

**Bhutan's Approach to Gross National Happiness:
A Study of Socio-Economic Dimensions**

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

MASTER OF PHILOSOPHY

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DECLARATION

I, Kunal Allay, declare that this dissertation entitled “**Bhutan’s Approach to Gross National Happiness: A Study of Socio-Economic Dimensions**”, submitted by me in partial fulfillment of the requirements for the award of the degree of Master of Philosophy of Jawaharlal Nehru University, is my bonafide work. I further declare that the dissertation has not been submitted for any other degree of this University or any other University.

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To the one who made everybody happy

my beloved Grandfather

Lt. K.B. Allay

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PREFACE

The discourses on development paradigm makes way for the GNH model to emerge, as a third way, and that it is potentially transformative in nature. It is the combination of the traditional Monarchial welfare states commitment to provide basic social goods and enhance the capabilities of its citizens. The model puts humans and their basic needs at the centre of development defying the contemporary development theories that growth can also be achieved the other way. It also engraves the importance of values and spiritualism (mean secular) in this vast literature of development.

The notion of Universal primary education, a poverty-free society, health facilities for all, sustainability for the future, homogenizing culture and the balance of spiritual and material needs, has been propounded and implemented by the government of Bhutan. Since 1960's Bhutan was isolated and backward, but after four decades of planned development based on the philosophy of GNH, the nation has witnessed a tremendous improvement in the quality of life of the people, and also raising awareness about globalization and its contradictions, so that a human can have a peaceful, content and a happy life.

In every part of the world scientist, economic, political and social are using every aspect of their potential to free mankind from the miseries, brought in it by itself. GNH is more of a value based concept which is hard to operationalise but not insufficient to be an alternative system. Therefore, the study will examine the concept of GNH and the methods and strategies implemented by the Government. In order to provide a utilitarian kind of happiness for all. This developmental concept has not been seriously accepted as a mainstream development paradigm.

Further the study has developed two hypotheses, which are, 1) In spite of the decline in poverty, an ethnic and regional disparity has increased, and 2) that the concept of GNH is anti-thetical to the concept itself.

The two mentioned hypothesis shall be tested through the explanation of this study's chapters and the outcome mentioned in the conclusion. Keeping time as a limitation, this study will focus on just one indicator of GNH i.e. equitable socio-economic development. The study tries to analyze the dimensions of culture and confesses to leave out valid subjects of Gender and environment.

This study has tried to use the latest data available and ask for forgiveness if the readers find any which of my conscience is accidental.

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Many a People laughed or became a victim of skepticism, when they heard or came to know about my topic, but I empathize with my fellowmen's as they are and were unaware of the kind of 'mental bliss' I was in and had been experiencing, through the rigorous readings, to get an understanding of the subject, which did help me personally in some way to change for better and understand the principles, values and dynamics of life and to experience the aesthetic value from subjects like philosophy, Buddhism, development and so on. First of all, I thank God for his blessings and the beautiful life he has given to all of us.

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GLOSSARY

Chatrim	Rules, the constitutional law for the Cabinet
Chimi	The people's representative in the National Assembly
Chiog	Group of villages
Chipon	Household/ village representative on GYT
Dzongdag	Chief administrator of a district
Dzongrab	Deputy administrator of a district
Dzongkhag	District
Geog Block	smallest geographic unit of administration
GYT	Geog Yargay Tsogchung (Block Development)
Gup	Geog head, elected representative for three years
Maangmi	Geog elder, also functions as deputy Gup
Tshogpa	Representative of a village or several villages on the GYT
Zomdoo	Village meeting
Driglam Namzha	Code of conduct
Ngultrum	Bhutanese currency.

LIST OF ABBREVIATIONS

APF	Alternative Planning Framework
BNHDR	Bhutan National Human Development Report
BMDGPR	Bhutan Millennium Development Goals Progress Report
BMDGNA&CR	Bhutan Millennium Development Goals Needs Assessment and Costing Report.
CBS	Centre for Bhutan Studies
DADM	Department of Aid and Debt Management
DANIDA	Danish Aid
DBA	Department of Budget and Accounts
DE	District Engineer
DFO	District Financial Officer
DLG	Department of Local Governance
DoHP	Department of Health and Planning
DoP	Department of Planning
DPO	Dzongkhag Planning Officer
DSF	Decentralisation Support Fund
DSP	Decentralisation Support Programme
DYT	Dzongkhag Yargye Tshogchung
FY	Financial Year
FYP	Five-Year Plan
GDF	Geog Development Facilitating Activity
GPIS	Geog Planning Information System
GYT	Geog Yargye Tshogchung
HRD	Human Resource Development
LC	Letter of Credit
LG	Local Government
LGDP	Local Governance & Decentralisation Project
M&E	Monitoring and Evaluation
MoA	Ministry of Agriculture

MoF	Ministry of Finance
MoHCA	Ministry of Home and Cultural Affairs
MTE Mid	Term Evaluation
MTET	Mid-Term Evaluation Team
NRTI	Natural Resources Training Institute
PD	Programme Document
PIR	Policy Implementation Review
PAR	Poverty Analysis Report
PA&AR	Poverty assessment and analysis report.
RGoB	Royal Government of Bhutan
RIM	Royal Institute of Management
SCDMD	Strengthening Capacities for Development Management and Decentralization
SNV	Netherlands Development Organization
TA	Technical Assistance
ToR	Terms of Reference
UNCDF	United Nations Capital Development Fund
UNDP	United Nations Development Programme
USD	United States Dollar
AIDS	Acquired immune deficiency syndrome
BHU	Basic Health Unit
BTF	Bhutan Trust Fund for Environmental Conservation
CPR	Contraceptive Prevalence Rate
EFA	Education For All
EIA	Environment Impact Assessment
HDI	Human Development Index
HIES	Household Income and Expenditure Survey
HIV	Human Immunodeficiency Virus
IDD	Iodine Deficiency Disorder
IEC	Information, Education and Communication
IMR	Infant Mortality Rate

MDT	Millennium Development Target
MMR	Maternal Mortality Rate
MRE	Most Recent Estimate
M+E	Monitoring and Evaluation
NA.	Not available
NCD	Nature Conservation Division
NEC	National Environment Commission
NES	National Environment Strategy
NHDR	National Human Development Report
NHS	National Healthy Survey
NMCP	National Malaria Control Programme
NWAB	National Women's Association of Bhutan
PHES	Public Health Engineering Section
PEM	Protein Malnutrition
STD	Sexually Transmitted Diseases
TB	Tuberculosis
TBA	Trained Birth Attendant
U5MR	Under-Five Mortality Rate
RGoB	Royal Government of Bhutan
RNR	Renewable Natural Resources
TFR	Total Fertility Rate
UN	United Nations
UNICEF	United Nations Children's Fund
VHW	Village Health Worker
WFP	World Food Program
WHO	World Health Organization

Chapter 1 INTRODUCTION

This introductory chapter is particularly concerned with exploring the nature, characteristics and implications of the concept of Gross National Happiness (GNH). This study examines the similarities and differences between the Bhutanese concept of GNH and development in relation to the attainment of the Millennium Development Goals (MDGs).-The period is from 2000-2005. The focus of the study is limited to the first indicator of GNH that is equitable socio-economic development and some related elements like poverty, education and health, falling under the MDGs.

The primary concern in this study is that modern economic development has led to instabilities and deficiencies in the sphere of social and cultural system, which has led to the failure of politics and erosion of moral values on both the national and the international level. The disenchantment with politics (neglected) has allowed the market and the profit motive to respond to the economic, social and political forces of cognizant human beings. There has been a wide gap in society across all nations, where humanity is in a desperate search for a system which focuses on the overall human development, and the betterment of the lives of all.

A search for freedom, freedom from socio-economic inequalities, deterioration of human values and a search for inner peace and the acceptance of the collective interests of society and the social values expressed in them. Therefore, is the concept of GNH the answer? The development philosophy implemented by the Dragon kingdom, which is based on the foundations of Buddhist ethics, provides an important criticism of the current development debate. Henceforth the chapter attempts to provide a comprehensive theoretical framework for GNH through the examination of mainstream development theories and literature surrounding the theories and application of happiness, subjective well-being (SWB) and Buddhist ethics.

Bhutan's development policy has focused on improving the general well being of the people by promoting equitable and balanced socio-economic development, promising an

all round development especially spiritual which has been neglected by the past and the contemporary development theories. The Bhutanese people have been witnessing dramatic improvements in the quality of their lives. Despite remarkable progress, significant challenges like poverty alleviation remain and new challenges related to unemployment, rising ethnic inequities and integration into the global economy are emerging. The rapid transformation of the political system to a democratic polity adds greater urgency to address these issues in the immediate future. The concept of GNH is of pro-poor growth - that enables the poor to actively participate in and benefit substantially from economic activity which has gained growing recognition in international development discourse.

Furthermore, the study analyses the operationalising of GNH keeping in mind the attainment of MDGs based on poverty, health and education. Lastly it gives a general overview of how Bhutan has been implementing its developmental policies and how far it has been able to live up to the vision or the goal towards GNH.

The chapter concludes that the theoretical basis of GNH is directly derived from the disenchantment felt with the failures of mainstream development paradigms to provide a holistic development strategy. GNH can be conceptualized theoretically through accommodating the principles of Human Development Approach (HDA) along with the literature on subjective-well being and Buddhist ethics. The importance of establishing this framework is to provide GNH with a legitimate definition by which it can exist in the paradigm of modern development theories.

The study examines the challenges of health, education and poverty in relation to the MDGs as a referral for its success and henceforth the study has been divided into five chapters. Thus the first chapter discusses the concept of GNH and failures of modern development models and suggesting Buddhist ethics as an alternative model. GNH is a holistic development model which keeps people as the centre of development. Hence, the second chapter briefly describes the poverty scenario in Bhutan its causes, effects and the

methods implemented by the Bhutanese for its removal. The chapter highlights the regional disparities and the groups affected by it.

The third chapter is on addressing health and educational facilities in Bhutan. Access and delivery of different social services to those not yet reached poses new kinds of management challenges. The question of quality of services and benchmarking of standards to global levels assumes increasing importance. Strategic priority setting to fill in the gaps is increasingly necessary. In an increasingly globalized and interconnected world, many factors cannot be controlled and there is a constant need to monitor changing conditions and research the hidden and emerging social problems, the problems of governance in southern Bhutan and the rising ethnic imbalances forms the crux of the debate in the fourth chapter, analyzing the emerging ethnic imbalances and cultural differences between ethnic communities in the Bhutanese society. The fifth and the concluding chapter, is based on the analysis of the previous chapters, besides summarizing the points and testing the hypotheses formulated in the study.

1.2 PROBLEM STATEMENT AND RESEARCH QUESTIONS

Bhutan as a formerly closed society is opening up to the global world. Internally a process of decentralization and political democratization has been set in motion. The path for self-reliance and equitable socio-economic development is a challenge for Bhutan to overcome with its several emerging problems. For instance poverty is much more widespread and more severe in rural Bhutan as compared to the urban areas. As many as 23% of the rural people are poor, compared to only about 4% of the urban population (PAR 2007). There is also a great deal of regional variation in poverty, with the eastern districts being much poorer than the rest of the country.

