to Paro in Bhutan led by R.K. Nehru, then Foreign Secretary. Next year in 1956 the king once again came to India on a pilgrimage (Roy 2010: 101). In the year 1958 Indian Prime Minister Nehru visited Bhutan. During his visit to Bhutan he expressed the spirit of new relationship:

*Some may think that since India is great and powerful country and Bhutan a small one, the former might wish to exercise pressure on Bhutan. It is therefore, essential that I make it clear to you that our only wish is that you should remain an independent country, choosing*

*your own way of life and taking the path of progress according to your own will. At the same we two should live with mutual goodwill. We are the member of same Himalayan family and should live with friendly neighbours helping each other. Freedom of both Bhutan and India should be safeguarded so that none form outside can harm it (Drupal 2008: 1).*

The height of friendship was tribute in the words of Zakir Hussain, President of India during the visit of king in New Delhi in 1968. He told the King that the Government of India expected

*Bhutanese people will come to regard India as a second home away from home (Roy 2010: 102).*

In response King commented

*There was no misunderstanding, no argument, and no dispute between these two countries (Roy 2010: 102).*

The vagueness of Article II of the treaty of 1949 relative to India's guidance of Bhutan on foreign relations, however, has been the subject of heated discussions in the Bhutanese leaders to mean that India may offer advice, but Bhutan is not obliged to accept it (Belfiglio 1972: 682). Bhutan Prime Minister Jigme Dorji told on 8 May, 1956 that *Bhutanese considered herself independent and wanted to stay independent (Roy 2010: 102).*

On September 1959, Jigme Dorji, the Prime Minister of Bhutan reiterates that his Government is stood by the treaty of 1949 by which Bhutan agreed to be guided by India in its external relations, but that this not mean that India could conduct Bhutan's foreign policy. The question of Bhutan's entry into the United Nations was discussed by the King of Bhutan with the Indian Minister for External Affairs, Dinesh Singh, in July 1966. The Government of Bhutan, believing that it met the requirement for United Nations membership, asked India in 1970 to sponsor Bhutan for membership in 1971 (Belfiglio 1972: 682).

The defense of Bhutan is the joint responsibility of the Indian military establishment and the Government of Bhutan. Although there is no defense agreement between India and Bhutan, India had unilaterally declared on a number of occasions that an attack on Bhutan would be considered as an aggression against India. Justification for India's coming to Bhutan's aid in the event of attack can also be implied from Article II of their 1949 treaty (see appendix Three). Bhutan has its military force about 6000 men, hardly enough to deter even a limited Chinese aggression. The Bhutanese army uses Indian equipment exclusively and is paid by India. There is an Indian Training Mission in Bhutan and India troops associated with support functions of various kinds (Belfiglio 1972: 684).

During the 1965 Indo-Pak war, Bhutan was the only neighbouring country which extended its full support to India and assured every possible help (Roy 2010: 103).

### **3.2 China as a factor in the India and Bhutan Relations**

Unlike China, India in the 1946 recognised Bhutan as an independent state and stated that it could not be equated to the princely state of the Indian territory. After 1947, India was the logical successor to Britain position in Bhutan, India again treated Bhutan as a separated independent nation by excluding it from India's legislative and executive jurisdiction. China on the other hand claimed its suzerainty over Bhutan by publishing map and topographical sketches in which nearly 300 sq. miles of Bhutanese territory in the north and north east was demarcated as Chinese land. In 1954, Bhutan was termed as a lost Chinese territory by China and said:

*Bhutan is wrongfully held by imperialist India* (Roy 2010: 103).

The Sino-Bhutanese boundary was demarcated by customs and usages. China found that Indo-Bhutan treaty of 1949 and encroachment upon its suzerainty over Bhutan. It was also against the clause which empowers India to interfere internal matters of Bhutan. That was why when Bhutan sent its protest against a Chinese map through Indian ambassador; China did not recognize the Indian envoy right to negotiate on Bhutan border on behalf of Bhutanese. China wanted to talk directly and bilaterally

*The Chinese ecрге that Bhutan in enlight ended self interest may now by pass India and started direct negotiation* (Roy 2010:103). But the King declared at a press

conference at Calcutta on 30 January 1961 that Bhutan did not want to negotiate directly with China. He further said *We don't want to either friend or enemy of China*. China motives were to bring rift between India and Bhutan in doing so, as China thought it could secure sympathy of Bhutan for China. During Chou-en-Lai's visit to India in April 1960, a suggestion from King Dorji Wangchuck that he should be associated with the talk with the Chinese leaders over the border issues was turned down by India (Roy 2010: 103).

### **3.3 Occupation over Tibet by China as factor in India and Bhutan Relationships**

The Chinese military activities in Tibet, its occupation by China in 1951, Eastern Tibet revolt against China in 1954-55, and the Chinese suppression of the Tibetan revolt in 1959. All these activities created serious apprehensions in Bhutan. Tibet and Bhutan shares same cultural and religious background. When Bhutan Prime Minister Jigme Paldan Dorji visited India in 1959, he sought a written guarantee of Indian support in the event of Chinese attack on Bhutan. After Tibet revolt in 1959, many Tibetan refugees infiltrated into Bhutanese territory. Soon Bhutan closed its borders with Tibet in 1960 to prevent the flow of refugees from the Tibet. Before that, Bhutan had imposed a ban on trade with Tibet and China, which gave a severe blow to the Bhutanese economy, because Tibet was a good market for Bhutan's surplus rice. These development compelled Bhutan to maintain friendly relations with India. Nehru, protecting friendship, made a statement in the Lok Sabha on August 28 1959 that the protection of the borders and territorial integrity of Bhutan is the responsibility of India and that India would consider any aggression on Bhutan as an aggression on India. Following the development of SAARC (South Asian Association for Regional Cooperation) in the year 1985, Bhutan sought to reduce its dependence on India and set up separate identity for itself. However, King Jigme Singye of Bhutan preferred to work with India, but only as an independent nation. As a neighbouring partner of India in South Asia, Bhutan always supported India at SAARC forum (Trivedi 2008:75).

### **3.4 India and Bhutan Relations: Economic Perspective**

The relationship between India and Bhutan in economic field was started from British period. In the regime of Ugyen Wangchuck, that an appeal was made to British India

to help implement the development of plans in Bhutan and the treaties signed with British India such as Treaty of 1865 and the 1910. With the help of these treaties, Bhutan could procure some annual assistance from British India. The same economic assistance but now increased, was continued by independent India, under the treaty of 1949. Until the 1950s Bhutan was almost isolated from the rest of the world not only politically, but also economically. Hence, Bhutan could not establish direct economic relations with any other country. However, in the 1950s, the intrusions across the northern part of Bhutan by the Chinese in Tibet compelled her to come out from her self-imposed isolation and change her foreign policy. Thus naturally Bhutan had opened a window of opportunity in her economic relations with other countries. In 1954-55, Bhutan accepted the help of an Indian agency to conduct a survey of its rivers and allowed the establishment of hydro-meteorological stations. In 1956, India granted Bhutan hospital equipment worth Rs 2.6 lakhs. The intrusion of China into Tibet in 1959 and its control over Tibet had a disastrous effect on the Bhutanese economy, because Tibet historically had excellent trade and economic links with Bhutan (Kharat 2005: 97).

These economic relations with Tibet were closed when Bhutan imposed a ban on trade with Tibet. Bhutan then looked for another alternative for its trade, and there were only two options- either China or India. The first option was out of question because of China's imperial postures in Himalayan region, so the second and last option was India. But due to Bhutan's mountainous region and thick forest, it was not possible to have smooth economic relations with India. Hence the King of Bhutan visited New Delhi in 1961 (Kharat 2005: 98). The visit resulted in the formal establishment of Department, dealing with the economic development of Bhutan on 1 July 1961. This marked a new epoch in Indo- Bhutan relations. The main purpose of this development programme in Bhutan was to provide a well-planned infra-structure of transport and communication facilities. Under this programme Bhutan sought to create facilities for personnel training, improve agriculture sector, and to create infrastructural facilities in the country so that it could be independent in its economic activities. To encourage the all round development of Bhutan, the country needed a well knit transport system (Kharat 2005: 98). So India wanted Bhutan to undertake the development of roadways in a big way, so that this would make communicating

between both the countries easy. India was not also oblivious of the political and strategic implications of the road project. During the Chinese invasion of Tibet in 1959, the Government of India apprehension designs against India, through Bhutan. It would be very difficult to encounter China due to the extremely mountainous terrain and severe Himalayan climate and the absence of all weather roads. So the first task was to construct the roads, and for this India sanctioned development assistance for Bhutan's First Five Year plan (1961-66) which started in 1961 (Kharat 2005: 98).

As a part of this programme India fully financed the first two Five Year Plans of Bhutan. India also financed the establishing of a development secretariat to look after these programmes. At the same time, many other departments to deal exclusively with Bhutan's economic independence were created. For example, the Directorates of Agriculture, Animal Husbandry, Health, Education and Hydropower may be mentioned here. During this period most of the personnel engaged in implementation of economic development schemes, particularly financial staffed and technical assistants, were invited from India. They worked under direct contact to the Government of Bhutan. Some organizations of the Government of India were also involved in the economic development, such as the Border Roads Development Organizations known as DANTAK. This organization undertook the responsibility for developing Bhutan's Transport and Communication infrastructure (Kharat 2005: 99).

### **3.5 India's Assistance to Bhutan's Five Year Plan**

#### The First Five Year Plan (1961-66)

In First five year plan of Bhutan the total expenditure was 107.2 million. It was 100% sponsored by the Government of India. The first priority was given to end its isolation from the rest of the world and to open channel for communicating the third world countries. Thus, 66% of the outlay was spent on the development of transport, infrastructure, while the rest of the amount was invested in others fields such as Education, Health, Forestry etc. The end of this plan saw completion of three main national highways in Bhutan:

1. Roads from Phuntsholing to Paro and Thimpu
2. This road runs through eastern Bhutan from Samdrup, Jongkher and Tashigang



3. Also begun under this programme was the road from Thimpu and Tashigang (Kharat 2005: 99).

#### The Second Five Year Plan (1966-71)

In the Second Five Year Plan, the total outlay on various programmes of Rs. 200 million. This time, India sponsored 80% of the total outlay, the remaining 1.4% from the Bhutan internal sources. Besides the construction, of north-south road links from Gaylegphaya to Tongsa in Central Bhutan, the outlay also affected other fields like agriculture and social services like Health and Education. The power sector was for the first time included in this plan, which amounted to an outlay of 5% of the total plan expenditure (Bandyopadhyay 2009: 4).