Increasing levels of discontentment felt within the Bhutanese Nepalese and the emergence of the Ngalongs as the ruling elite poses serious social contradictions in the society. Bhutan has been ranked No. 2 violator of human rights because of the absolute

denial of political freedom, independent judiciary, press freedom and violations of the rights of minorities and undeclared ban on the human rights defenders (Freedom House 2007). A longer-term approach will, however, require the combination of education, training that imparts business skills, technical knowledge, managerial skills and a curriculum that exposes young minds to actual business operations, so that they can develop skills and attitudes relevant for the business world. The problem of rising unemployment among the youths is also one of the causes of poverty in Bhutan (BHDR 2005).

While this process is going on, the need to preserve the traditional Buddhist cultural values and the focus on ecological preservation has time and again been strongly underwritten in the Middle Path Strategy. (GNH 1999) The main challenge will be to balance the spiritual aspects of the development process with the need to improve the people's living standard in material terms. The current phase of development can be seen as an experimental learning process. It cannot lean on proven experiences and it takes place in a situation full of uncertainties. The study aims to understand the process of change, its implications, and particularly, how it is rooted in society in achieving the minimum sustainable living. Therefore the questions formulated on this background are:

- 1) How have the Bhutanese approached the philosophy of GNH as a developmental vision?
- 2) What are the limitations of mainstream developmental theories which enhance its promotion?
- 3) How far Bhutan has been able to address its challenges of uneven growth?
- 4) What are the causes for the increasing ethnic and regional imbalances?
- 5) Has the Bhutanese concept of cultural homogeneity been successful?

1.3 RESEARCH STRATEGIES AND METHODOLOGIES

The methodology used includes review of literature, published government documents and reports, which contain detailed analyses and information about the country's evolution in the last decades combined with a general analysis of Bhutan's development philosophy. The data will be collected from primary and secondary sources, such as government documents, archives, reports and records. The secondary data will be collected from different books, articles, periodicals and news-papers. Internet sources were also used for this purpose. The data collected from various sources is summarized in tables and graphs.

1.4 DEVELOPMENT PHILOSOPHY OF BHUTAN

The concept expresses a preference for happiness over accumulation of material wealth and the development path therefore rests on the four so-called pillars of development:

- Sustainable and Equitable Economic Development.
- Ecological Preservation.
- Cultural Promotion and preservation.
- Good Governance.

The development philosophy therefore states that the country should pursue a balanced or 'Middle way' development strategy. It is based on the belief that moderate consumption leads to the realization of true well-being or quality of life. Or, as the old Bhutanese proverb puts it "*it is better to have milk and cheese many times than beef just once*", implying that short-term gains must not override long-term benefits (RGoB, 1998). In this sense, the Middle Path implies avoiding extremes or seeking moderation in order to achieve the overall goals, thus causing less ecological impact. The development efforts need meticulous orchestration of these principles, intended to bring harmonious development in the future, balancing environmental sustainability, social well-being and spiritual richness of the Bhutanese society. The GNH and international concept of

sustainable development were introduced in Bhutan towards the late 1980s and early 1990s (RGoB 2002).

In 1971, when Bhutan joined the UN, the prominence of ‘prosperity and happiness’ was highlighted (Priesner, 1999). Similarly, the former King Jigme Singye Wangchuck, in the early years of his reign, declared that “our country’s policy is to consolidate our sovereignty to achieve economic self-reliance, prosperity and happiness for our country and people”. Consequently, in late 1980s, the King formally introduced his vision for Bhutan by enunciating the concept of happiness by declaring: “*gross national happiness is more important than gross national product*”, whereby happiness takes precedence over economic prosperity in the national development (Priesner, 1999). The concept of GNH is human centered, as it places the individual at the centre of all development efforts and recognizes that material, spiritual and emotional needs of the individuals must be fulfilled. So the development efforts have been directed towards fulfilling these needs rather than material needs only.

Sustainable development involves the interdependency and co-existence of human beings and nature in a sustainable manner. It is manifested in peoples’ beliefs that high mountains and deep ravines, ancient trees and rocks are the abode of spirits, gods and demons. Disturbing these would enrage these non-human inhabitants and bring ill luck, sickness and death to families. On the contrary, appeasing these spirits would be rewarded with luck, peace and prosperity (URA, 2004). Generally, the environment as a whole is considered important as the provider of life support functions (RGoB, 1997) and the duty of human society is to care for and manage the environment. In this scenario, maintaining a symbiotic relationship with the physical environment by maintaining ecological balance is considered more beneficial than the benefits provided by economic development. In this context the Ringpung Declaration¹ brought Bhutan a step closer to clarifying its overall philosophy of development as sustainable development leading to ‘Gross National Happiness’. However, although the promotion

¹ Paro is one of the 20 districts. It is situated in Western Bhutan. Dzong is synonymous to fortress; it is the seat of administrative, judiciary and monastery institutions.

of GNH has guided Bhutanese development path, very little was known to the outside world until 1998.

The Bhutanese approach by and large coincides with advanced applications of “sustainable development” concepts and economics in Buddhist culture responds to principles that are different from those shaping western capitalism (Payutto 1992; Tideman, 2001). Concepts that are just a few years old in the western world have been at the core of the value system of the Bhutanese religious and social life for centuries. The Bhutanese approach to development is strongly rooted in the Buddhist system of beliefs, values, and customs. Bhutanese political system closely interlinked to its religious history (Rose 1977). The Buddhist lama holds the same authority as technical experts and is involved in the decision-making process for development projects. Despite its “late entry” in the international arena, Bhutan’s values are naturally aligned with the latest development trends: “Many of the priorities now advocated by international development institutions, such as human development, environmental conservation, self-reliance, decentralization, participation and empowerment, and gender sensitivity, are not new for Bhutan” (Bhutan PC, 1999, p. 22).

This approach can be seen in the national policies of Bhutan and its commitment to sustainable development, which is defined as a process “*to raise the material well-being of all citizens and meet their spiritual aspirations, without impoverishing our children and grandchildren*” (RGoB, 1990). Sustainable development has a special meaning and appeal in Bhutanese society, since it supports harmonious co-existence with the natural system, which is consistent with the common Buddhist beliefs. This relationship is manifested in peoples’ beliefs that high mountains and deep ravines, ancient trees and rocks are the abode of spirits, gods and demons. Disturbing these elements would enrage these spirits and bring ill luck, sickness and death to families. By contrast, appeasing these spirits would be rewarded with luck, peace and prosperity (Ura, 2004).

As a Buddhist country, the symbolism of bringing happiness and peace to all living beings plays a key role in defining how Bhutanese live their lives. It encompasses emotional, spiritual, cultural and economic concerns that constitute individual happiness. Since the beginning of the Five Year Plans (FYP) in the 1960s this concept has pervaded into the development policy of Bhutan. The goal of development was making ‘people prosperous and happy’.

Sectoral breakdown of growth rates and sources of growth clearly demonstrate that the driving force of the Bhutanese economy has been industry, broadly defined to include both energy and construction sectors in addition to manufacturing. In the quarter century before 2004, industry was the fastest growing sector with an annual average growth rate of over 13.5 percent. Services came a distant second, with a growth rate of about 6.5 percent (half that of industry), while agriculture was a long way behind with a growth rate of just 3.6 percent (Table 1.1). Agriculture did particularly poorly in the early 1990s, and while it has since recovered somewhat, it still remains the weakest sector of the Bhutanese economy.

Table 1.1. Average Annual Growth Rates: 1980–2004

(Periodic annual average: figures in percentage)

Period	Agriculture	Industry	Service	All
1980-1985	5.5	18.0	4.6	6.8
1985-1990	5.6	23.1	8.5	10.2
1990-1995	0.4	7.2	4.6	3.9
1995-2000	2.9	7.6	9.6	6.6
2000-2004	3.2	12.3	5.9	7.8
1990-2004	3.6	13.5	6.5	7.0

Source: Estimated from National Statistical Bureau (2004) and Royal Monetary A (2005).

Being a Buddhist country, Bhutan’s development policy is primarily influenced by Mahayana Buddhism. The concept of ‘middle path’ is derived from Buddhist principles. It means ‘neutral, upright, and centered’ (Rong, 2004). It is about avoiding

extremism, but it does not mean mediocrity. In reality, middle path aims for the superior performance by taking a balanced view. For instance, Buddha was able to attain enlightenment, or was able to realize the ultimate truth through this path. Put in Bhutanese development context, the middle path means achieving the goal of sustainable development (RGoB, 1998). The main characteristics of 'middle path' are molded into four folds: balance between materialism and spiritualism; focus on specific resource potentials for development; distribution of responsibilities; integrated management. Keeping the Middle path in view the next section briefly analyses the literature on Happiness and Buddhist ethics.

1.5 LITERATURE REVIEW

1.5.1 HAPPINESS/BUDDHIST ETHICS

In an attempt to conceptualize Gross National Happiness, scholars have singled out happiness as the important element of GNH. Therefore, questions have been raised, whether it is necessary to define happiness and if so, how it should be defined in the context of GNH. The GNH approach somewhat defies the orthodox western development model, which is based on materialistic values. As a result, this unique concept sparked international debate among GNH scholars. Today the debate rests on three key issues; of conceptualizing, quantifying/measuring and operationalising.

A few schools of thought have emerged concerning this issue; one school of thought is taking the position of the philosophical perspective and the other school taking the empirical analytical approach of defining and measuring GNH. The first route aims at happiness itself. Some take on board 'individual happiness' as an important determinant of GNH just as 'product' is considered in case of conventional GDP. Happiness is generally understood as subjective well-being or state of mind of an individual. They believe happiness can be measured, as there is firm empirical methodology developed to measure subjective well-being (Hirata, 2003). This view is shared by other researchers in the world (Veenhoven, 1994; Inglehart and Klingemann, 1996). According to Dorji (2004) GNH has been derived by replacing 'product' in GDP with 'happiness'. He argues that GNH can be defined similar to GDP, which could be the sum total of individual per capita happiness that can constitute collective happiness or GNH (Dorji, 2004, 6).

The other route stresses the societal determinants of happiness in operationalising GNH. It emphasizes the need to provide fair and equal opportunities (Stehlik, 1999). Adding to the notion of equal opportunities, Mancall (2004) discusses the concept of "GNH State" where by "state assumes primary responsibility for the creation of a society in which the individuals' progress towards enlightenment is not impeded by unnecessary

suffering, material or mental”. This suffering, according to Mancall, can be avoided by ensuring that all citizens obtain adequate livelihood through equal distribution of wealth.

A study by Sharrock (1998) holds the view that the methodology of environmental economics could be used to define happiness. However, McDonald (2004) remarks that, although there is evidence showing a positive correlation between happiness and material wealth, beyond a certain threshold economic growth does not translate into individual happiness. Similarly, below a certain level of development, poverty reduction does not make any difference. On this basis the state of environment or ecology cannot be the measure of GNH. Some scholars like Stehlik and Mancall argue that GNH should be perceived as a development philosophy and therefore should remain a guiding inspiration. From this perspective there is no need to exactly define happiness (Stehlik, 1999; Mancall, 2004).

Buddhist economists, like Payutto, Zadek, Schumacher and others, argue that in a Buddhist society the lifestyle is strongly influenced by the Buddhist way of life, which is based on the principles of the Noble Eightfold Path². Schumacher argues that Right Livelihood, the fifth path, touches upon economic aspects of Buddhist life and forms the basis of economic principles (Schumacher, 1966). It embraces the relationship between three interconnected aspects of human existence: human beings, society and the natural environment. Maintaining the balance among these enhances the quality of life for the individual, for society and for the environment (Payutto, 1988). In essence, the Buddhist perspective is that development is a holistic process, which should be directed to meeting the material, social and spiritual needs of human beings (Wickramasinge, 2000).

Other exponents, such as Hirata (2003), argue that GNH should be linked to Buddhist philosophy to capture the spiritual dimension. Tashi, Parkke (1999) explains the linkages between Buddha’s teaching on the so-called “eight-fold-path” and the four

² The teaching is also known as the Noble Eightfold path: the right understanding, right thought, right speech, right action, right livelihood, right effort, right mindfulness, right concentration.

pillars of GNH. Both normative approaches share a conception of happiness including the spiritual or ‘inner development’ aspect of individual happiness.

The Buddhist point of view takes the function of work to be at least threefold; first, to give a man a chance to utilize and develop his faculties, second, to enable him to overcome his egocentredness by joining other people in a common task, and third to bring forth the goods and services needed for a becoming existence (Schumacher 1993).

Many of the practices advocated in the Buddhist ethics (shown in Table 1.2) comply precisely with Article 23 of the Declarations of Human Rights. These are practices that can get better acceptance through moral persuasion and the moral development of the employers rather than through the enforcement of laws. The livelihoods that are considered to be morally wrong (Michcha Ajiva) are: trading in weapons, animal flesh, intoxicants, poisons and human beings. These corrupt the morals of the doer, and also bring him blame and disrepute (Hewavitharana 2005, 146)

Happiness derived righteously earned wealth (Bhoga): This type of happiness is based on “Bhoga Sukha” meaning happiness derived from personally enjoying and meaningfully using one’s righteously earned wealth. The art of deriving happiness from one’s wealth pivots around the activation of three core moral values. First, restrain one’s craving and greed, and thereby defeat the root cause of unhappiness. Second, derive happiness using one’s wealth to satisfy one’s needs, but without developing lustful attachment to it, which by implication means curbing one’s craving. Third, at the same time one should drive personal happiness for oneself through the very act of sharing one’s wealth with others, which again implies a curbing of craving. The practice of sharing not only increases personal happiness among wider circles of the receivers. Deriving happiness from enjoying and meaningfully using one’s wealth in the above given manner requires the Operationalisation of a set of interconnected values and strategies by the individual; which may require facilitation at the national and state level.

On the individual level one should manage one's earning in such a way that one's expenditure does not exceed one's income. It is the method that helps an individual to stabilize and maintain livelihoods in the long term. Individuals should learn to derive happiness by adopting 'Samajivikata' (a balanced way of life). One should try to cultivate the virtue of 'Santhutti' (contentment). It denotes the ability to be satisfied with little, and by implication, to accept conditions and situations as they arise with equanimity. It is therefore, a powerful generator as well as a multiplier of happiness (Hewavitharana 2005, 141,142,143).

Table 1.2 Virtues of Statecraft, Development Processes and Types of Happiness

1.Giving wealth away no craving	Welfarism, equity, redistribution of wealth, poverty reduction
2.Moral practice five precepts	Law and order, justice, no corruption, morality, rule of law
3. liberality/ sacrifice	Liberalism, equity, redistribution of wealth
4.Straightness/honesty/ Integrity.	Transparency, accountability, absence of corruption ,rule of law
5.Gentleness/kindness	Tolerance,Tolerance,welfarism,non-violence,competent administration
6.Restraint/no indulgence in luxury	Moderation, no ostentation and no waste.
7.Non-anger/non-hatred	Non-discriminatory, equality, non-confrontation.
8.Non-injury/non violence	Non-violence, protection of human rights
9.Forbearance/tolerance	Tolerance/humanism
10.Non-opposition/non-revenge	Democracy, impartiality, non-confrontation, regime legitimacy

(Source: Hewavitharana 2005, 145)

One should endeavor to practice 'Appichchata' (simple life or plain living). In a two-pronged process it proactively generates happiness specific to simple lifestyle and

functions and happiness multiplier to expand GNH, while simultaneously restraints carving. The Buddhist philosophy of consumption is not an end in itself but means to well being and happiness .It promotes the practice of maximizing happiness with minimum consumption. One should endeavor to derive happiness by sharing one's righteously earned wealth with others through 'Chaga' (charity). Dana (donations) and 'Dhanasamvibhajana (distribution).One should endeavor to trigger off happiness generators and multipliers through the practice of these principles. (Hewavitharana 2005)

There is a combined route being suggested by Namgyal (2004) in his GNH model, which claims that GNH can be statistically measured by incorporating root causes of GNH as the ecosystem structure, cultural meaning, economic interest and political power. Likewise McDonald (2003) argues that the best way to measure GNH would be to develop indicators in each of the four pillars of GNH. Yet they do not clearly answer the question how to define GNH. Overlooking this debate we can see that some possible routes for measuring GNH are suggested, but the question how to measure it is hardly answered. Another observation is that the debate only partially reflects the four pillars of GNH as seen by Bhutan government. Sharrock (1999) addresses ecological and economic pillars; Stehlik (1998) and Mancall (2004) highlight governance issues.

The above analysis shows that the GNH debate is likely to continue in the foreseeable future without registering concrete outcomes. The prevailing debates argue about implementation of GNH, whereas, in reality it has already being implemented with the launching of the Ninth Five Year Plan in 2002, guided by the conservation or the Middle Path Strategy. The next section analyses the failures of the mainstream developmental theories and how it enhances to implement the philosophy of GNH as a holistic development.



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1.5.2 DEVELOPMENT

The study concerns the inherent instability that has been visible in society and deconstructs the concept of GNH to study its origin, characteristics, function and potential, providing the middle way or an alternative model for development. The next section examines the modern theories of economic development and aims to provide the key failures of these theories in order to establish the theoretical framework for GNH.

Modern day development theories have a fundamentally flawed concept of how overall development can be visualized by justifying the role of markets to operate, which according to the model leads to equilibrium the theory in economics on which conventional development models is based. Instead of knowledge market participants start with bias promoting legislations that serve the personal interests of the few. Thus the ascendancy of the profit motive and the decline in the effectiveness of collective decision making process has been reinforced (Soros, G 2004).

The notion of “economic development” is a dated concept that has existed since the Industrial Revolution of the 19th century. However, modern theories of development are a relatively new concept that was conceived after the II World War mostly (poor) all countries adopted economic development at the national level as a conscious goal post world war two-era due to political and economic changes in the international system (Ray, D 1998). Conventional Approaches sought to solve the problems of the underdeveloped countries through the implementation of economic strategies. The goal of the approach was to industrialize the economies of the underdeveloped, which was believed to lead to the modernization of the society, as witnessed in Western Europe and the U.S.

In 1990, the United Nations adopted the Human Development Approach (HDA) as a universal strategy for development and began an annual publication, the Human Development Report, (HDR) to measure and compare human development between and within countries. In creating the Human Development Report (HDR), Mahbub ul Haq

had an explicit purpose, “to shift the focus of development economics from national income accounting to people centered policies” (Haq, 1995). The publication premiered the Human Development Index (HDI), which ranks countries according to the population’s life expectancy at birth, adult literacy rate and combined enrollment rate in primary, secondary and higher education, and real income measure by purchasing power parity (PPP). Other major indices of HDR include the Physical Quality of Life Index (PQLI), the Human Poverty Index, (HPI) the Gender Related Development Index (GDI), and the Gender Empowerment Measure. (HDR 1995)

The HDA is a derivate of both the Basic Needs Approach (BNA) and Capabilities Approach (CA). Allen (2000) defined HDA by stating that “advocates view poverty in terms not of poor material living standards, but of lack of choice or of capacity, people should therefore be enabled or empowered to take direct action to meet their own needs through methods such as participation and empowerment, particularly by non-governmental organization. The BNA shares the central concern with people as the purpose of development. But the emphasis on defining ‘basic needs’ in terms of supplying services and commodities has implied a commodities basis rather than a capabilities basis in defining human well being (Sakiko Fukuda-Parr 2003).

The CA rose from Amartya Sen’s belief that poverty cannot be properly measured by income due to diversity of those affected by poverty. Instead, he believed what should matter are not the things a person had, but what a person is, or can be, and does or can do. In turn, Sen proposed that the development process should provide a minimum set of capabilities for all individuals that are generated through entitlements, which allow for functioning. Although Sen does not provide a definitive list of capabilities, several other capabilities theorists have attempted to “complete” the framework. Both Sen (1979) and Nussbaum (2000) have contributed to the capabilities approach by constructing a framework of capabilities that is inclusive of 1) the capacity to obtain physical necessities, 2) a job, 3) equity, 4) participation in government, 5) belonging to a nation that is independent, both economically and politically, and 6) adequate education levels (Clark, David A. 2005).

Frances Stewart (1989) described the BNA as a “complex chain of cause-related relationships that were believed to foster particular interactions between a set of goods and services and a person leading to certain condition of human life”. Sen (1984) also criticized the BNA for being focused on a “commodity fetish” that promoted the acquisition of commodities in order to fulfill a certain level of basic needs and missed the target on what development should be.

HDI is the name given to set of indicators developed by UNDP. It combines three indicators- Life expectancy at birth, educational attainment and per capita income- with weights to arrive at a combined index (HDR 1995). The overall idea of HDI is a laudable attempt to conceptually go beyond per capita income as an operational measurement of development. Many of the direct physical symptoms of underdevelopment are easily observable and independently measurable. Under nutrition, diseases and illiteracy are among the fundamental ills that a nation would like to remove through its developments efforts (Ray, Debraj 1998).

Per-Capita Income and Per-capita Gross Domestic Product (GDP) still acts as a fairly good proxy for most experts of development and a bad predictor of Human Development. What is hidden in their words is actually an approach, not a definition. It is really a belief about the world, which is that the Universal features of economic development – health, life expectancy, literacy and so on-follow in same natural way from the growth of per capita GNP. Implicit here is the belief in the power of aggregate economic forces to positively affect every other socio-economic outcome that we want to associate with the development. Per capita GDP fails as an adequate overall measure and must be supplemented by other indicators directly (for additional information and debates in this matter; see contribution of Anand & Harris 1994, Naqvi 1995 & Streeten 1994).

Within his own writings, Sen (1993 & 1999) pointed out several shortcomings of the capabilities approach. Sen admitted that the lack of a fixed or definitive list of capabilities made the theory less valid. He also pointed out that the theory was extremely

complex, since it must assess individual advantages in a range of different spaces and lacked any material substance sufficient for evaluative purposes, therefore questioning the usefulness of the approach for making inter-personal comparisons of well-being. (Clark, David A. 2005). According to Cohen (1994), Sen wrongly deemed freedom as what is obtained by people without it having been chosen by them and without it coming about, because it is something that they would choose (Olsaretti, Serena 2005). Therefore, if Cohen is right, the capabilities approach is caught having a too expansive a definition of freedom, which could invalidate the approach.