#### The Third Five Year Plan (1976-81)

This was the third five year plan which was implemented under the Bhutanese Planning Commission. The total cost of this plan was Rs. 475.2 million. Out of this India contributed 89.8%, whereas United Nations Development Programmes sources and Bhutan's internal sources contributed only 3.3% and 6.9% respectively. In this plan the budget of constructing roads declined considerably, on the other hand, the social service sector had a greater share in this plan. Tourism was given the top priority and another salient feature of this plan was the hydro-projects which was excluded from the plan and was undertaken and financed separately. The international financial institutions made a significant contribution to the formulation of this plan. The financial assistance came from the United Nations system, as Bhutan became a member 1971 and her name appeared by the United Nations as Least Developed Country. Thus, by joining the United Nations, Bhutan tried to mobilize some financial resources from the United Nations agencies and other organizations, but this was a very meagre amount (Kharat 2005: 101).

#### The Fourth Five Year Plan (1976-81)

The plan included several long range investment schemes such as the Pendom cement pla, surface irrigation development scheme, etc. Agriculture activities were given first priority. It was given about 29% of the total outlay. The total budget for this plan amounted 1,106.2 million, out of which India's contribution to this plan was 77% of 853 million, 17.5% from other sources and 5.4% from internal sources. Although

Government of India grants were still the principal source of financing accounting for 77 percent of the total, the share of overseas finance, again mainly from the United Nations systems increased to a significant 18% of total financing. Thus, during this period, also Bhutan continued its gradual trend to reduce her economic dependence on India (Kharat 2005:101). The United Nations Development Programme contributed \$11 million to Bhutan's Fourth Five Year Plan. These United Nations sponsored projects were approved by the Bhutan Government only after a great deal of debate, and only after two conditions had been met:

1. No United Nations resident official would be assigned to overseas the projected construction
2. United Nations assistance would complement not duplicate the Indian aid.

It is possible that these conditions were accepted by the Bhutanese just to avoid any violation of the treaty and avoid hurting the sentiments of Indian Government (Rajput 2011: 168).

#### The Fifth Five Year Plan (1981-87)

The basic objective of this plan was to increase Bhutan's self economic self-reliance. Traditionally, Bhutan remained isolated and to that extent it was economically dependent. But during the subsequent years certain internal and external developments compelled Bhutan to shed its isolation policy and adjust with the outer world within the Himalayan region. This policy continued till the 1980s. Since then, Bhutan having joined many international economic political organizations and thus reduced the total economic dependence on India, achieving some sort of diversification in its economy (Kharat 2005: 102).

In this context, what the king of Bhutan said during his coronation on 2 June 1974 may be recalled. He said that he was happy with India's tremendous help to Bhutan's progress in the socio-economic field. On the other hand, he showed his resentment that despite this progress their present internal revenue could not meet a fraction of the Government expenditure. Therefore, the most important task before us at present is to achieve economic self-reliance to ensure the continued progress of our country in the future. To do that, Bhutan changed the priorities its development plans and concentrated on mobilizing internal resource to meet each district of Bhutan and drew

up development plans. This plan aimed at promoting export-oriented industries, based on forest products and mining products. This was done with a purpose so that they could fetch a good market price in India (Kharat 2005: 102).

#### The Sixth Five Year Plan (1987-92)

The Sixth Five Year Plan continued the policy of decentralizing the development process. The total outlay of this plan was 9,559 million Out of which India contributed 27% and the Bhutan's internal source was 33%. In this plan, priority was given to the development of power and industries (Kharat 2005: 103).

#### The Seventh Five Year Plan (1993-97)

The Government of India, continued to adopt the policy of extending generous and unfailing technical and financial assistance for Bhutan's economic development process. As a part of this programme, India continuous to be by the largest donor with a commitment of 7,500 million for the implementation of this plan. Out of which India contributed 2500 million for budgetary grant and remaining Rs. 5000 million for a project tied grant. This included the construction of Kurichhu Hydro Electric Project of 60 MW capacity and the Bunakha Reservoir. Under this plan, major economic projects like construction of the Dungsum Cement Project, maintenance of national highways, construction of roads and bridges, strengthening of survey division have taken place for consideration (Tridevi 2008: 125).

However, during this period of the plan, the Indian government decided to recover the loans from the project, the tied-aid-grant of Rs. 5000 million. Also budgetary grant would be diverted as development subsidy (Kharat 2005: 103).

#### The Eight Five Year Plan (1997-2002)

During this five year plan, India's financial assistance was Rs. 10,500 million, almost more than one fourth means 27% of the total budget of Bhutan's Eight Five Year plan. The amount of Rs. 10,500 million was planned to disburse in the following manner. Rs. 4000 million, as development subsidy, particularly, for the purpose of training for personnel in the administration, for industrial and agricultural projects, for preservation of natural resources, for infrastructural development and management, for mass communication, data processing and statistics. Whereas the remaining

amount of Rs. 6500 million was given as project project-tied funds. Mega Projects like Tata Hydroelectric Project, the Kurichu Hydroelectric project and the Dungsam Cement, with the combined assistance of about 16250 million in this plan. In essence, total Government of India (GOI) assistance to Bhutan in the Eighth Five Year Plan would annually amount to Rs 77000 million (Rajput 2011: 170).

**Sector –Wise allocation in Government of India aided projects in 8<sup>th</sup> Five Year Plan of Bhutan**

(Figure in Million Rupees)

<b>S. N.</b>	<b>Project/Activity</b>	<b>8<sup>th</sup> Plan Allocation</b>	<b>Reprioritized Allocation</b>
	<b>CULTURE</b>		
1.	Punakha Dzong	228.500	228.500
2.	Fire Fighting Equipment for Dzong	63.500	40.000
	<b>Sub Total</b>	<b>292.000</b>	<b>268.50</b>
	<b>EDUCATION</b>		
3.	Rehabilitation of Edn. Infrastructure	366.100	200.549
4.	Sherubtse College Upgradation	22.600	22.600
5.	NIE Samtse	11.292	10.743
6.	Approach Road to T/Yangtse School	0.000	14.943
	<b>Sub Total</b>	<b>399.992</b>	<b>248.835</b>

	<b>POWER</b>		
7.	Power Transmission Eastern Grid	800.000	1276.237
8.	Power STD Phase II (Thimphu & Paro)	395.280	357.380
9.	Mini Hydels-Chennary	17.040	27.540
10.	Mini Hydels-Lhuntshi	8.980	10.980
11.	Mini Hydrel-Wangdi	2.870	7.000
12.	Mini Hydrel-Gidakom	27.210	27.50
13.	Mini Hydels-Others	5.740	9.240
	a) Mini Hydels-Khaling	6.390	11.460
	b) Mini Hydels-Khalanzi	11.950	21.450
	c) Mini Hydels-Chhumey	120.000	225.367
14.	Kurichu-Lhuntshi Transmission Line (Previously Lhuntshi Small HE Project)	190.000	97.602
15.	Improvement & Upgradation of Transmission Grid	43.750	39.079
16.	Rural Electrification Transmission Line		
	<b>Sub Total</b>	<b>1,629.210</b>	<b>2,110.835</b>
	<b>HEALTH</b>		
17.	Mongar Hospital	60.830	90.830
18.	Lhuntse Hospital	31.640	31.640
19.	Tashiyangtse Hospital	31.670	36.670
20.	JDWNRH Expansion	180.830	180.830
21.	Malaria Control Programme	20.000	16.000
	<b>Sub Total</b>	<b>483.000</b>	<b>355.970</b>

22.	<b>URBAN DEVELOPMENT</b> Khuruthang Township Project	28.700	40.122
	<b>Sub Total</b>	<b>28.700</b>	<b>40.122</b>
	<b>ROADS &amp; BRIDGES</b>		
23.	Pasakha-Manitar Highway (Sorchen Bypass Road)	350.000	543.160
24.	Construction of Three Bridges	63.000	105.000
25.	Construction of Bhurchhu Bridge	36.000	36.795
26.	Construction of Feeder Road at Haa	34.000	34.000 12.244
27.	Construction of Bypass Road at Deothang		
	<b>Sub Total</b>	<b>662.000</b>	<b>731.199</b>
	<b>SURVEY</b>		
28.	Identified Co-op. Projects	16.000	18.500*
	<b>Sub Total</b>	<b>16.000</b>	<b>18.500*</b>
	<b>JUDICIARY</b>		
29.	Construction of High Court Building	108.000	4.000
	<b>Sub Total</b>	<b>108.000</b>	<b>4.000</b>
	<b>TRADE &amp; INDUSTRY</b>		
30.	Gidakom Inudstrial Estate	7.000	1.380
31.	Fire Ftg. Eqpt. For POL Depot, Deothang	4.500	2.250
	<b>Sub Total</b>	<b>11.500</b>	<b>3.630</b>

	<b>AGRICULTURE</b>		
32.	Integrated Area Dev. Sub-Tropical Zone	5.000	1.000
	<b>Sub Total</b>	<b>5.000</b>	<b>1.000</b>
	<b>CIVIL AVIATION</b>		
33.	Paro River Training Works	4.518	4.518
	<b>Sub Total</b>	<b>4.518</b>	<b>4.518</b>
	<b>HRD</b>		
34.	Scholarships	110.63	40.00
35.	7 <sup>th</sup> plan projects and outside 8 <sup>th</sup> plan agreed projects	228.776	228.776
	<b>GRAND TOTAL</b>	<b>3,979.326</b>	<b>4,055.885</b>

Source- Indian Embassy <http://www.indianembassythimphu.bt/contact.html>

#### The Ninth Five Year Plan (2002-07)

In the Ninth Five Year Plan India has agreed to an enhanced package of Rs 1614 crores to Bhutan. India enhanced economic assistance needs to be seen in the context Bhutan's internal stability which has been put under stress by the influx of ULFA militants from Assam taking refuge in Bhutanese territory. This has implications for India's security as well (Roy 2010:136). It is therefore in India's interest to help Bhutan shore up its economy and infrastructure in a manner that enables Bhutan to meet its development defence needs adequately. A brief review of various economic projects undertaken during this period is given below