It may be that per-capita income does not capture all aspects of development, but a weighty assertion that no small set of variables ever captures the complex nature of development process and that there are always other considerations is not very helpful. In this sense, the view that economic development is ultimately fuelled by per-capita income may be taking things too far, but at least it has the virtue of attempting to reduce a larger set of issues to a smaller set, through the use of economic theory (Ray, Debraj 1998).

The other two modern development concepts introduced by the advanced countries are modernization and neo-liberalism. Modernization, as defined by Todaro (2003) is “primarily a theory of development in which the right quantity and mixture of savings, investment, and foreign aid were necessary to enable developing nations to proceed along an economic growth path that historically had been followed by the developed countries.” For developing countries, the goal was to achieve a sustainable increase in real per capita GDP through rapid industrial sector development which would allow a low-income agrarian economy to transform into a high-income industrialized economy as suggested by Rostow’s ‘Stages of Growth’, the Harrod-Domar Growth Model and the Lewis Model. (Naqvi, Syed 1995, 543)

Neoliberalism is often seen as the improvement of the Modernization theory. Neoliberalism viewed price as an effective tool for resource allocation, and sought more open trade policies and minimal government intervention. (Fisher, MC 2007) The most significant policy associated with Neoliberalism are the structural adjustment loans

(SALs) provided by the Bretton Woods institutions. SALs were a method to maintain growth and to facilitate the balance of payments adjustments in the short-term while providing financial credit for developing economies that had suffered severely during the global recession and oil crisis (Crisp, B.F. & Kelly, M.J. 1999).

A study conducted by Lefebvre (1974) pointed out that when comparing initial conditions of Africa to the West, specific characteristics explain why Modernization failed. Lefebvre observed that unlike the West, Africa had

- 1) Limited capital and cultivatable land available to the underdeveloped countries,
- 2) a lack of comparable resources productivity,
- 3) Different International and domestic demand conditions, and
- 4) Urban migration already in excess. (Lefebvre, L 1974)

Neoliberalism critic, Adebayo Adedeji (1999), also pointed out that the West's failure to acknowledge fundamental features of the African economics, e.g. its lack of competitiveness and excessive dependence on external factor inputs, led to the economic catastrophes associated with SALs in Africa. This has led to the belief that the Conventional Approach has a built-in Euro-centric cultural and power bias which has been imposed on other culture and people without their consent, thus inhibiting the emergence of different models to development based on these different cultural heritages. (Nabudere, Dani W. 1997)

The Pearson Report (1969) noted that under Modernization policies "even under favorable circumstances, the export credits and development assistance had raised rapidly to a level of nearly \$50 billion, while debt service had since been growing at 17% annually, absorbing much of the increase in export earnings" that would have contributed to economic growth. Furthermore, a study conducted by Easterly (2005) showed that "the intensive recipients of adjustment loans had the same near-zero per capita growth rate as non recipients", as well as, "the same current account deficit, government deficit, black market premium and inflation rate, and near zero real overvaluation and real interest rate." Similar results have been found in studies conducted by Mosley and Toye

(1991), Crisp and Kelly (1999), Van De Walle and Johnston (1996), Adedeji (1999), and McGregor (2005).

Modernization theory provided a Western-centric development strategy that refused to adapt to the conditions of developing countries, leading to policy failures. However, in the rare case sustainable growth rates were achieved, these gains were easily lost to the instability of the commodities market and increasing foreign debt. Additionally, neo-liberalism took fragile developing economies and placed them at the mercy of the international economy. The results for the majority of these countries were high monetary and fiscal instability, increased foreign debt, and in certain cases hyperinflation and economic collapse. By the end of the “golden era of SALs” (structural adjustment loans), many developing countries were worse off economically than when the development process had begun in the 1950’s. Surprisingly, for those countries that were developed the picture wasn’t any brighter. Although, these countries had long achieved sustainable levels of high income per capita, studies has shown that the populations were not achieving the same increasing levels happiness or subjective well-being. (Easterlin, 1974; Scitovsky, 1976; Hirsch, 1977; Ng 1978; Layrad, 1980; Veenhoven, 1991; Diener, 1995; Oswald, 1997; Lane, 2000; Frey & Stutzer, 2002; Layard, 2005)

The evidence shows that modern day development approaches has failed to provide a holistic strategy for development. And most importantly, achievement of development did not translate into the sustainability of a population’s happiness or subjective well being. As a result of the disenchantment felt from economic development, modernization, and industrialization, GNH must function within the theoretical space of the development paradigm.

1.6. CONCLUSION

As discussed in the previous section, the conventional development paradigms proved little evidence that employing pure economic strategies in developing countries could result in development, industrialization or modernization. Studies have shown that in the majority of developing countries these policies were a failure (Mosley, Toye, 1991; Naqvi, 1995; & Layard, 2005).

In brief, the Bhutanese government developed GNH in 1972 as an alternative to the mainstream developmental models. Since then the government has used its position as a means to provide a platform for GNH to exist within Bhutanese public policy. The platform in which GNH exist has made GNH functional, since the government has been able to alter the policy as needed to stay aligned with the perceptions and characteristics of the Bhutanese population. What the case illustrates is that the government must act as an advocate and architect of the public policy, once it has derived the aim of the public policy from its populations in order to create sustainable function ability.

The central mechanism that allows for the functional structure to operate is the indicators chosen to gauge the public policy³. Indicators should be derived from the population through a 'macro' and 'micro' level analysis and should not be presupposed by the government. More importantly, the focus / aim of the indicators should evolve throughout the span of the public policy to adjust with changes in need and perceptions of the population. Maslow's study (1970), on the hierarchy of needs illustrates that once a level is securely achieved humans have a need to satisfy successively higher needs. Additionally, studies on happiness and subjective well being show that as an individual accomplishes a desired level of attainment, fulfillment is short-lived, and aspirations shift to desire a higher attainment level (Frey & Stutzer 2002).

Therefore, indicators should not be limited to only what present perceptions are. Instead, the collective of indicators should reflect what is presently perceived by the

³ If new Indicators could be invented apart from the 4 pillars.

population to obtain happiness in congruence with development, as well as, what will be relatively desired by the mainstream models in the future. Furthermore, indicators should be arranged in a hierarchal fashion that reflects present and future levels of attainment.

The most important aspect of the four pillars concept is that the pillars function interdependently of one another to provide holistic development. (Priesner 2004) The success of GNH will be determined by the relationships that exist between the actors on each level. A relationship without power dimensions must be formed between the government and these various groups in order for mutually beneficial dialogue to be formed. Once this dialogue has taken place, the government should be able to use the population's concepts and ideas of happiness and subjective well being in light of development to design and implement public policy based on GNH.

In summary, the theoretical basis of GNH is directly derived from the disenchantment felt with the development's failure at providing holistic development and strategy. The belief that in order to continue this discussion of happiness within public policy, it is essential that we continue the development of GNH to establish the importance of integrating happiness into development. This chapter has analyzed Bhutan's development history, the evolution of development philosophy and fusion with the Buddhist ethics of right livelihood. The next chapter examines how the causes and the different methods and strategies used by the Bhutanese in tackling poverty have been successful.

Chapter 2. **POVERTY SCENARIO IN BHUTAN**

2.1 INTRODUCTION

Poverty knows no geographical boundaries, spreads over all continents and is present in both developed and developing countries. It creates all kinds of deprivation. It causes lower standard of living, poor health, persistent hunger, lacking of sanitation, shabby houses, homelessness, unemployment, illiteracy and social exclusion. Poverty is resourcelessness, powerlessness, opportunelessness and having income not sufficient for fulfilling primary needs.

The chapter is divided into five parts. The introduction explains the concept of poverty and the methods used by the Royal Government of Bhutan (RGoB), in its measurement. The second part, gives a brief detail of poverty prevalent in Bhutan. It also describes the correlates of poverty, characteristics that are widely shared by poor individuals. The third part establishes a relation of poverty and human development and analyses the importance of the economy and its future priorities and highlights some of its challenges. Though there has been improvement in Human Development Indicators (HDI) but the regional and ethnic divide underlying these indicators have intensified. It highlights the causes; problems, groups and regions affected by the impacts of poverty, to give a clear picture of the challenges confronted.

The fourth part, discusses policies and strategies implemented for poverty alleviation, by the Bhutanese Government. Further it also describes the role played by the institutes of the Official Development Assistance (ODA) present in Bhutan. Further, it analyzes and recommends measures for poverty alleviation. Finally the chapter concludes that despite the decline in poverty level there has been a sharp rise in regional disparities especially in the eastern and the southern region. It explains in detail the key areas in which the Bhutanese government have to focus and that, the system of Buddhist ethics (as explained in the first chapter) could be followed by the Bhutanese as an

alternative system, as it would remain in balance and harmony with the development concept of Gross National Happiness (GNH).

Overall poverty takes various forms, including "lack of income and productive resources to ensure sustainable livelihoods; hunger and malnutrition; ill health; limited or lack of access to education and other basic services; increased morbidity and mortality from illness; homelessness and inadequate housing; unsafe environments and social discrimination and exclusion. It is also characterized by lack of participation in decision making and in civil, social and cultural life. It occurs in all countries: as mass poverty in many developing countries, pockets of poverty amid wealth in developed countries, loss of livelihoods as a result of economic recession, sudden poverty as a result of disaster or conflict, the poverty of low-wage workers, and the utter destitution of people who fall outside family support systems, social institutions and safety nets. (UN, 1995)

Poverty strikes not only on the core of ongoing existence but also by affectively taking away the rights of a human being to live in good health, to obtain an education, adequate nutrition and it destroys the aspirations, hopes and enjoyment of the future as well.

Poverty is a term which refers to a complicated concept. Is it absolute or relative? Poverty just like in-equality has intrinsic as well as functional aspects and affects other forms of economic and social functioning. It creates inefficiencies of various kinds and can exacerbate existing forms of discrimination. Poverty which may be thought of as a deprivation is a multi-dimensional phenomenon. This deprivation includes not just insufficient consumption and income but also lack of opportunities and assets, inadequate education, poor health and nutrition, lack of health, insecurity and powerlessness (Kumar 2005). Indeed there is an irreducible core of absolute deprivation in our idea of poverty, which translates reports of starvation, malnutrition and visible hardships into the diagnosis of poverty without having to ascertain the relative picture. Thus the approach of relative deprivation supplements rather than supplants the analysis of poverty in terms of absolute dispossession (Sen 1981, 17).

According to Sen, (2000) poverty must be seen as a deprivation of basic capabilities rather than merely a lowness of income, which is the standard criterion of identification of poverty. Relative deprivation in terms of income can yield absolute deprivation in terms of capabilities, for example social exclusion. The poor are those people whose consumption standards fall short of the norms, or whose income lies below that line. Sen argues that the focus of the concept of poverty has to be on the well being of the poor, as such, no matter what influences affect their well-being

At the heart of all discourses on poverty is the notion of creating a poverty line: a critical threshold of income, consumption, or more generally, access to goods and services below which individual are declared to be poor. The poverty line represents the minimum level of “acceptable” economic participation in a given society in a given point of time. Poverty lines are always approximation to a threshold that is truly fuzzy, because the effects of sustained deprivation are often felt at a later point in time. (Ray D 1998, 250)

There are different methods used in measuring poverty but this chapter will discuss just a few. In identifying the poor for a given set of ‘basic needs’, it is possible to use two alternative methods. One is the ‘direct method’ that simply checks the set of people whose actual consumption baskets happen to leave some basic needs unsatisfied. The other ‘income method’ which calculates the minimum threshold income at which all the minimum needs are satisfied and if individual income fall below this threshold income, are considered to be below poverty line (Sen, A 1981, 26).

The other measures for poverty are the head- count ratio which simply measures the fraction of the population below the poverty line. But this measure fails to adequately account for the intensity of poverty. To over come this shortcoming we can use the measure such as poverty gap ratio or the income gap ratio which look at the total shortfall of poor incomes from the poverty line and express this shortfall as a fraction of

national income (as in poverty gap) or as a fraction of total income required to bring all the poor to the poverty line (Ray 1998, 288).

However Sen further argues that the assumption of a uniform poverty line for a given society distorts reality seems reasonably certain. But the extent to how much reality is distorted and the seriousness of the distortion for which the poverty measures may use is much less clear. Hobsbawn (1968, 398) states that, “poverty is always defined according to the conventions of the society in which it occurs”.

In most developing countries, consumption based-measures are the preferred monetary welfare indicators over income-based measures. In Bhutan, the first poverty analysis report (PAR) 2004 focused on an examination of consumption per capita sourced from the Bhutan Living Standard Survey (BLSS), 2003. And in their most recent PAR 2007 the source of the per capita consumption data examined was from the BLSS, 2007. The BLSS, conducted by the National Statistics Bureau (NSB), collected comprehensive information on consumption expenditure, assets, housing, education, health, fertility and prices of varying commodities. This survey had a wider coverage than the previous rounds, as it generated selected statistical indicators for all the twenty districts (Dzongkhags).

The households (and their members) consuming (in real terms) less than the total poverty line (TPL), of Nu.1, 096.94 per person per month are considered poor and the ones consuming less than the food poverty line, of Nu.688.96 per person per month are considered subsistence poor. Therefore, keeping in mind the dynamics of poverty and its measurement, the next section briefly explains, the extent of poverty in Bhutan.

2.2 POVERTY SCENARIO

Poverty is a reality in contemporary Bhutan and according to PAR 2007, there has been a slight decrease in its level from 31.7 % in 2003 to 23.2 % in 2006. The report indicates that about 23.2 % of the country's population is poor and that poverty in Bhutan is predominantly a rural phenomenon. The Royal Government, however, has always been aware and concerned about the circumstances and conditions of rural population, which, though free from destitution and hunger, is far from a comfortable livelihood.

Table-2.1. Poverty and Subsistence Incidences by Area (Percent of Population), 2007.

Area	Poverty Headcount		Subsistence Headcount		Population Share
	Index	Contribution to National	Index	Contribution To National	
Urban	1.7 (0.4)	1.9	0.16 (0.10)	0.7	26.4
Rural	30.9 (1.0)	98.1	8.0 (0.5)	99.3	73.6
Bhutan	23.2 (0.8)	100.0	5.9 (0.4)	100.0	100.0

Source: Poverty Analysis Report, 2007, pg-13.

Most of the poor are located in rural areas where there is limited access to roads, lack of farmland and productive skills. Bhutanese families are also responsible for a large number of dependents although they do not have significant assets. From table 2.1, it can be found out that the total poverty rate in is 23.2 % with the urban areas contributing just 1.7% and the rural areas 30.9%. In addition, it can be observed that

forty nine out of fifty poor persons throughout the country reside in rural areas. Among the extremely poor practically everyone resides in the rural areas.

Accordingly to the Poverty analysis Report of 2004, in order to get a representative sample of the households the entire country was divided into three regions namely western, central and eastern. The division of regions was done in a vertical form. (1) Western Region: Thimpu, Paro, Ha, Samtse, Chhukha, Punakha and Gasa. (2) Central Region: Wangduephodrang, Dagana, Tsirang, Sarpang, Zhemgang, Trongsa, Bumthang. (3) East Region: Lhuntse, Monggar, Pemagatshel, Samdrupjongkhar, Trashigang and Trashiyangtse.

But in this study the entire country has been divided into four regions namely North, South, East and West, each region consisting of five districts of the total 20 districts, to provide a more clear and micro-understanding of the severity of poverty level in Bhutan.

Table.2.2 Magnitude of poor and subsistence poor of the Northern Region.

Northern Region Districts	Population				Household			
	Poor	%of total poor	Subsistence Poor	% of total Subsistence	poor	%of total poor	Subsistence Poor	% of total Subsistence
Wangdue	5,700	3.9	700	1.8	600	2.8	100	1.1
Tsirang	2,600	1.8	500	1.3	400	1.7	-	0.8
Trongsa	3,200	2.2	700	1.9	400	1.8	100	1.6
Bumthang	1,800	1.2	100	0.4	200	0.9	-	0.3
Lhuntse	6,700	4.6	1,800	4.7	1,000	4.5	200	4.4
Total	20,000	13.7	3,800	10.1	2,600	11.7	400	8.2

Source: Poverty Analysis Report, 2007.

Table-2.3. Magnitude of poor and subsistence poor of the Southern Region.

Southern Region Districts	Population				Household			
	Poor	%of total poor	Subsistence Poor	% of total Subsistence	poor	%of total poor	Subsistence Poor	% of total Subsistence
Samtse	26,100	17.8	9,800	26.3	4,100	19.3	1,300	27.5
Chhukha	13,700	9.4	3,000	8.1	2,000	9.5	400	8.0
Dagana	5,900	4.0	1,800	4.9	800	3.6	200	4.2
Sarpang	7,800	5.3	1,300	3.6	1,000	4.5	100	3.0
Zhemgang	10,400	7.1	3,500	9.4	1,500	7.0	500	9.4
Total	63,900	43.6	19,400	52.3	9,400	43.9	2,500	52.1

Source: Poverty Analysis Report, 2007.

Table-2.4. Magnitude of poor and subsistence poor of the Eastern Region.

Eastern Region Districts	Population				Household			
	Poor	%of total poor	Subsistence Poor	% of total Subsistence	poor	%of total poor	Subsistence Poor	% of total Subsistence
Monggar	17,000	11.6	3,900	10.4	2,500	11.9	500	10.8
Pemagatshel	6,200	4.2	1,100	2.9	900	4.3	100	2.9
Samdrupjongkhar	13,300	9.1	4,300	11.4	2,200	10.4	600	13.0
Trashigang	14,000	9.6	3,300	8.9	2,200	10.5	400	9.0
Trashiyangtse	2,600	1.8	100	0.3	400	1.7	-	0.3
Total	53,100	36.3	12,700	33.9	8,200	38.3	1,600	36.0

Source: Poverty Analysis Report, 2007.

Table-2.5. Magnitude of poor and subsistence poor of the Western Region.

Western Region Districts	Population				Household			
	Poor	%of total poor	Subsistence Poor	% of total Subsistence	poor	%of total poor	Subsistence Poor	% of total Subsistence
Gasa	200	0.1	-	0.1	-	0.1	-	0.1
Punakha	4,000	2.7	500	1.3	400	2.1	100	1.1
Thimpu	2,100	1.4	100	0.2	300	1.2	-	0.3
Paro	1,400	1.0	200	0.5	200	1.0	-	0.5
Haa	1,700	1.1	600	1.7	200	1.2	100	1.7
Total	9,400	6.3	1,400	3.8	1,100	5.6	200	3.7

Source: Poverty Analysis Report, 2007

The estimated numbers of poor and extremely poor across the districts (Dzongkhags) are provided in Table 2.2, 2.3, 2.4 and 2.5, including the contribution of each district to the total poverty rates. The biggest proportion of poor (and extremely poor) in Bhutan reside in the districts of Monggar, Samdrupjongkhar, Trashigang, Trashiyangtse, Samtse, Chhukha and Zhemgang falling in the eastern and the southern regions of Bhutan.

Although, there are poor people living in remote villages scattered throughout the country, poverty is deepest in the countries eastern and southern regions (see table 2.3 and 2.4). These two regions combined represent a total of 79.9 %, (43.6 + 36.3) of the poor in the entire country, whereas the Ngalongs dominated north and western reason just 20 % (13.7 + 6.3). The percent of total subsistence poor in the eastern and the southern region combined is 86.2 % (52.3 + 33.9) and, just 13.9 % respectively in the northern and the western region. Henceforth it can be analyzed from the data that poverty in Bhutan reflects regional imbalance.

There is some transfer of poverty when poor people migrate to urban areas. Poverty in Bhutan has diverse causes, but most are linked to the nature of the land.

Because villages are isolated and the terrain is extremely rugged, people lack access to social and health services and to education and markets. In many poor communities people have to walk from a few hours to a few days to reach the nearest road head. Students in some villages have to walk two or three hours each way to reach the nearest primary school.

Table-2.6. Poverty Incidence, Gap and Squared Gap (percent of population), 2007

Area	Poverty Incidence		Poverty Gap		Poverty Squared Gap		Share of Population
	Index	Contribution to total	Index	Contribution to total	Index	Contribution to total	
Urban	1.7 (0.4)	1.9	0.4 (0.1)	1.6	0.1 (0.03)	1.3	26.4
Rural	30.9 (1.0)	98.1	8.1 (0.3)	98.4	3.0 (0.2)	98.7	73.6
Bhutan	23.2 (0.8)	100.0	6.1 (0.3)	100.0	2.3 (0.1)	100.0	100.0

Source: Poverty Analysis Report, 2007, pg-42.

(Note; figures in parentheses are the standard errors of the estimate).

Among other factors that aggravate rural poverty in Bhutan are natural calamities such as floods and landslides, breakdowns in society that disrupt family and social support systems, increasing costs of goods and services, and illnesses such as malaria and tuberculosis. Poverty rates are noticed to increase with the heads age as shown in Table 2.6, and most household heads (55%) in Bhutan are aged 25-44 years, while less than 10% are below age 25, and less than 5% are 65 and above.

The population is growing rapidly, but resources and opportunities are limited. Poor people do not own or do not have access to productive assets such as land. Because of high illiteracy rates and lack of training, rural people do not have the productive skills and knowledge of technology they need to improve their living standards. They have few

opportunities for off-farm employment and for otherwise generating income. Farmers have little or no access to credit and other financial services.

Table-2.7. Poverty and Subsistence Poverty Rates by age of Household Heads (percent of Household Heads), 2007.

Age of Household	Poverty Rate		Subsistence Rate		Share of Total Heads
	Index	Contribution To National	Index	Contribution To National	
< 25	9.4 (1.5)	2.7	1.9 (0.7)	2.4	4.9
25-34	10.5 (0.9)	13.8	2.3 (0.3)	13.2	22.3
35-44	14.8 (0.9)	20.5	3.1 (0.4)	19.0	23.4
45-54	18.7 (0.1)	24.6	3.6 (0.4)	21.3	22.3
55-64	21.1 (1.2)	19.4	5.1 (0.6)	20.7	15.5
65 +	28.0 (1.5)	19.0	7.8 (0.9)	23.4	11.5
All Ages	16.9 (0.6)	100.0	3.8 (0.3)	100.0	100.0

Source: Poverty Analysis Report, 2007, npg-24.