**List of projects Government of India aided to Bhutan's 9<sup>th</sup> Five Year Plan**

<b>S.N.</b>	<b>Projects</b>	<b>Remarks</b>
<b>I.</b>	<b>Health Sector</b>	
1.	Expansion & upgradation of JDWNR Hospital	Ongoing
2.	Expansion/upgradation of Mongar Hospital	Ongoing
3.	Malaria Control Programme	Ongoing
4.	Public Health Laboratory	
<b>II.</b>	<b>Education</b>	
1.	10 new Schools at new sites	Ongoing
2.	Expansion of Sherubtse College	Ongoing
3.	Infrastructure for Inst. of lang. and culture	Ongoing
4.	Construction of Youth Centre	Ongoing
<b>III.</b>	<b>Roads and Bridges Sector</b>	
1.	Gyelposhing-Ngalam Rd (25km + 3 bridges)	
2.	Construction of 3 bridges	Completed
3.	Pasakha Manitar Road	Ongoing
4.	Chuzom - Paro Highway( Double laning)	Ongoing
5.	Babesa- Phuentsholing Highway(Double laning)	
<b>IV.</b>	<b>Power</b>	
1.	Feasibility Study of 2000 MWs HPP (Punatsanchu II, Deglia in Zemgang, Kholongchu in T/Yangtse)	
2.	Power transmission - Eastern Grid	Completed
3.	Power STD - Phase II ( Thimphu-Paro)	Completed
4.	Kilikhar- Lhuentse ( Transmission Line)	Ongoing
5.	Improvement of Transmission Grid	Completed
6.	Chennari Mini Hydrel Project	Completed
7.	Integrated Energy Mgmt. Master Plan	Ongoing
8.	Deothang-Rangia Transm line Project	Ongoing
9.	Tintibi- Trongsa -Bhumthang Trans line	



<b>V.</b>	<b>Trade and Industry</b>	
1.	Essential Oils - Quality Control Lab	
2.	IT Dev Prog	
3.	Improvement of Fuel Quality	
4.	Industrial Investment Studies	
<b>VI.</b>	<b>Road Safety and Transport Authority</b>	
1.	Preparation of Transport - Master Plan	Ongoing
2.	Procurement of Traffic Safety Equipment	
<b>VII.</b>	<b>Civil Aviation</b>	
1.	Rapid Intervention Vehicle	Ongoing
2.	Airport Fencing	Ongoing
3.	River Protection Works	Ongoing
4.	Resurfacing/Extension of Paro Airfield	
<b>VIII.</b>	<b>Culture</b>	
1.	Admn Bldg for National Library	
2.	Admn Bldg for RAPA	
3.	Office /Exhibition Hall for National Museum	Ongoing
<b>IX.</b>	<b>Urban Development and Housing</b>	
1.	Low Income Housing	Ongoing
2.	R&D on Construction Technology	
3.	Construction of International Convention Centre, Secretariat Building, RCSC, etc.,	
<b>X.</b>	<b>Judiciary</b>	
1.	Construction of New High Court Building	
<b>XI.</b>	<b>Media</b>	
1.	Construction of TV Centre	Ongoing
<b>XII.</b>	<b>Human Resources Dev</b>	
1.	Scholarships etc.,	
<b>XIII.</b>	<b>Survey</b>	
1.	Aerial Photography	Ongoing
2.	Geophysical Survey	Ongoing

<b>XIV.</b>	<b>Information Technology</b>	
1.	Dzongkhag LAN and Internet connections	Ongoing
2.	Multipurpose Telecentres in 10 Dzongkhags	Ongoing
3.	Regulatory Framework	10th Plan
4.	Electronic Signatures	10th Plan
5.	Government Intranet	
<b>XV.</b>	<b>Additional Projects</b>	
1.	Telecom Cellular Phone project	Completed

Source- India Embassy <http://www.indianembassythimphu.bt/contact.html>

### **India's financial assistance to Bhutan's Five Year plan**

(Figure in Million Ruppes)

<b>Five Year Plans</b>	<b>Total Allocations</b>	<b>India's Contributions</b>	<b>% of India's Contributions</b>
1961-66 (1st Plan)	107.2	107.2	100%
1966-71 (2nd Plan)	202.2	202.2	100%
1971-76 (3rd Plan)	475.2	426.6	90%
1976-81 (4th Plan)	1,106.20	853	77%
1981-87 (5th Plan)	4,440.50	134	30.20%
1987-92 (6th Plan)	95000	4,000.00	42.10%
1992-97 (7th Plan)	23,500.00	7,500.00	31.90%
1997-02 (8th Plan)	32,610.00	10,500.00	27.60%

Source- India Embassy <http://www.indianembassythimphu.bt/contact.html>

### **3.6 Mega Projects**

The GoI (Government of India) also provides support to Bhutan to develop various other developmental projects known as mega projects due to their size.

Bilateral cooperation in the hydropower sector has been carried forward with the formal inauguration of the 60 MW Kurichhu Hydroelectric project in April 2006, and commissioning of the 170 MW first unit of 1020 TALA Hydroelectric Project in July 2006. All six units have been commissioned by end March 2007. GOI has agreed to provide assistance to Bhutan in developing the hydropower sector and to purchase at least 10,000 MW of power from Bhutan by 2020 (Indian Embassy 2012, Trivedi 2008 and Kharat 2005). For the purpose ten hydropower projects have been agreed during the first Empowered Joint Group (EJG) Meeting held in Delhi in March 2009. Of these 10 projects, the three projects – Punatsangchhu-I Hydro Electric Project, Punatsangchhu –II and Mangedechhu HEPs – are under construction. For 5 projects viz., the Kuri Gongri HEP, the Chamkharchhu-I HEP, the Kholongchhu HEP, Sunkosh Reservoir, and Bunakha Reservoir projects, respective PSUs have submitted DPRs to the two governments for approval. For remaining 2 projects - Wangchu RoR and Amochhu Reservoir Hydroelectric Project (HEP) - DPRs are under preparation by the respective PSUs (Trivedi 2008: 114).

GOI is also committed to the establishment of a 1 million tonne cement project, Dungsum Cement Plant at Nganglam. The project is under construction and is expected to be operational by early 2012. During his visit to Bhutan Prime Minister Manmohan Singh announced the construction of the first ever rail link between India and Bhutan, connecting Hashimara to Phuentsholing, called the “Golden Jubilee Rail Line”. The technical studies on the alignment of the rail line have started. RITES have, however, encountered problems from the owners of Tea Gardens which fall on the proposed railway line. Ministry of Railways along with the Government of West Bengal are trying to resolve the issue (Kharat 2005: 104).

During PM’s visit to Bhutan in April 2010 for the 16th SAARC Summit, Prime Minister Manmohan Singh and the Prime Minister Jigmi Y. Thinley jointly laid the Foundation Stones for the Punatsangchhu –II and Mangdechhu Hydro Electric Projects (HEPs) and the Project ‘Bhutan Institute of Medical Sciences (BIMS)’, and launched the Project Implementation Document for the ICT Project “Chipen Rigphel – Enabling A Society, Empowering A Nation” (Total Solutions Project) (Bandyopadhaya 2009: 7).

### **3.7 Trade with India**

Traditionally, Bhutan had trade relations with its neighbouring regions like Bengal, Assam, Tibet and Cooch Behar. In those days Bhutanese traders used to trade in the commodities which could be used only in the Himalayan region- for instance musk, horses, dries chillies, walnuts, yaks, woolen goods etc. In return, they used to import Indian goods such as Indigo, clove, tobacco, betel leaves, cotton cloth, dried fish etc (Kharat 2005: 113).

The trade relationship of India with Bhutan after India's got independence was guided by article 5 of the treaty of 1949. The treaty provides free trade and commerce between the territories of Government of India and Bhutan. It provides all facilities and carriage, by land and water of Bhutanese goods in India territory. After the Chinese invasion of Tibet in 1960, Bhutan imposed a ban on trade with China and Bhutan's trade relationship completely moved towards India. Almost 95% of Bhutan's trade is with India, but Bhutan has custom free trade with India. The State Trading Corporation of Bhutan (STCB) controls the imports and exports of Bhutan. The first Indo- Bhutanese Agreement of Trade and Commerce was signed in 1995 and in the year 2006 India and Bhutan signed Agreement on Trade and Transit<sup>1</sup>. India has assured a 100% market of Bhutanese goods and helps Bhutan to raise up its revenue. On March 1990, a new agreement was signed between Bhutan and India which covers two major aspects: Bhutan's trade with India and Bhutan's trade with third countries.. Though Bhutan had deficit trade, due to close links with Indian economy or because 90% of its trade is directed towards India, one should not forget that it was Indian assistance to Bhutans' Five Year Plans which brought Bhutan out of darknee (Kharat 2005: 115).

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<sup>1</sup> On July 28<sup>th</sup> 2006 in New Delhi, Shri Kamal Nath, Union Minister of Commerce and Industry, Government of India and Mr. Lyonpo Yeshey Zimba, Minister of Trade, Power and Industry of Royal Government of Bhutan signed the new agreement of "Trade, Commerce and Transit" in place of "Trade and Commerce" which was signed on 28<sup>th</sup> February of 1995. The protocol to the new agreement provides for four more exit/entry points in India for the exports and imports from Bhutan in place of the twelve exit/entry points in the protocol to the current agreement. For more details please visit

India is not only Bhutan's main development partner but also its leading trade partner. A free trade regime exists between India and Bhutan. The India-Bhutan Trade and Commerce Agreement which expired in March 2005, has been renewed for a period of 10 years. Currently, the major items of exports from Bhutan to India are electricity (from Tala, Chukha and Kurichhu Hydroelectric Project), cement, timber and wood products, minerals, cardamom, fruit products, potatoes, oranges and apples, raw silk and alcoholic beverages. Major exports from India to Bhutan are petroleum products, rice, automobiles & spares, machinery and fabrics (Roy 2010: 143).

The Agreement on Trade and Commerce also provides for duty free transit of Bhutanese merchandise for trade with third countries. Sixteen exit/entry points in India identified in the Protocol for Bhutan's third country trade are: Jaigaon, Chamurchi, Ulta Pani, Hathisar (Gelephu), Darranga, Kolkata, Haldia, Dhubri, Raxaul, Panitanki, Changrabandh, Phulbari, Dawki, New Delhi, Chennai and Mumsbai. Of these, Kolkata, Haldia, Mumbai and Chennai are the designated seaports, Dhubri is the river route, New Delhi, Chennai, Mumbai and Kolkata are the air routes and Raxaul is the rail route. The others are the designated road routes. India is not only Bhutan's main development partner but also its largest trade partner. During 2009, imports from India were of the order of Rs. 23.3 billion and constituted 80% of Bhutan's total imports. Bhutan's exports to India in 2009 amounted to Rs. 20.5 billion and constituted 94% of its total exports ( Bandyopadhyay 2009: 5).