(Note; figures in parentheses are the standard errors of the estimate).

A high degree of rural inequality is also indicated by the distribution of land. Less than 10 percent of the households owning 10 acres or more of land account for over 30 percent of the total agricultural land available. On the other hand, nearly 14 percent of the total agrarian households owning less than an acre account for only 1.4 percent of the available land. The problem of landlessness is not as acute, however, as in other South Asian countries—only 2.6 percent of households are estimated to be landless in Bhutan.

Analysis of the poverty profile shows that, apart from the region in which a person lives, there are several other variables that are closely correlated with poverty. But it is not just poverty that is an issue; inequality is also surprisingly high in Bhutan. The Gini index of expenditure distribution was estimated at 0.42 for the country as a whole, 0.37 in urban areas and 0.38 in rural areas in 2003 (NSB 2004). To put it another way, the richest 20 percent of the population of Bhutan enjoys nearly half (48.7 percent) of the total consumption expenditure while the poorest 20 percent receive a share of only 6.5 percent. These figures indicate a high degree of inequality according to the standards of South Asia, especially for rural areas.

2.3 HUMAN DEVELOPMENT AND THE ECONOMY

In the present context the relationship of poverty should be established with development. A new orientation to poverty and development is particularly required because originally development was misunderstood only as economic development and reduction in income poverty. Today poverty can be human poverty or capacity deprivation along with income poverty. Development and Poverty should have an inverse relationship though in many cases faulty and rapid development has created more poverty. (Kumar 2005, 72)

Faulty development is definitely responsible for unemployment, poverty, economic stagnation and environmental degradation. International measures to reduce poverty include basic social services, agrarian reforms, credit for all on easy conditions, job creation, active participation by all, social safety net, economic growth and sustainability of the programme. Human development is enlarging people's choice such as health and long life, right to be educated and freedom to enjoy a decent standard of living. Additional choices include political freedom, human rights safety and security. (HDR 1994, 20)

In comparison with other developing countries, keeping in view the broader framework of the attainment of the Millennium Development Goals by 2015 (henceforth, GNH). Bhutan enjoys a relatively high level of human development. Evidence to support the benevolent nature of the welfare state, Bhutan can be found in the measures of human development recently estimated by RGOB (2005). These estimates show that Bhutan's HDI for 2005 was 0.597 (see Table 2.8), which reflects a medium level of human development. In terms of the worldwide ranking of HDIs, Bhutan is ranked at 131 among 177 countries and is placed in the group of medium human development countries. Bhutan enjoys relatively higher human development levels in comparison to the least developed countries to which it belongs. Its HDI value stands at 85 percent of the average for all developing countries and 62 percent for all developed countries. In

South Asia, it has a higher HDI than Bangladesh, Nepal and Pakistan. Only India, Maldives and Sri Lanka are better placed than Bhutan in terms of HDI.

Table-2.8. Bhutan's Human Development index 2005.

Indicator	HDI value	HDI rank
Human development index value	0.579	131
Life expectancy at birth, annual estimates (years)	66.1	121
Adult literacy rate (% aged 15 and older), 1995-2005	57.0	129
Combined gross enrolment ratio for primary, secondary and tertiary education (%), 2005	72	-
Life expectancy index	0.662	-
Education index	0.485	-
GDP index	0.589	-
GDP per capita (PPP US\$) rank minus HDI rank	-14	-

Source: - Bhutan Human Development Report 2000 (BHDR), BHDR 2005, National Statistical Bureau (NSB), Statistical Yearbook 2004, MDG Progress Report 2005.

Thus, life expectancy at birth has gone up spectacularly from 48 years in 1984 to 66 years in 2005. In just one decade, between 1995 and 2005, gross enrolment rate at the primary level has jumped from 55 percent to 72 percent. Despite such progress, many rural families are caught in an intergenerational poverty trap. Children born into poor families cannot always avail themselves of the educational opportunities open to them, and lack of education condemns them to a life of poverty for themselves and their own children in future. For these people to overcome the poverty trap, it is essential to provide productive employment opportunities to the adults of the households so that they are able to send their children to school. These children will then be able to use their education to rise out of poverty as they become adults (BHDR 2005).

Bhutan is an agrarian economy. RNR is a dominant sector with 25 percent share in GDP during 2004. Output of RNR sector, in real terms, increased from Nu. 2762 million in 1980 to Nu.6351 million in 2004. It is also the main source of livelihood to 69 percent of Bhutan's population. However, GDP contribution of RNR sector has been on the decline. Also, between 2001 and 2004 alone, annual rate of growth of Renewable Natural Resources (RNR) output has been halved (BNHRDR 2008, 8).

With the initiation of planned development in the mid sixties and considering the fact that around 80 percent of the Bhutan's population derived their livelihood from farming and allied activities, agriculture has been accorded high priority in the subsequent five year plans. As we can see from table (2.9) below agriculture and allied activities is the major contributor in percent of GDP. In the Fifth Five Year Plan 26.1 percent (1983-1988) for agriculture. Agriculture continued to dominate as the sole contributor in the Sixth Five Year Plan period (1988-1993) with 45.1 percent, followed by generation and export of hydroelectricity which contributed 10.8 percent of GDP.

Table-2.9 .Sector wise Contribution to GDP (%) under various Five Year Plans.

5 year Plans	Agriculture & related Activities	Manuf-acturing	Minning & Quarrying	Electricity & Gas	Constr-uction	Transport & Commu-nication	Financial services	Comm-Unity & social service
5th (1983-1988)	26.1	-	-	-	1.6	8.1	9.5	6.8
6 th (1988-1993)	45.1	1.0	6.0	10.8	6.3	6.7	7.7	10.2
7 th (1993-1998)	-	14.1	9.1	3.9	20.3	5.9	7.7	6.7
8 th (1998-2003)	10	19.4	12	7	7	10	10	6
9 th (2003-2008)	33.8	-	9.8	9.9	11.8	10.0	10.3	9.9

Source: Ministry of Planning, RGoB (five year Plans from 5th - 9th)

Besides agriculture, Bhutan is endowed with abundant natural resources, minerals, perennial fast flowing rivers that generate hydropower essential to set up and run domestic manufacturing industries. With the commissioning of Chhukha Hydropower Corporation and thus availability of cheap domestic power supply have enabled the growth of industries like cement, calcium and carbide and other manufacturing industries. These industries have been able to meet the domestic requirements for construction sector and as well exploitation of raw materials as primary input, which have resulted in the growth of mining and quarrying activities.

This is evident from the above table as mining; construction and hydropower have contributed 14.1, 3.93 and 20.3 percent of GDP respectively in the Seventh Five Year Plan period (1993-1998). Manufacturing sector has also contributed 9.1 percent of GDP in the same period. In the Eighth Five Year Plan (1998-2003) we see a decline in contribution by agriculture sector, which is 10 percent as compared to earlier 45.1 percent in the Sixth Five Year Plan.

Open unemployment is not yet a serious problem in Bhutan, although it has risen steadily from 1.4 percent in 1998 to 2.6 percent in 2004 to 3.74 % in 2007 (for complete detail see table 2.10). Youth unemployment in urban areas is, however, assuming quite alarming proportions. Yet, it must be acknowledged that although it is important to tackle the problem of youth unemployment, finding jobs for the unemployed youth will make only a tiny dent into the problem of poverty.

Unemployment has been a major problem and is increasing, particularly youth unemployment, and the growing inequality in the fight against poverty. In 2004, youth unemployment more than doubled from 2.5% to 5.5%, in the age group of 15-24 years, constituting the majority of the total unemployed people. The rise of unemployment has been concentrated entirely in rural areas. This was clearly evident in the National Human Development Report 2005 which highlighted the challenge of youth unemployment.

Table-2.10 Labor Force Participation and Unemployment rates by Dzongkhags and by sex, 2007

Dzongkhags	Labor force Participation			Unemployment		
	male	female	both	male	female	both
Wangdue	66.93 (1.95)	66.64 (2.65)	66.78 (1.60)	2.53 (1.15)	1.19 (0.46)	1.84 (0.71)
Tsirang	82.73 (1.77)	80.46 (2.13)	81.57 (1.74)	1.43 (0.71)	0.70 (0.52)	1.06 (0.55)
Trongsa	68.40 (2.39)	65.41 (2.30)	66.86 (1.56)	1.77 (0.95)	0.67 (0.67)	1.22 (0.74)
Bumthang	65.91 (1.81)	62.94 (2.19)	64.33 (1.56)	4.62 (1.37)	3.69 (1.34)	4.09 (1.06)
Lhuntse	73.70 (2.90)	72.21 (2.80)	72.89 (2.36)	17.35 (1.17)	14.54 (3.09)	15.84 (2.78)
Samtse	79.55 (1.30)	44.48 (2.41)	62.22 (1.47)	3.46 (0.69)	3.81 (1.08)	3.58 (0.65)
Chhukha	76.51 (1.30)	50.26 (1.62)	63.39 (1.08)	2.46 (0.49)	4.38 (0.85)	3.22 (0.50)
Dagana	84.87 (1.43)	73.44 (2.51)	78.70 (1.57)	1.39 (0.59)	0.26 (0.26)	0.82 (0.32)
Sarpang	79.67 (1.49)	58.59 (2.69)	68.67 (1.74)	2.22 (0.56)	2.28 (0.79)	2.25 (0.51)
Zhemgang	69.60 (2.99)	66.93 (2.66)	68.20 (2.31)	2.27 (0.89)	3.68 (0.94)	2.99 (0.67)
Monggar	78.04 (1.45)	80.85 (1.52)	79.57 (1.19)	1.06 (0.36)	0.94 (0.3)	0.98 (0.29)
Pemagatshel	68.41 (1.99)	72.63 (2.06)	70.61 (1.51)	3.72 (0.93)	2.14 (0.67)	2.88 (0.70)
Samdrupjongkhar	71.30 (2.09)	65.03 (1.96)	68.21 (1.56)	3.81 (0.91)	5.19 (1.13)	4.46 (0.75)
Trashigang	75.80 (1.42)	70.97 (2.02)	73.28 (1.32)	1.95 (0.53)	1.36 (0.43)	1.65 (0.41)
Trashiyangtse	75.80 (1.42)	70.97 (2.01)	64.33 (1.46)	4.66 (1.42)	9.68 (2.43)	7.08 (1.72)
Gasa	76.05 (2.73)	79.54 (2.16)	77.81 (1.74)	2.36 (1.61)		1.14 (0.79)
Punakha	67.81 (1.92)	65.00 (2.45)	66.35 (1.59)	3.94 (0.96)	4.15 (1.15)	4.05 (0.87)
Thimpu	76.17 (1.45)	43.58 (2.09)	59.39 (1.39)	5.85 (0.67)	11.18 (1.17)	7.86 (0.63)
Paro	68.30 (1.74)	58.74 (2.06)	63.06 (1.39)	3.65 (0.74)	3.30 (0.74)	3.47 (0.54)
Haa	75.23 (2.87)	66.96 (2.99)	71.23 (2.30)	4.87 (1.67)	2.36 (1.21)	3.73 (1.18)
Bhutan	74.45 (0.43)	60.63 (0.63)	67.30 (0.4)	3.55 (0.20)	3.95 (0.25)	3.74 (0.18)

Source: Bhutan Living Standard Survey, 2007, pg-44.