### 3.4 Imports and Exports between India and Bhutan

<i>[Rupees in Billion]</i>										
<b>Year</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
Exports to Bhutan (Imports from India)	6.98	7.58	10.26	10.19	12.80	13.05	15.09	17.33	23.3	29.30
Imports from Bhutan (Exports to India)	4.70	5.13	5.92	7.76	9.97	14.48	22.72	21.48	20.5	26.0
<i>Source: Royal Monetary Authority release</i>										

### **3.8 Concluding Remarks**

In the conclusion, in the political and strategic relations both India and Bhutan maintain their cordial relations not only because of the supreme guidance of the 1949 treaty but also due to its close and centuries old relations with India.

*But in whatever way Bhutan interprets the treaty of 1949, one thing is clear, Indo-Bhutan relations must be very smooth because India is a big neighbor and much of Bhutan's internal economy and political stability depends on India (Kharat 2005: 45).*

In the economic sphere no doubt there is an imbalanced trade relation between India and Bhutan. Obviously, the donor country is always dictate terms to the recipient country. Nevertheless, in case of Bhutan, India does not dictate terms to Bhutan but wants Bhutan not to tilt towards others power in the region especially China. In spite various tensions between India and Bhutan there is underlying elements of friendship, and a willingness to adopt a mutually beneficial relationship between them. Both of them know the importance of each other as for India, India knows importance of the geostrategic location of Bhutan vis-à-vis China and for Bhutan, Bhutan knows the importance of India for not only its economic development but also political stability.

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## **Indo-Bhutan Treaty of 2007: An Assertion for Independent Foreign Policy**

As the previous chapters argue about the importance of the Treaties like 1865 Sinchula, 1910 Punakha and 1949 Peace and Friendship between India and Bhutan. The present chapter discuss about another important treaty between India and Bhutan conducted in 2007, the treaty of Friendship which notonly reflects the contemporary nature of India and Bhutan relationship but also lays the foundation for India and Bhutan relationship for future development in the 21st century. Moreover, it will put an attempt to answer the queries like why there was needed for the treaty of Friendship, 2007, to what extent it is crucial and how does it explain the changing scenario of India and Bhutan relations.

### **4.1 The 2007 India and Bhutan Friendship Treaty**

The Governments of India and the Royal Government of Bhutan have signed the India-Bhutan Friendship Treaty. This Treaty updates the Treaty which was signed in Darjeeling on 8 August 1949. The signing of the India-Bhutan Friendship Treaty marks a historic moment in relations with Bhutan. The Treaty reflects mutual desire to enhance relationship. The updated Treaty reiterates that there shall be perpetual peace and friendship between India and Bhutan. It removes provisions which have become obsolete over time (Carnegieendowment 2007: 1). It includes fresh provisions for consolidating and expanding economic cooperation for mutual and long-term benefit, and cooperation in the fields of culture, education, health, sports, and science and technology. It does not envisage a change in the treatment of nationals of both countries, or in the free trade regime that we have. The Treaty commits both countries to cooperate closely with each other on issues relating to their national interests, and not allow the use of their territories for activities harmful to the national security and interest of the other. The 2007 Treaty between India and Bhutan not only put emphasis on hard areas but also put emphasis on soft areas.

### **4.2 Friendship Treaty (2007) between India and Bhutan**

The Government of the Republic of India and the Government of the Kingdom of



Bhutan: Reaffirming their respect for each other's independence, sovereignty and territorial integrity. Desiring to clearly reflect this exemplary relationship and having decided, through mutual consent, to update the 1949 Treaty relating to the promotion of, and fostering the relations of friendship and neighborliness between India and Bhutan. The Treaty stated, 'there shall be perpetual peace and friendship between India and Bhutan and so far the national interest is concerned both these countries agreed upon to keep with the abiding ties of close friendship and cooperation between Bhutan and India, the Government of the Kingdom of Bhutan and the Government of the Republic of India shall cooperate closely with each other on issues relating to their national interests. Neither Government shall allow the use of its territory for activities harmful to the national security and interest of the other. In matter of trade and commerce both India and Bhutan agreed for free trade and commerce between the territories of the Government of Bhutan and the Government of India. Both the Governments shall provide full cooperation and assistance to each other in the matter of trade and commerce. In the field of import and export of arms and ammunition the Government of India agrees that the Government of Bhutan shall be free to import, from or through India into Bhutan, whatever arms, ammunition, machinery, warlike material or stores as may be required or desired for the strength and welfare of Bhutan, and that this arrangement shall hold good for all time as long as the Government of India is satisfied that the intentions of the Government of Bhutan are friendly and that there is no danger to India from such importations' (Bhutannica 2007: 1). The Government of Bhutan agrees that there shall be no export of such arms, ammunition and materials outside Bhutan either by the Government of Bhutan or by private individuals. Moreover, 'both countries agree that Bhutanese subjects residing in Indian territories shall have equal justice with Indian subjects, and that Indian subjects residing in Bhutan shall have equal justice with the subjects of the Government of Bhutan and if there is an extradition of persons both countries decide that the extradition of persons wanted by either state for crimes and for unlawful activities affecting their security shall be in keeping with the extradition agreements between the two countries' (Rajput 2011: 149). In the field of health, sports, education, science and technology both India and Bhutan agree to promote cultural exchanges and cooperation between the two countries. The Government of Bhutan and the Government of India agreed to continue to consolidate and expand their economic cooperation for mutual and long-term benefit. Any disputes regarding in the

application of this treaty they required to solve bilaterally through negotiations.

### **4.3 Indo- Bhutan relations since the treaty of Friendship, 2007**

The Friendship Treaty 2007 between India and Bhutan is very crucial and it has a great impact on both these countries in various fields like political, strategic, cultural, sports etc. So far the political field is concerned both the countries have various political visits like the King of Bhutan, His Majesty Jigme Khesar Namgyel Wangchuck, paid a State Visit to India from 21-26 December 2009. Prime Minister Lyonchen Jigmi Y. Thinley visited India from 28 June to 3 July 2009 to felicitate the new Government. Prime Minister Manmohan Singh visited Bhutan from 28-30 April 2010 for the 16th SAARC Summit (Bhutannica 2008: 1). President Pratibha Devisingh Patil visited Bhutan from 5-8 November 2008 and was the Guest of honor at the Coronation celebrations of His Majesty Jigme Khesar Namgyel Wangchuck the King of Bhutan. Prime Minister Manmohan Singh paid a very successful State visit to Bhutan from 16-17 May 2008. This was followed by a visit to India by first democratically elected Prime Minister of Bhutan Lyonchen Jigmi Y. Thinley from 14-17 July 2008. The Fourth King of Bhutan Jigme Singye Wangchuck was the Chief Guest at the Republic Day celebrations in January 2005 and visited India for bilateral discussions in August 2005 and July 2006. His Majesty the King of Bhutan Jigme Khesar Namgyel Wangchuck visited India in February 2007. These visits provided an opportunity to discuss bilateral political and economic issues and other issues of mutual interest (Rajput 2011: 129).

### **4.4 Educational and Cultural Affairs**

Article 7<sup>1</sup> puts importance on enhancing cooperation in various fields like education, health, sports, science and technology etc. There is close bilateral cooperation in the educational and cultural fields between India and Bhutan. India provides technical expertise and services of specialists to Bhutan in various fields. Government of India's scholarships is granted to 50 Bhutanese students both at undergraduate and postgraduate level every year in Indian Institutions of higher learning. Under the 10th

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<sup>1</sup> Article 7 of the friendship treaty of 2007 between India and Bhutan says that the Government of Bhutan and the Government of India agree to promote cultural exchanges and cooperation between the two countries. These shall be extended to such areas as education, health, sports, science and technology. Rajput 2011: 349

Plan the undergraduate slots have been increased to 85 per year and postgraduate to 77. These GOI (Government of India) Scholarships are in addition to the ITEC (Indian Technical and Economic Cooperation) /TCS (Tata Consultancy Services) of Colombo Plan (80 slots) training slots provided to Bhutan every year. Ambassador's scholarships are granted to meritorious and deserving students for studies in India. During his visit to Bhutan, Prime Minister Manmohan Singh announced the government of India's decision to institute a Nehru-Wangchuck Scholarship to encourage students from Bhutan to study in leading Indian universities and institutions, which has already been implemented for the present academic session (Bandyopadhyay 2009: 7). Large number of Bhutanese students study in Indian schools and colleges on private basis. To facilitate this, the Education Consultants of India Limited held a seminar- cum-counseling Session in Bhutan in May 2007 for the benefit of Bhutanese students desirous of pursuing further studies in India. Bhutan's Sherubtse College is affiliated to Delhi University. The cooperation was not only limited to official exchanges between the two governments. The people-to-people contacts were also diversified. A five member Indian Ocean Band sponsored by the ICCR (Indian Council for Cultural Relations)<sup>2</sup> performed in Thimphu on 23 May 2008 as part of Coronation and Centenary Celebrations in Bhutan and to mark the Golden Jubilee Year of Pandit Jawaharlal Nehru's visit to Bhutan in 1958. A 38 member Pungcholan drummers group from Manipur choreographed by Astad Deboo performed during the coronation celebrations in Bhutan on 7 Nov 2008 (Indian Embassy 2012: 2).

Well known Indian rock band Parikrama performed at the centennial grounds in Thimphu on 26 November 2008 on India day. Friendly football matches between under-16 teams of India and Bhutan were also organized in Bhutan in November 2008 as part of coronation and centenary celebrations. The Embassy invited Manipuri and Odissi dance troupes to perform in Bhutan. Bhutan also participated in the First Exhibition of SAARC (South Asian Association for Regional Cooperations) Museum of Textiles and Handicrafts (Textile Traditions of South Asia), Seminar – Festival of

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<sup>2</sup> Indian Council for Cultural Relations (ICCR) was founded in 1950 by Maulana Abul Kalam Azad, independent India's first Education Minister. The Council helps formulate and implement policies pertaining to India's external cultural relations, to foster mutual understanding between India and other countries and to promote cultural exchanges with other peoples.

South Asian Folklore, SAARC Fusion of Music Bands, SAARC Food Festival and SAARC School Students and University Students Exchange Programme organized in December 2007. A Kathak dance troupe led by Aditi Mangaldas invited by the Embassy in August 2009 gave performances at various places in Bhutan. The renowned sitarist Shujaat Hussain Khan and his troupe (sponsored by ICCR) gave performance at the Embassy auditorium on the occasion of Independence Day 2010. Kathak dance was performed by Sharmishtha Mukherjee and a photographic exhibition entitled 'Buddhism in India' by Sondeep Shankar was inaugurated at NWCC in Thimphu during the inauguration ceremony of NWCC on 21 September 2010 ((Indian Embassy 2012: 2).

#### **4.5 India-Bhutan Foundation (IBF)**

India-Bhutan Foundation (IBF)<sup>3</sup> was established in August 2003 during the visit to India of the present King and the then Crown Prince with the aim to enhance people to people exchanges in the focus areas i.e. education, cultural exchanges and environment preservation. Ambassadors of Bhutan and India are the co-Chairpersons of India- Bhutan Foundation.

GoI has contributed Rs 5 crore as main corpus amount for IBF with a matching contribution from RgoB (Royal Government of Bhutan). The last meeting of IBF was held in India in January 2011. IBF supported in holding of the first ever seminar between India and Bhutan on the Gross Nation Happiness (GNH) from 11-12 March in Thimphu. The seminar was organized by the Centre for Bhutan Studies (CBS) and Seminar Education Foundation (SEF) of India. India-Bhutan Foundation also sponsored a Literary Festival “Mountain Echoes”<sup>4</sup>, which was organized by ‘Siyahi’, a leading literacy consultancy in India in Bhutan from 17-20 May, 2010 (Sharma

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<sup>3</sup>The India-Bhutan Foundation was established in August 2003 by the Royal Government of Bhutan and the Government of India with the objective of enhancing exchange and interaction among the peoples of both countries through activities in the areas of educational, cultural, scientific and technical fields.

<sup>4</sup> Mountain Echoes – a literary festival, in association with Siyahi. Focusing on the magic and mystique of writings of and from the Himalayan regions. Mountain Echoes, a platform for authors from India and Bhutan to get together and engage in a cultural dialogue and understand Indian and Bhutanese literature in all its myriad forms and dimensions. The event will also bring some international authors, poets and performers together.

2011: 75). This was the first ever India-Bhutan Literary Festival, in which leading authors, publishers and poets from both sides including renowned personalities such as Gulzar, Chetan Bhagat, Sanjay Hazarika, Patrick French etc participated. The Festival was inaugurated by Her Majesty, the Queen Mother, and Prime Minister of Bhutan Lyonchen Jigmi Y. Thinley delivered the key note address focusing on GNH. The second series of the Literary Festival “Mountain Echoes” was held in Bhutan from 20-24 May 2011. (Indian Embassy 2012: 3).

#### **4.6 Trade and Investment**

Article 3<sup>5</sup> of the friendship treaty between India and Bhutan describes about trade between these two countries. Several important economic and commercial conferences have been held in Bhutan to further our bilateral economic and commercial relations. Coinciding with the Coronation and centenary events a trade fair known as the 5th India Trade Show in December 2008 which witnessed participation by many Indian companies including from the North East. Other conferences include the South Asia Conference on Synergy and CME (Continuing Medical Education) in November 2005 organized by AIIMS (All India Institute of Medical Sciences) and a Seminar on ‘Public Private Partnership in Social Housing’ in June 2005 organized by HUDCO (Housing and Urban Development Cooperations Limited). Coinciding with the SAARC Car Rally a conference on ‘ICT (Information and Communication Technology) for sustainable and inclusive development in SAARC’ was held in Thimphu on 19th March 2007 (Rajput 2011: 345).

A Workshop for SAARC countries on Applications of Tele-health to Service Delivery in Public Health and Environment was organized by the Ministry of Health, GoB in collaboration with the School of Telemedicine and Biomedical Informatics, Sanjay Gandhi Post Graduate Institute of Medical Sciences (SGPGIMS), Lucknow in Thimphu from 27-31 July 2009. Over 40 Indian companies, organised by the Indian Trade Promotion Organisation (ITPO), participated in the 9th SAARC Trade Fair held in Thimphu from 11-14 September 2009. About 50 Bhutanese and 45 Indian companies participated in the Bhutan-India Regional Friendship Trade Fair held in

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<sup>5</sup> There shall, as heretofore, be free trade and commerce between the territories of the Government of Bhutan and the Government of India. Both the Governments shall provide full cooperation and assistance to each other in the matter of trade and commerce. Rajput 2011:349

Gelephu from 8-12 January 2010. About 16 Indian and 13 Bhutanese companies in areas of automobiles, handlooms, handicrafts, electronics, furniture, agricultural products and food items participated in the 2nd Bhutan India Regional Friendship Trade Fair (BIRFTF) 2011 held from 28 January -1 February, 2011 in Phuentsholing. Bhutanese companies participated in the 30th & 31st India International Trade Fair held in New Delhi in November 2010 and 2011. A Confederation of Indian Industries (CII) team of businessmen/industrialists visited Bhutan in July 2007 and in August 2009. A business delegation from Bhutan led by Secretary, Ministry of Economic Affairs, visited India on invitation of GOI in January 2008 to participate in the CII Partnership Summit in New Delhi. It also visited important business organisations and institutions in Mumbai, Bangalore and Kolkata. A seminar- cum-workshop on business opportunities in Bhutan was also organised in Delhi during the above visit. A Bhutanese delegation led by Secretary, MoEA (Ministry of Economic Affairs), RGoB and comprising officials from MoEA, Tourism Council of Bhutan and Bhutan Chamber of Commerce & Industry visited Kolkata and Mumbai from September 28 to 2nd October, 2010 for conducting the Investment Road Show in order to attract Indian investors to invest in Bhutan following the recent release of RGoB. Economic Development and revised FDI Policies (Rajput 2011: 135).

A 30 member delegation from NASSCOM (National Association of Software Services Companies) visited Bhutan in November 2008 during which NIIT (National Institute of Information Technology) agreed to establish a Centre of Excellence at the College of Science and Technology in Bhutan and Infosys agreed to train 100 Bhutanese students every year. Druk-PNB, the first FDI joint venture bank in Bhutan with PNB holding 51 per cent in the joint venture, opened on January 27. A Construction Expo and Trade Expo (held by M/s Leo Advertising, India in collaboration with BCCI<sup>6</sup> (Bhutan Chamber of Commerce and Industry) were held in 2010. BCCI also organized 'Spring Consumer Expo' and '1st International Education Fair' in Thimphu in March/ April 2011, in which a number of Indian companies participated. About 50 Indian companies participated in the five-day international trade fair organized by the Bhutan Chamber of Commerce and Industry from 3-7

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<sup>6</sup>Established under the royal command of His majesty the fourth King in 1980, the BCCI is a non-profit making private sector organization, comprising business community members from all around the country towards the development of a formal private sector.

September 2010 in Thimphu. Druk-PNB, the first FDI joint venture bank in Bhutan with PNB holding 51 per cent in the joint venture, opened on January 27. The first ever Young Presidents Organisation (YPO), Mumbai Chapter, and perhaps the most powerful ever business delegation was in Bhutan during April 7-10, 2011. A number of YPO members, especially involved in sectors like chemicals, tourism, education, etc. evinced keen interest for further follow up to concretize interaction with Bhutan. A 13-member CII delegation led by S. Sen, Principal Advisor, CII visited Bhutan from 21-23 July 2011. The companies were in areas of hydropower, tourism, agricultural equipment, food processing and quality, education and city waste management. The visit was organized by the Bhutan Chamber of Commerce and Industry (BCCI), as per the MOU signed between CII and BCCI ((Indian Embassy 2012: 3).

#### **4.7 Agreements/ Memorandum of Understanding (MoUs)**

Article 8 of the friendship treaty, 2007 (see Appendix Four) between India and Bhutan puts importance on greater economic cooperation. India and Bhutan have signed many agreements and MOUs during the last few decades. During the visit of His Majesty Jigme Khesar Namgyel Wangchuck in December 2009, twelve (12) MOUs/ Agreements in areas of hydropower, IT, health/ medicine, narcotics, civil aviation, agriculture and environment were signed.

These are:

1. Four (4) MoUs for preparation/updation of Detailed Project Reports (DPRs) of the Amochhu Reservoir Hydroelectric Project (HEP), the Kuri Gongri HEP, the Chamkharchhu-I HEP and the Kholongchhu HEP;
2. MoU for the Development of ICT in Bhutan;
3. MoU for the Establishment of the Bhutan Institute of Medical Sciences;
4. MoU on Drug Demand Reduction and Prevention of Illicit Trafficking in Narcotic Drugs, Psychotropic Substances and Precursor Chemicals and Related Matters;
5. Air Services Agreement;

6. MOU for Harmonisation of Seed Quality Testing and Standards for SAARC Countries;
7. Agreement for Search and Rescue Operation Services;
8. MoU on Technical Assistance to the National Environment Commission of the RGoB; and
9. MoU for Consultancy Services for the Preparation of the National Transmission Grid Master Plan of Bhutan ((Indian Embassy 2012: 3).

During Prime Minister Manmohan Singh visit to Bhutan in April 2010 for the 16th SAARC Summit, Implementation Agreements for the Punatsangchhu II and Mangdechhu Hydro Electric Projects (HEPs) were signed by the Minister of Economic Affairs of Bhutan Lyonpo Khandu Wangchuk and the External Affairs Minister of India Shri S.M. Krishna, in the presence of the Prime Ministers of India and Bhutan. MOUs for cooperation between the Election Commissions of India and Bhutan and UPSC (Union Public Service Commission) and RCSC (Royal Civil Service Commission) were renewed during the visits to Bhutan by CEC S.Y. Quraishi and UPSC Chairman D.P. Agrawal from 16-19 and 8-11 September 2011 respectively ((Indian Embassy 2012: 2).