Focus of HRD policies has been on employing the unemployed. Open unemployment per se is not a major concern as it is very low of the order 2.5 percent. More important is the underemployed which has been estimated to be of the order of 22 percent in RNR Sector (See Background Paper on RNR Sector, section 6.2, page 78). Unemployment rates in most Dzongkhags are quite low; in Lhuntse, Thimpu and Trashiyangtse unemployment rates are particularly high these rates are high as twice the national unemployment rates. Unemployment rate amongst males seems higher than that of females. Concerning in terms of gender not much unemployment differences are there between females and males with 3.95% females than the males 3.74% (see table2.10).

Appropriate strategy for employment generation for Bhutan is to rely on well designed micro interventions to trigger off development by tapping the resourcefulness and enterprise of its people. Development at people's initiatives should be the focus of all development strategies.

Per capita GDP reached a level of Nu. 45,937 (US\$ 1020) in 2005 at 2000 prices, (NSB 2005). In Purchasing Power Parity (PPP) terms it would be about US\$ 2,520. The country has also witnessed rapid social transformation resulting in general improvements in the quality of life: declining natural rates of growth of population, declining mortality rates, increased life expectancy, increased access to health and education services, and better communications and electricity services (BNHDR 2005, 26-29.).

Bhutanese economy has also witnessed high rates of savings and investments. Gross investment has grown at an average rate of 10 per cent per annum over the last two decades. With annual growth rates averaging 7 percent, during the same period, incremental capital-output ratio has been of a very high order. The high rate of capital formation is because of two reasons (Osmani, S.R. 2006, 31-32).

- (1) First, dominance of hydro-power which is highly capital intensive
- (2) Second, an RGoBs effort to connect population spread far and wide in the rugged mountainous terrain has resulted in high cost of physical infrastructure generated.

Although the development performance is laudable, it must be recognized that the economy of Bhutan is still in its infancy (PC, 2020 1999, 34). Only 33% percent of its Gewogs (districts) are fully connected by road communications (PAS 2000). It is not yet fully monetized (NRR 2003-2001) the structure of the economy is still evolving and deepening. RGoB has been the main driving force behind the nation's economic development. Private sector's presence is yet to be felt significantly. Hence, Bhutan's capacity to respond to macro initiative through fiscal and monetary policy regimes is very limited (Rhodes, N. 2000).

Major challenges and issues for micro level interventions are the following:

(1) Skill shortages: there is a significant under-supply of skilled nationals and oversupply of literate but unskilled persons in the labor force. This is because "Only a handful of vocational training institutes (VTIs) exist in the country. Their combined intake is very small. Moreover, even the existing VTIs are severely constrained by a shortage of training instructors". As a result, share of labor force having vocational skills is considered to be very low (BNHDPR 2005, 96-97).

The situation is likely to lead to increased unemployment of youth with serious repercussions like loss of capabilities and confidence, material hardships, perpetuating deprivation and unhappiness, and rise in crimes committed by the unemployed and underemployed. Eventually, skill shortages will damage the national economic-fabric, and the social and cultural order (CBS, 2005).

(2) Rural-Urban drift: a recent study observed that, if the present trends in rural urban migration continue, it is expected that by 2020, about half of Bhutan's population will be living in urban areas (MoA, RGoB, 2005). This will create serious economic imbalances like labor shortages in the rural areas, increasing urban unemployment and choking of urban civic amenities.

(3) Poor employability of labor supply: HRD policies hitherto focused only on supply generation and that too in general education mostly up to the Higher Secondary School (12th Standard). Due to poor employable skills, in supply thus generated, there are no takers in the labor market (MH&E, RGoB 2002-07).

(4) Aspirations of students and their parents for white collar jobs: unemployed job seekers have a preference for jobs in Civil Service. This segment has reached a saturation level with over-staffing (HRD Master Plan for Private & Corporate Sectors 2002, 54).

(5) Poor working conditions and unattractive remuneration packages: in the absence of labor laws and enforcement mechanism, private sector has so far been exploiting their employees. Now that the labor laws have been enacted, eventually, it is hoped that exploitation of employees will be a thing of the past.

Despite these challenges, the policy planners in Bhutan have been bold and dynamic in pursuing their commitment to the transformation of private and corporate sectors into an 'engine' of nation's development. Realizing that the private sector may not be in a position to make requisite investments in HRD, at present, RGoB has decided to establish by the end of this decade a full range of institutions required for imparting knowledge and skills relevant to the economic sectors in which Bhutan has a comparative advantage.

Trade regime of Bhutan has been characterized by an extremely high degree of openness, with active support from a Bilateral Free Trade Agreement with India which has been in existence for over three decades (Osmani, S.R. et. 2006 122).

The 9th Plan outlay was Nu. 70 billion with the social sector receiving around a quarter of the allocation. About 50% of the Plan outlay was financed through Official Development Assistance (ODA) which averaged around Nu. 6.5 billion per annum or approximately 19% of the per capita GDP. Real GDP had grown at an average of 9% over the plan period with the Tala Hydroelectric Project contributing substantially. The

Balance of Payment (BoP) over the period remained positive with inflow of external resources offsetting the trade deficit. The Balance of Payment averaged around 5% of the GDP. India continued to be the major trading partner accounting for 92% of Bhutan's import and export. Exports grew at an average of 30% and in 2004 were valued at Nu. 18 billion (GNHC 2008)

Macro economic fundamentals of Bhutan are thus very strong, and the overall development has been impressive. Given Bhutan's forthcoming accession to the World Trade Organization (WTO), the UNDP Regional Human Development Report on Trade (2006), recommended that it is important for countries like Bhutan to make full use of the flexibilities currently afforded to Least Developed Countries and to defend its development policy autonomy particularly its focus on balanced and equitable development, cultural promotion, and environmental protection. The Report and its themes are relevant for Bhutan's increasing focus on creating an enabling environment for the promotion of private sector development and trade to stimulate export growth. Tackling income poverty through trade led private sector growth will be one of the key potential contributing factors in achieving the MDG of poverty reduction in Bhutan.

2.4 POVERTY ALLEVIATION

Most people would say that the removal of poverty is a fundamental goal of development. Hence, the characteristic of the poor and the appropriate measure of poverty are important consideration in the policies that must be sharply targeted towards poor. However, poverty is not only of intrinsic interest; it has enormous implication for the way in which entire economies functions.-(Ray, D 1998, 249)

The key to tackling the problem of poverty lays not so much in creating jobs as in improving the quality of employment. In a country where the population is small and labor is scarce, what really matters is making work more rewarding for the laborer.

2.4.1 GOVERNMENT POVERTY REDUCTION STRATEGY

The national development five year plans provide the guiding framework for Bhutan's socio-economic development. Over the years, the five year plans have invariably emphasized on improving the quality of life of the people and achieving its development philosophy of GNH (UNDP AR 2006-07 9).

The transformation of the Bhutanese polity to a parliamentary democracy in 2008 gives an opportunity to the people of Bhutan to resolve the trade-offs in a democratic and participatory manner. The programme analyst in poverty monitoring and data analysis unit of the UNDP, Dr Thomas Windrel, feels that there is a positive environment for poverty reduction in Bhutan. He said that child malnutrition is down to 3.5 percent today from 32.1 percent in 1995 and that population with access to safe drinking water is up to 78 percent today from just 45 percent in 1995. Life expectancy has risen from 48 years in 1984 to 66 years in 2007. The population growth rate is down to about 2.5 percent from 3.1 % in 1994⁴

⁴ (<http://www.kuenselonline.com/modules.php?name=News&file=article&sid=2625>, accessed, May 10th 2007)

In five-year development plans, Bhutan translates its long-term vision into concrete policies, strategies and programmes. The current strategy is set out in the Ninth Plan 2002-2007, which addresses the high rate of population growth and the need to promote rural development. It gives high priority to developing infrastructure and improving the quality of social services. The objective is to reduce poverty in a sustainable manner through rapid and equitable economic growth and balanced regional development. Because such a large part of the population depends on agriculture, the strategy focuses on:

- 1) improving productivity by encouraging adoption of modern farming and animal husbandry techniques.
- 2) Expanding irrigation systems.
- 3) encouraging diversification into high-value, low-bulk crops and products.
- 4) increasing access to credit
- 5) building and improving farm and feeder roads and market infrastructure, and
- 6) fostering an enabling policy and legal framework

The RGOB has been relentlessly pursuing the policy of people's participation and balanced regional development over the last four and half decades. These pro-poor policies still continue to occupy centre-stage in development planning particularly during the upcoming Tenth Five Year Plan (FYP). Achieving the Millennium Development Goals (MDGs) is a top priority for Bhutan, and the government has shown sustained commitment towards its achievement. Bhutan's 10th Five Year Plan (2008-2013), a critical plan period for the achievement of the MDGs, has poverty reduction and the achievement of the MDGs as national priorities (BNHDR 2007).

2.4.2 ASSISTANCE BY DEVELOPMENT PARTNERS

UNDP, together with UNICEF, WFP, and UNFPA, is part of the United Nations Data Theme Group. The group aims to harmonize United Nations System assistance to the Royal Government in the areas of data collection, storage, analysis and reporting. The overall goal of UNDP's assistance is to enhance Bhutan's capacity to monitor and assess poverty reduction. Toward this end, UNDP has assisted in piloting the Threshold-21 project, which involved the introduction of a macroeconomic model for planning purposes. Other project assistance, expected activities and outcomes include: Assistance in designing a system of relevant poverty monitoring indicators including quantitative and qualitative dimensions, human and income poverty indicators; Exposure to different methodologies for establishing poverty lines and calculation of the head count ratio, poverty gap ratio and squared poverty gap ratio; Support to analyses of the poverty impact of national development policies; Support to the design of a Participatory Poverty Assessment (PPA) at household level; strengthened

The UNDP assistance and support for poverty reduction in Bhutan fall mainly within the following areas. Elaboration of development reports to inform policies and development plans establishment of a national poverty monitoring system high-impact poverty reduction programmes.

A pro-poor development strategy for Bhutan that is respectful of the GNH philosophy and cognizant of constraints emanating from demography and geography needs to be conceived in two stages: long-term and transitional. The long-term strategy is about the kind of economy Bhutan would ideally like to have in future. The transitional strategy is about how to get as close to the long term strategy as possible and as soon as possible (UNDP 2007).

The essentials of the long-term strategy may be summarized as follows. An outward-oriented development strategy that relies on exporting low-volume, high-value goods and services based on skilled manpower and modern technology, in return for

imports of most consumer goods, except for some basic foodstuffs. The virtue of this strategy is that it is perhaps the only pro-poor strategy that is fully respectful of the demands of the GNH philosophy on the one hand, and consistent with Bhutan's demographic and geographical constraints, on the other. The pro-poor nature of this strategy consists in the fact that it attacks directly the problem of low productivity of labor, which lies at the root of poverty in Bhutan. Specialization in high-value products using skilled manpower and modern technology is bound to raise the productivity of labor, helping the poor to escape poverty (UNDP 2007).