#### **4.8 Tenth Five-Year Plan (2008-13)**

The Government of India committed assistance worth Rs. 3400 crores during the 10<sup>th</sup> FYP (Five Year Plan). This includes Project tied Assistance (Rs 2000 crore for about 70 projects in key socio-economic sectors such as agriculture, ICT, media, health/hospitals, education/ schools, capacity building, energy, culture and infrastructure etc), Programme Grant (Rs 700 cr.) and the Small Development Projects (Rs 700 cr.). During his address to the Joint Session of the Bhutanese Parliament in May 2008, Prime Minister Manmohan Singh informed that the total bilateral economic engagement with Bhutan over the next five years to be of the order of Rs./ Nu. 100 billion. Some of the important projects being executed under the 10th Plan include construction of Supreme Court, strengthening of Constitutional Officers such as Royal Audit Authority, Election Commission, anti-Corruption Commission and Attorney General, renovation of major Dzongs, preparation of DPRs for major power projects, widening of major roads, scholarships and expansion of tertiary educational



institutions. The regular Project Monitoring Committee (PMC) meetings and Plan Talks comprising concerned GoI and RGoB members are held regularly to monitor implementation of various projects (Rajput 2011: 146).

#### **4.9 Institutional Cooperation**

The institutional cooperation has been formalized through signing of a MoU between the two Election Commissions during the visit of our Chief Election Commissioner in May 2006. Chief Election Commissioner of Bhutan visited India earlier in Feb 2006 and recently in January 2010 and May 2009. Several teams of officials from the Election Commission of Bhutan including Dzongdas (District Collectors) and Dzongkhag (district) officials have visited India to observe various state and local elections. India has extended full assistance to Bhutan in formulating its election laws. Government of India also provided a grant of Rs 47.506 million to Royal Government of Bhutan to source electronic voting machines from India. Several Election Observers from India visited Bhutan during the National Council Elections and two rounds of mock elections. Government of India also provided helicopters during the National Council elections to transfer election officials and equipment to remote areas. MOU for cooperation between the Election Commissions of India and Bhutan was renewed during the visit to Bhutan by CEC S.Y. Quraishi. Chief Election Commissioner, Navin Chawla visited Bhutan in October 2009. A four member delegation from the Election Commission of India led by Chief Election Commissioner, N. Gopaldaswami visited Bhutan to observe the National Assembly Elections in March 2008. Shyam Saran, Special Envoy of Prime Minister and former Foreign Secretary, and Salman Haider former Foreign Secretary visited Bhutan as Election Observers from the GoI in March 2008. The Government of India also facilitated holding of a workshop in Thimphu for senior bureaucrats in Bhutan on Democratic Constitutional Monarchy with eminent civil servants from India acting as resource persons. Specific Election Coverage Training programmes were also organized for journalists from both public and privately owned media in Bhutan with the help of External Publicity Division which was well appreciated in Bhutan. GoI has extended a Standby credit facility of Rs 300 crores to RGoB in March 2009 to help Bhutan overcome rupee liquidity crunch (Rajput 2011: 141). The officials of the Bhutanese Parliament have been attending various training programmes conducted by

the Bureau of Parliamentary Studies and Training (BPST) in the Indian Parliament. BPST has also organized Orientation Programmes for Members of the Bhutanese Parliament. Speaker of the Bhutanese Parliament Lyonpo Jigme Tshultim visited India during August-September 2008. During the visit, he extended an invitation to our Speaker to visit Bhutan. Speaker, Lok Sabha, Meira Kumar, led an Indian Parliamentary delegation to Bhutan from 26-29 May 2010. The delegation included the Leader of Opposition, Sushma Swaraj, Girija Vyas, MP, Vishwa Mohan Kumar, MP and Secretary General and other officials from Lok Sabha Secretariat. This was the first visit of an Indian Speaker to Bhutan. During the visit, it was agreed to constitute a Parliamentary Friendship Group to promote regular exchange of Parliamentarians from both the sides. The speaker attended the opening ceremony of the 5th session of Parliament of Bhutan and addressed the Joint Session of Parliament. Both sides agreed to sign an MOU on Parliamentary cooperation. Parliamentary Friendship Groups have been formed in the Parliaments of both countries. Bhutanese Speaker visited India from 9-12 July 2011 for SAARC Speaker's Conference. An MOU between the two Parliaments has been signed between the two sides during the visit of Bhutanese Speaker to India from 23-26 Nov 2011 (Indian Embassy 2012:3).

#### **4.10 Concluding Remarks**

The 2007 Treaty between India and Bhutan is a milestone so far the relationship between India and Bhutan is concerned. The Treaty not only emphasizes on the hard areas like politics, diplomacy etc but also soft areas like health, education, sports with a view to enhance the relationship between these two countries to an even higher level of cooperation and goodwill to meet the aspirations peoples for a better life. It includes fresh provisions for consolidating and expanding economic cooperation for mutual and long-term benefit, and cooperation in the fields of culture, education, health, sports, and science and technology.

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## Conclusion

In the international scenario, the legal instruments like treaties, covenants, protocols etc. play a very important role due to their legitimacy and legality. These legal instruments bring source of obligations and where the parties to legal instruments behave according to the rules and regulations. In other words, these legal instruments regulate the behavioral pattern of the concerned parties. The Treaty of Sinchula (1865), the Treaty of Punakha (1910), the Treaties of Peace and Friendship (1949) and (2007) between India and Bhutan have been clear examples that have been guarding the cordial relation and regulating the behavioral patterns of both the states.

So far as India and Bhutan relationship is concerned, Bhutan is very crucial for India for its geo-strategic location as it is situated very strategically wedged itself a buffer state between India and China, which is important for their security perception. For India, a fragile Bhutan means a weak buffer state with China. So India pulls all her endeavor in bringing an end to Bhutan's isolation policy, has started socio-economic development and promoted Bhutan's international height through United Nations membership and other multilateral organizations.

The geo-strategic location of Bhutan makes important for India and China's security perception. China as a major political power on the northern border of Bhutan, has always tried to emphasize its political pressure on Bhutan to fulfill territorial as well as political aspiration and has always held the view that the Himalayan region are within her natural sphere and over Bhutanese claimed a shadow of suzerainty. To contain the Chinese influence over Bhutan, it was important for British India and independent India to maintain cordial relations with Bhutan. The principal objective of the Himalayan policy of the British was indeed to strengthen India's traditional border of north. Under this policy, it was assumed that the main threat to India's northern border came from Russia. But as far the Himalayan region was concerned, Russian thrust was neutralized by the Anglo-Russian convention of 1907 which was clearly defined the spheres of influences of Britain and Russia in Asia. Eventually, the threat which came from Russia was disappeared altogether. But the more perennial threat to India's north and north-eastern border come from China. China has always held the view that the Himalayan region are within her natural sphere and over

Bhutanese claimed a shadow of suzerainty. When Chinese were trying some kind of suzerainty over Bhutan by virtue of appointing the chiefs of Bhutan, the British were put on alert and China did not like India's encroachment upon its suzerainty over Bhutan. China motives were to bring rift between India and Bhutan, in doing so, China thought, it could secure sympathy of Bhutan for China. India benefits from this security arrangement. As an ally of India, Bhutan provides a natural barrier to protect the Himalayan frontier of India. In other words, it prevents the Chinese from entering into India. Bhutan's loyalty to India is dictated by the fact that her landlocked position of Bhutan makes her dependent on India for trade, transit and contact with the outside world.

Moreover, China has become increasingly assertive and aggressive, not just in terms of political speeches, economic behavior, or trade policy, but also through various aspects of their military advances. In 2012, the country has revealed an aircraft, a naval drone and a stealth fighter. China's Defense Budget 2012 announced in the first week of March 2012 significantly draws global and regional attention in that China has shot through its defense expenditure over the \$ 100 billion mark, making China's military expenditure at the global level, second only to that of the United States. These kind of military advances make China's ambition strong to become the regional power in Asia and consider itself one pole in this multi-polar world. It has created security dilemma for India as both these countries are rivalries in Asian subcontinent. Moreover, Chinese military advances is threat to Tibet, Bhutan etc. as it claimed suzerainty over these countries. To contain Chinese aggressive behavior against India, Bhutan, Tibet, it is importance for these countries to make security cooperation among themselves. As a result of which the geo-strategic location of Bhutan crucial for India vis-a vis China. China has border disputes with both India and Bhutan. Bhutan-China agreement on Peace and Tranquility on Borders signed in 1998, but China has not implement this agreement and started building roads which is closed to Bhutan's border. But the agreement says that both these countries will maintain peace and tranquility on borders and they will uphold status quo of the boundary prior to March 1959, but China action was a diversion from this agreement.

The impact of this treaty in 2005 as from the Bhutanese point of view, the Treaty of Punakha 1910, changed not only the political history of Bhutan but also social and

economic life in Bhutan. There were many reasons which promoted Maharaja Ugyen Wangchuck to sign this treaty. First, he wanted to protect Bhutan from Chinese expansionist policies. Secondly, it was not possible for Bhutan to maintain a separate political entity without the help of British India. Thirdly, he felt the way to modern Bhutan and bring radical changes into the economic system of the country with British India's assistance. It is true that by concluding this treaty, Ugyen Wangchuck not only ensured the autonomy of Bhutan, but also kept it free from foreign influence. The Treaty of 1910, Punakha served the British India's interest as it extended its commercial, political and military relations with Tibet as well as in the Himalayan region through the territory of Bhutan. In fact, the Treaty was indeed fortuitous, as British India could not ignore Bhutan's strategic location in the Himalayan region.

With the departure of British from India, it was important for both India and Bhutan to define and redefine their mutual ties and make a fresh beginning of their relationship. In the year 1949 both the countries entered in to another important Treaty named as Peace and Friendship Treaty 1949 which provided a legal basis to the special relationship between India and Bhutan. Article 2 of the Treaty of Peace and Friendship 1949, is very crucial so far the foreign policy of Bhutan is concerned, the article states that India will not interfere in the international administration of Bhutan. On its part the Government of Bhutan agreed to be guided by the advice of the Government of India in regard to its external relations. Even in the period of British India, there was no interference by it in the internal political struggle and civil war that was taking place in Bhutan. The monarchy as we know was today established only in 1907. British India, by recognizing it, gave additional legitimacy to the monarchy and contributed to stability. Article 5 of this treaty established free trade and commerce between India and Bhutan. Also, the Government of India provided free access for trade to the Government of Bhutan through the territory of India. India assisted Bhutan in its economic development by providing many projects and aids in its five year plan like developmental projects known as mega projects due to their size. The mega projects like Punatsangchhu-I Hydro Electric Project (HEP), Punatsangchhu –II and Mangedechhu HEPs – are under construction. For 5 projects viz., the Kuri Gongri HEP, the Chamkharchhu-I HEP, the Kholongchhu HEP, Sunkosh Reservoir, and Bunakha Reservoir projects, respective PSUs have submitted DPRs to the two governments for approval. During PM's visit to Bhutan in April

2010 for the 16th SAARC Summit, Indian Prime Minister Manmohan Singh and the Prime Minister of Bhutan, Jigmi Y. Thinley jointly laid the Foundation Stones for the Punatsangchhu –II and Mangdechhu Hydro Electric Projects (HEPs) and the Project ‘Bhutan Institute of Medical Sciences (BIMS)’, and launched the Project Implementation Document for the ICT Project “Chipen Rigphel – Enabling A Society, Empowering A Nation” (Total Solutions Project). India fully financed the first two Five Year Plans of Bhutan. India also financed the establishing of a development secretariat to look after these programmes. In this first five year plan of Bhutan the total expenditure was Rs. 107.2 million and during the Second Five Year Plan, the total outlay on various programs of Rs. 200 million and India donated 80% of the total outlay. Like this in every five year plan till the last one that is, the Ten Five year plan India hugely financed Bhutan for its economic development.

In the field of trade also both these countries have developed their relationship immensely. The trade relationship of India with Bhutan after India’s independence was guided by Article 5 of the treaty of 1949. The treaty provides free trade and commerce between the territories of Government of India and Bhutan. It also provides all facilities and carriage, by land and water of Bhutanese goods in the territory of India. After the Chinese invasion of Tibet in 1960, Bhutan imposed a ban on trade with China and Bhutan’s trade relationship completely moving towards India. Almost 95% of Bhutan’s trade is with India, but Bhutan has custom free trade with India. The first Indo- Bhutanese Agreement of Trade and Commerce was signed in 1995 and in the year 2006 India and Bhutan signed Agreement on Trade and Transit. India has assured a 100% market of Bhutanese goods and helps Bhutan to rise up its revenue. In the economic sphere no doubt there is an imbalanced trade relation between India and Bhutan. Obviously, the donor country is always dictates terms to the recipient country. Nevertheless, in case of Bhutan, India does not dictate terms to Bhutan but wants Bhutan not to tilt towards other powers in the region especially China. In spite various tensions between India and Bhutan there is underlying elements of friendship, and a willingness to adopt a mutually beneficial relationship between them. By this treaty, Bhutan as a sovereign state entered into a special relationship with India. As the main part of the treaty of Peace and Friendship, 1949 was Bhutan would be guided by India in its foreign policy matters.

All these developments and assistances to Bhutan are due to the compulsion and geo-strategic location. India tries to help Bhutan in any situation. As from trade to finance major projects in Bhutan itself indicates India's interest in Bhutan. India gives all possible help to Bhutan, so that Bhutan should not incline to China for its developments. As a result all major plans in Bhutan are financed by India. Further, the advancement of China's military makes fear to India's hold in the region. So India tries to strengthen its security cooperation with Bhutan. That's why the Treaty of Friendship 1949 makes provision that Bhutan is guided by India in its foreign policies matters. It is basically help to contain China in this region. The revised treaty further makes provision of cooperation from soft to hard politics.

But the assertion of Bhutan to pursue an independent foreign policy compelled to revise the treaty of Friendship 2007 for enhancing their mutual relations to an even higher level of cooperation and goodwill in all areas like both hard (political, strategic, economic) and also in soft (health, cultural, educational, sports). The signing of the India-Bhutan Friendship Treaty in 2007 marks a historic moment in relations with Bhutan and India. The Treaty reflects mutual desire to enhance their relationship to an even higher level of cooperation and goodwill to meet the aspirations of both the countries for a better life. The updated Treaty reiterates that there shall be perpetual peace and friendship between India and Bhutan. It includes fresh provisions for consolidating and expanding economic cooperation for mutual and long-term benefit, and cooperation in the fields of culture, education, health, sports, and science and technology. It does not envisage a change in the treatment of nationals of both countries, or in the free trade regime that we have. The Treaty commits both countries to cooperate closely with each other on issues relating to their national interests, and not allow the use of their territories for activities harmful to the national security and interest of the other. The 2007 Treaty between India and Bhutan is a milestone so far as the relationship between India and Bhutan is concerned.

The unique connection that exists between India and Bhutan has gradually been developed from a donor-recipient to equal partner relationship. The prominent instance is, diplomatic relations between India and Bhutan were established in 1968 with the appointment of a resident representative of India in Thimpu. Before this relationship with Bhutan were looked after by Political Officer in Sikkim. Before the



Treaty of Friendship 2007, India and Bhutan specifically cooperate on security for its geo-strategic location vis-a-vis China as the British India also played game card of Bhutan against China but gradually the relations between these two have changed. As the treaty of Peace and Friendship of 1949 institutionalized the relations between these two and the treaty of Friendship 2007 gave more dynamism in the relations between India and Bhutan in various fields like political, strategic, economic, cultural, health, sports, education etc as discussed earlier.

Moreover, as rational actors, both of them know the importance of each other and weakness too, as for India, India knows importance of the geo-strategic location of Bhutan vis-à-vis China and for Bhutan, Bhutan knows the importance of India for not only its economic development but also political stability. But most importantly, if India at all interested to retain the space which it had made in the past years must play a pro-active role with reference to its Bhutan policy otherwise miss the train and if India miss it then that definitely be the gain of China. So India should behave like an elder brother rather than a big brother towards Bhutan which has always been done by India.

## APPENDIX ONE

### **Treaty of Sinchula, 1865 between British India and Bhutan**

Treaty between His Excellency the Right Honourable Sir John Lawrence, G.C.B, K.S.I, Viceroy and Governor General of Her Britannic Majesty's possession in the East Indies, and the one part by Lieutenant Colonel Herbert Bruce CB, by virtue of full of powers to that effect vested in Him by the Viceroy and the Governor General and on the part Sandojey Deb Jimpey and Themseyrensey Donai according to full powers conferred on them by the Dhum and Deb Rajas, 1865.

#### **Article 1**

There shall henceforth be perpetual peace and friendship between British Government and the Government of Bhutan.

#### **Article 2**

Whereas in consequence of repeated aggressions of Bhutan Government and of the refusal of that Government to afford satisfaction for those aggressions, and their insulting treatment for the officers sent by his Excellency, the Governor General in Council for the purpose of procuring an amicable adjustment of difference existing between the two states, the British Government has been compelled to seize by an armed force the whole of the Doars and certain Hill posts protecting the passes into Bhutan and whereas the Bhutan Government has now expressed its regret for past misconduct and a desire for the establishment of friendly relations with the British Government, it is hereby agreed that the whole of the tract known as the Eighteen Doars, bordering on the District of Rungpoor, Cooch Behar and Assam, together with the Talook of Ambaree Fallacottah and the Hill territory on the left bank of the Teesta up to such point as may be laid down by the British Commissioner appointed for the purpose is ceded by the Bhutan Government to the British Government forever.

#### **Article 3**

The Bhutan Government hereby agree to surrender all British subjects as well as Subjects of the chiefs of Sikkim and Cooch Behar who are now detained in Bhutan against their will, and to place no impediment in the way of the return of all or any of such persons into British territory.

#### **Article 4**

In consideration of the cession by the Bhutan Government of the territory specified in Article 2 of this treaty, and said Government having expressed its regret for the past misconduct, and having hereby engaged for the future to restrain all evil-disposed persons from committing crimes within British territory or the territories of the Rajahs of Sikkim and Cooch Behar and to give prompt and full redress for all such crimes which may be committed in defence of their commands, the British Government agree to make an annual allowance to the Government of Bhutan of a sum not exceeding fifty thousand rupees to be paid to officers not below the rank of Jungpen, who shall be disputed by the Government of Bhutan to receive the same. And it is further agreed that the payments shall be made as specified below:

On the fulfilment by the Bhutan Government of the conditions of this Treaty twenty five thousand rupees

On the 10<sup>th</sup> January following the 1<sup>st</sup> payment, thirty five thousand rupees, on the 10<sup>th</sup> January following forty five thousand rupees.

On every succeeding 10<sup>th</sup> January fifty thousand.

#### **Article 5**

The British Government will hold itself at liberty at any time to suspend the payment of this compensation money either in whole or in part in the event of misconduct on the part of the Bhutan Government or its failure to check the aggression of its subjects or to comply with the provisions of this treaty.

#### **Article 6**

The British Government hereby agree, on demand being duly made in writing by the Bhutan Government, to surrender, under the provisions of Article VII of 1854, of which a copy shall be furnished to the Bhutan Government, all Bhutanese subjects accused of any of the following crimes who may take refuge in British dominions. The crimes are murder, attempting to murder, rape, kidnapping, great personal violence, maiming, dacoity, thuggee, robbery or burglary, cattle stealing, breaking and entering a dwelling house and stealing therein, arson, setting fire to village house, or town, forgery or uttering forged documents, counterfeit coin, perjury, subordination of perjury, embezzlement by public officers or other persons, and being an accessory to any of the above offences.

**Article 7**

The Bhutan Government hereby agree, on requisition being duly made or by the authority of any Lieutenant Governor of Bengal, to surrender any British subjects accused of any crimes specified in the above Article who may take refuge in the territory under the jurisdiction of the Bhutan Government, and also Bhutanese subjects who after, committing any of those above crimes in British territory, shall flee into Bhutan, on such evidence of their guilt being produced as shall satisfy the local Court of the district in which the offence may have been committed.

**Article 8**

The Bhutan Government hereby agree to refer to the arbitration of the British Governmental disputes with, or causes of complaint against, the Rajahs of Sikkim and Cooch Behar, and to abide by the decision of the British Government; and British Government hereby engage to enquire into and settle all such disputes and complaints in such manner as justice may require, and to insist on the observance of the decision by the Rajahs of Sikkim and Cooch Behar.

**Article 9**

There shall be free trade and commerce between the two governments. No duties shall be levied on Bhutanese goods imported into, or transported through, the Bhutanese territories nor shall the Bhootanese Government levy any duties on British goods imported into, or transported through, the Bhutanese territories. Bhootanese subjects residing in British territories shall have equal justice with British subjects, and British subjects residing in Bhutan shall have equal justice of the Bhutan Government.

**Article 10**

The present treaty of ten articles having seen concluded at Sinchula on the 11<sup>th</sup> day of November, 1865, corresponding with Bhatia year Shim Lung 24<sup>th</sup> day of 9<sup>th</sup> month.

## APPENDIX TWO

### **Treaty of Punakha, 1910 between British India and Bhutan**

In 1993 Whereas it is desirable to amend Articles IV and VIII of the treaty concluded at Sinchula on the 11<sup>th</sup> day of November, 1865, corresponding with the Bhatia year Shing Lung, 24<sup>th</sup> day of the 9<sup>th</sup> month, between the British Government and the Government of Bhutan, the under mentioned amendments are agreed to on the one part by Mr. C.A. Bell, Political Officer in Sikkim, in virtue of full powers to that effect vested in him by the Right Honourable Sir Gilbert John Elliot Murray Kynynmound, P.C., G.,M.S.I., G.M.I.E., G.C.M.G., Earl of Minto, Viceroy and Governor General of India in Council, and on the other part by His Highness DSir Ugyen Wangchuck, K.C.I.E., Maharaja of Bhutan.

The following addition has been made to Article IV of the treaty of Sinchula of 1865.

“The British Government has increased the annual allowance to Government of Bhutan from fifty thousand to one hundred thousand rupees with effect from 10<sup>th</sup> January, 1910”.

Article VIII of Sinchula Treaty of 1865 has been revised and revised Article runs as follows:

“The British Government undertakes to exercise no interference in internal administration of Bhutan. On its part, the Bhutanese Government agrees in regard to its external relations. In the event of disputes with or causes of complaint against the Maharajs of Sikkim and Cooch Behar, such matters will be referred for arbitration to the British as justice may require and insist upon the observance of its decision by the Maharajas named”.

Done in quadruplicate at Punakha, Bhutan this eight day of January in the year of our Lord one thousand nine hundred and ten, the 27<sup>th</sup> day of the 11<sup>th</sup> month of the East-Bird year.

## **APPENDIX THREE**

### **The Treaty of Peace and Friendship, 1949 between India and Bhutan**

The Government of India on the part, and His Highness the Druk Gyalpo's Government on the other part, equally animated by the desire to regulate in a friendly manner and upon a solid and durable basis the state of affairs caused by the termination of the British Government's authority in India, and to promote and foster the relations of friendship and neighbourliness so necessary for the well being of their people, have resolved to conclude the following Treaty and have, for this purpose, named their representatives, that is to say, Sri Harishwar Dayal representing the Government of India, who has full powers to agree to the said treaty on behalf of the Government of India, and Deb Zimpon Tobgye Dorji, Yang Lop Sonam, Chho Zim Thondup, Rinzim Tandin and Ha Drung Jigmie, Palden Dorji, representing the Government of His Highness the Druk Gyalpo, Mharaja of Bhutan, who have full powers to agree to the same on behalf of the Government of Bhutan.

#### **Article 1**

There shall be perpetual peace and friendship between the Government of India and the Government of Bhutan.

#### **Article 2**

The Government of India undertakes to exercise no interference in the internal administration of Bhutan. On its part the Government of Bhutan agrees to be guided by the advice of the Government of India in regard to its external relations.

#### **Article 3**

In place of compensation granted to the Government of Bhutan under Article 4 of the Treaty of Sinchula and enhanced by the treaty of eight day January, 1910 and the temporary subsidy of Rupees one Lakh per annum granted in 1942, the Government of India agrees to make an annual payment of rupees five lakhs to the Government of Bhutan. And it is further hereby agreed that the said annual payment shall be made on the tenth day of January, 1950. This payment shall continue so long as this Treaty remains in force and its terms are duly observed.

#### **Article 4**

Further, to mark the friendship existing and continuing between the said Governments, the Government of India shall, within one year from the date of signature of this treaty return to the Government of Bhutan about 32 square miles of

territory in the area known as Dewangiri. The Government of India shall appoint a competent officer or officers to mark out the area so returned to the Government of Bhutan.

**Article 5**

There shall, as heretofore, be free trade and commerce between the territories of the Government of India and the Government of Bhutan; and the Govt. of India agrees to grant the Government of Bhutan every facility for the carriage, by land and water, of its produce throughout the territory of the Government of India, including the right to use such forest roads as may be specified by mutual agreement from time to time.

**Article 6**

The Government of India agrees that the Government of Bhutan shall be free to import with the assistance and approval of the Government of India, from or through India into Bhutan, whatever arms, ammunition, machinery, warlike material or welfare of Bhutan, and that this arrangement shall hold good for all time as long as the Government of India is satisfied that the intentions of Government of Bhutan are friendly and that there is no danger to India from such importations. The Government of Bhutan, on the other hand, agrees that there shall be no export of such arms, ammunition etc. across the frontier of Bhutan either by the Government of Bhutan or by private individuals.

**Article 7**

The Government of India and the Government of Bhutan agree that Bhutanese subjects residing in Indian territories shall have equal justice with Indian subjects residing in Bhutan shall have equal justice with the subjects of the Government of Bhutan.

**Article 8**

(1) The Government of India shall, on demand being duly made in writing by the Government of Bhutan, take proceedings in accordance with the provisions of the Indian Extradition Act, 1903 (of which a copy shall be furnished to the Government of Bhutan), or surrender of all Bhutanese subjects accused of any of the crimes specified in the first schedule of said Act who may take refuge in India territory.

(2) The Government of Bhutan shall, on requisition being duly made by the Government of India, or by any officer authorised by the Government of India in this behalf, surrender any Indian subject, or subjects of a foreign power, whose extradition may be required in pursuance of any Government of India with said power, accused

of any crimes, specified in the first schedule of Act XV of 1903, who may take refuge in the territory under the jurisdiction of the Government of Bhutan, and also any Bhutanese subjects who, after committing any crimes referred to in Indian territory, shall flee into Bhutan, on such evidence of their guilt being produced as shall satisfy the local court of the district in which the offence may have been committed.

**Article 9**

Any differences and disputes arising in the application or interpretation of this treaty shall in the first instance be settled by negotiation. If within three months of the start of negotiations no settlement is arrived at, then the matter shall be referred to the Arbitration of three arbitrators, who shall be nationals of either India or Bhutan, chosen in the following manner:

- (1) One person nominated by the Government of India;
- (2) One person nominated by the Government of Bhutan;
- (3) A judge of the federal Court, or a High Court in India, to be chosen by the Government of Bhutan, who shall be chairman.

The judgement of this Tribunal shall be final and executed without delay by either party.

**Article 10**

This treaty continues in force in perpetuity unless terminated or modified by mutual consent.

Done in duplicate at Darjeeling this eight day of August, one thousand nine hundred and fourty nine, day of the sixth month of the Earth Bull year.



## **APPENDIX FOUR**

### **Treaty of Friendship, 2007 between India and Bhutan**

The Government of the Republic of India and the Government of the Kingdom of Bhutan: Reaffirming their respect for each other's independence, sovereignty and territorial integrity; Recalling the historical relations that have existed between our two countries; Recognizing with deep satisfaction the manner in which these relations have evolved and matured over the years into a model of good neighbourly relations; Being fully committed to further strengthening this enduring and mutually beneficial relationship based on genuine goodwill and friendship, shared interests, and close understanding and cooperation;

Desiring to clearly reflect this exemplary relationship as it stands today; And having decided, through mutual consent, to update the 1949 Treaty relating to the promotion of, and fostering the relations of friendship and neighborliness between India and Bhutan;

Have agreed as follows:

#### **Article 1**

There shall be perpetual peace and friendship between India and Bhutan.

#### **Article 2**

In keeping with the abiding ties of close friendship and cooperation between Bhutan and India, the Government of the Kingdom of Bhutan and the Government of the Republic of India shall cooperate closely with each other on issues relating to their national interests. Neither Government shall allow the use of its territory for activities harmful to the national security and interest of the other.

#### **Article 3**

There shall, as heretofore, be free trade and commerce between the territories of the Government of Bhutan and the Government of India. Both the Governments shall provide full cooperation and assistance to each other in the matter of trade and commerce.

**Article 4**

The Government of India agrees that the Government of Bhutan shall be free to import, from or through India into Bhutan, whatever arms, ammunition, machinery, warlike material or stores as may be required or desired for the strength and welfare of Bhutan, and that this arrangement shall hold good for all time as long as the Government of India is satisfied that the intentions of the Government of Bhutan are friendly and that there is no danger to India from such importations. The Government of Bhutan agrees that there shall be no export of such arms, ammunition and materials outside Bhutan either by the Government of Bhutan or by private individuals.

**Article 5**

The Government of Bhutan and the Government of India agree that Bhutanese subjects residing in Indian territories shall have equal justice with Indian subjects, and that Indian subjects residing in Bhutan shall have equal justice with the subjects of the Government of Bhutan.

**Article 6**

The extradition of persons wanted by either state for crimes and for unlawful activities affecting their security shall be in keeping with the extradition agreements between the two countries.

**Article 7**

The Government of Bhutan and the Government of India agree to promote cultural exchanges and cooperation between the two countries. These shall be extended to such areas as education, health, sports, science and technology.

**Article 8**

The Government of Bhutan and the Government of India agree to continue to consolidate and expand their economic cooperation for mutual and long-term benefit.

**Article 9**

Any differences and disputes arising in the interpretation and application of this Treaty shall be settled bilaterally by negotiations in a spirit of trust and understanding in consonance with the historically close ties of friendship and mutually beneficial cooperation that form the bedrock of Bhutan-India relations.

## **Article 10**

This Treaty shall come into force upon the exchange of Instruments of Ratification by the two governments which shall take place in Thimphu within one month of the signing of this Treaty. The Treaty shall continue in force in perpetuity unless terminated or modified by mutual consent. In witness whereof, the undersigned being duly authorized thereto by their respective Governments, have signed this Treaty.

Done at New Delhi on the Eighth Day of February Two Thousand and Seven, in two originals each in Hindi, Dzongkha and English languages, each text being equally authentic. However, in case of difference, the English text shall prevail.

For the Government of the Republic of India

Sd/-

(Pranab Mukherjee)

Minister of External Affairs

For the Kingdom of Bhutan

Sd/-

(H.R.H.Trongsa Penlop)

Jigme Khesar Namgyel Wangchuck  
The Crown Prince of Bhutan

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