Since the long-term strategy would depend upon large-scale acquisition of skills and technology, which could take a considerable amount of time, a need for a transitional strategy exists. Formulation of the transitional strategy will have to be guided by two considerations: First, it must support speedy transition to the long-term strategy, and second it must provide the Bhutanese poor with a means of improving their living standards in the short to medium term. One conclusion that has been reached repeatedly is that the transitional strategy will have to be natural resource-based, thus calling for an enhanced use of natural resources. It is only through this strategy that Bhutan will be able to hasten the transition to the long-term strategy by earning the hard currency necessary for the acquisition of skills and technology as well as to provide sufficient opportunities to the poor for improving their living standards during the transitional period (UNDP 2007)

Admittedly, parts of this resource-based transitional strategy will come into conflict with environmental concerns. However, some compromise with these concerns will be necessary in order to arrive speedily at a future in which the environment-friendly long-term strategy can be pursued and to reduce poverty speedily in the meantime. These considerations call for the recognition that there exists inescapable trade-offs within the GNH approach. There is an inter-temporal trade-off between cleaner environment today and a cleaner environment in the future, just as there is a contemporaneous trade-off between concern for the environment and concern for the poor today. It is for the

Bhutanese people to decide exactly where to strike the balance between competing concerns (UNDP 2007).

Asian Development Bank (2006) is providing assistance through a review of the statistical system, in order to help the Royal Government draft a statistical law; a light survey on standardization of quantity units; and implementation of an integrated living standards survey to produce a comprehensive poverty profile. Table (2.11) below gives a preliminary overview of expenditure under United Nations Capital Development Fund (UNCDF). However, the mid-term evaluation (MTE) has not been able to get an exact overview of expenditure incurred by the Programme, as figures were not readily available from SNV.

Table-2.11. Contribution from ODAs

	UNDP	UNCDF	SNV	Total
Total budget For 2003-2006	1,756,500	1,000,000	592,400	3,348,900
Year	UNDP	UNCDF	Total Expenditure	
2003	278,275		278,275	
2004	419,685	350,653	570,338	
2005	477,734	19,299	570,338	
Total	1,175,694	369,952	1,545,646	

Source: "Mid Term Evaluation: Bhutan Decentralization Support Programme", 2006, pg 13.

Japan commented that it would continue to assist Bhutan within its ODA policy of poverty reduction and emphasized on the need for Bhutan to focus on developing rural infrastructure such as roads and communication and on increasing agriculture productivity. They also encouraged female participation in tertiary education in Bhutan (GNHC 2008 8).

But, it still faced the challenge of resource constraints. In order to assess realistic resource requirements, MDG Needs Assessment & Costing Exercise was initiated jointly

by the UN Agencies & the GNH Commission in 2006 and the report was finalized in November 2007. As per the report, Bhutan would need to invest Nu. 113.110 billion (USD 2.5 billion @ USD=Nu. 45.3 in 2006 prices) between 2006 to 2015 to achieve the MDGs (MDGs, NA&CE 2007).

As a result of Bhutan's interest, UNDP supported the drafting of the White Paper on cultural industries which was tabled by Bhutan at the BIMSTEC (Bay of Bengal Initiative for Multi- Sectoral Technical and Economic Cooperation) Culture Ministerial Summit in May 2006. The Paper put forward a strategy for regional cooperation focusing on the potential of the cultural sector as a strategy for poverty reduction and community vitalization. This initiative has received overwhelming support from the BIMSTEC countries and Bhutan will now take the lead in establishing an Observatory to execute the culture industry programme in the sub-region. This collaboration of UNDP is expected to protect, conserve and maintain the South Asian cultural heritage and broaden cooperation among member States in promoting cultural tourism. (UNDP AR 2006-07 16)

2.5 CONCLUSION

Based on the analysis discussed so far, the following four key growth areas have been identified here to propose policy interventions and actions: first, to evolve a development perspective of key growth areas and not a development plan per se of the RNR Sector, IT Sector, Construction Sector, and the Industry and Tourism Sector

Second, mainstreaming environment into poverty reduction initiative, which is an ongoing process in Bhutan. With the support of United Nations Development Program (UNDP) and United Nations Environment Program (UNEP), capacity development efforts are being undertaken both at the national and local district levels to mainstream environment into the national and local development plans and policies (UNDP 2008).

Fourth, promotion of culture based creative industries for poverty reduction and community vitalization at a macro level and lastly, the role of cultural based industry is also intrinsically linked to one of Bhutan's main foreign exchange earning industry – Tourism. The role of cultural knowledge, skills and activities cannot be ignored, especially in terms of its current as well as potential contribution towards the economic development of Bhutan, realizing their potential as a source of income for rural development, and youth and women employment.

The Guidelines for Preparation of the Tenth Plan focuses on the promotion of SME and cooperatives, especially cottage industries like textiles and handicrafts as areas that will be supported by the RGoB in the Tenth Plan (2008-2012). “A Vision for Bhutan's Culture based Creative Industry” aimed at creating awareness on the importance and relevancy of culture based creative industry as a means of development

in the country, particularly for rural development and poverty reduction (Bhutan's Prime Minister leads the Stand up Speak out against Poverty and for the MDGs UNDP 2007).⁵

2006 saw renewed national commitment for the fight against poverty and the achievement of the MDGs. Poverty reduction will be the main thrust of Bhutan's Tenth Five Year Plan (2008-2013), with the MDGs increasingly occupying a central place in development planning in Bhutan. UNDPs support and collaboration with the Royal Government is closely associated with these developments in the area of poverty reduction and focus on MDG achievements (UNDP AR 2006-7 9).

Priority needs to be given to create employment in the private sector that can bring well- paid productive jobs and create economic growth. The entering of nearly 10.000 young people every year to the job market is one of the most serious challenges for Bhutan in the near future. The human resource pyramid in Bhutan was made up of a large number of unskilled workers at the base and a substantial number of managers and professionals at the top whereas there was an acute shortage of skilled workers in the middle (BNHRDR 2007, 60).

Direct employment generation by tourism sector is also marginal. It is estimated to have generated employment to 2500 persons, including part-time workers (Department of Tourism, 2004) In Bhutan, apart from three or four tourist destinations (like Bumthang, Paro, Punakha and Thimpu) rural areas have not benefited even when the tourists visited villages. Also, tourism (as of now) has little impact on rural economy even if tourists visit villages. Suspected widespread "fronting" for non-nationals in setting up of industrial enterprises by the Bhutanese business people is another major area of concern. If the suspicion proves to be true, then it is a serious issue as it causes

⁵ Retrieved from <http://www.undp.org.bt/info/pr07/IDEP07.pdf>, accessed on 10th June 2008)

income transfers from Bhutan to foreign countries on a large scale (BNHRDR 2007, 96-97).

Within the BIMSTEC agenda, Bhutan is the lead country in the area of culture cooperation. The Project will support the establishment of systems to monitor and recognize craft excellence, setting up linkages between rural community producers and marketing agents and upgrading the design and production of the textile sector. Further, the enhancement of the sector will lead to generate decent jobs and avoid widening income gaps. The project also provide direct technical and financial support to existing and emerging cultural industries through assistance to cultural entrepreneurs in the design, production, certification, and marketing of cultural products to improve the quality of products and thereby living standard of artisans.

As explained in the previous chapter the principles of Buddhist values especially the one on right livelihood and contentment could be a weapon for the ordinary Bhutanese living in the rural areas to come out of their misery and live a life of contentment and happiness which money can't buy. As being content is difficult to achieve, but if put into practice many of the problems of the society could be healed. Therefore, the Bhutanese claiming to be a Buddhist country and emphasizing on the teachings of lord Buddha needs to show an example to the world for its unique philosophy of development based on modern day principles, that this state of happiness or 'bliss' is achievable by any human being. But in order to follow it humans first have to sacrifice their material cravings, desires and want and ready to embrace the difficulties in life without any discontentment.

Analyzing the policies implemented in Bhutan for the removal of poverty and the strategies and recommended highlighted. The next chapter will continue the discourse on development and the study will discuss how the RGoB has been cooping up with the social sector in order to achieve its developmental philosophy of GNH. Therefore the next chapter on health and education will examines the contemporary environment of the social sectors in Bhutan.

Chapter 3. ADDRESSING CHALLENGES TO HEALTH AND EDUCATION

3.1 INTRODUCTION

The basic objective of development as the expansion of human capabilities was never completely overlooked in the modern development literature, but the focus has been mainly on the generation of economic growth in the sense of expanding Gross National Product (GNP) and related variables. The expansion of human capabilities can clearly be enhanced by the role of social variables like health and education, in fostering the economic progress, which has recently received much attention in the development literature.

The creation of social opportunities makes a direct contribution to the expansion of human capabilities and the quality of life and to its flourishing. The rewards of human development go well beyond the direct enhancement of quality of life, and include also its impact on people's productive abilities and thus on economic growth on a widely shared basis. Furthermore there is considerable evidence improved health care as well as nutrition also makes the workforce more productive and better remunerated (Sen 2000, 144).

According to Sen (Sen & Dreze 2002 39), health and education can be seen to be valuable to the freedom of a person in at least five distinct ways;-

- 1) Intrinsic importance: valuable achievements in themselves, and the opportunity to have them can be of direct importance to a person's effective freedom
- 2) Instrumental personal roles: can help him/her do many things which are valuable.
- 3) Instrumental social roles: public discussion of social needs and encourage informed collective demands, which can help expand the facilities that the public enjoys and contribute to the better utilization.
- 4) Instrumental process roles: a benefit even from its explicitly aimed objectives that broadens the young minds horizons.

- 5) Empowerment and distributive roles: disadvantaged groups can enhance their ability to resist oppression, to organize politically, and to get a fairer deal.

According to Schumacher, the essence of education is the transmission of values and ideas which enables man to choose between one thing and another and man's task or his happiness is to attain a higher degree of realization of his potentialities, a higher level of being or grade of significance than that which comes to him naturally (Schumacher 1993 75).

This chapter will examine the challenges to health and education and its progress in meeting the Millennium Development Goals (MDGs). The chapter gives a general overview of the health and education in Bhutan, then further goes on to discuss its current issues and challenges and the contradictions within the Bhutanese society, brought through modern means of education. The chapter explores if and how policy actors are making choices in education and health that are consistent with the country's approach to GNH.

Development expenditures for the social sector on average comprised of a quarter of the total expenditures since 1990 and have been rising consistently. Over the last five years, social sector expenditures have expanded to constitute around 27% of the total expenditures and in 2005/06 accounted for 30% of the development budget. The rapid pace of economic growth and the sustained levels of development assistance have allowed the government to continually increase investments into the social sector and sustain free health and education services (Ministry of Finance 2006).

Bhutan continues to make significant and sustained progress in achieving the MDGs and is potentially on track on all of them. For instance, the country has enjoyed great success in enhancing access to improved drinking water of the MDGs by 2015. Some of these critical challenges include the emerging difficulties of providing decent and productive employment for Bhutanese youths, ensuring more equitable participation of women in

tertiary and technical education and the potential threat of HIV/AIDS. The next section will give a general overview of health and education in Bhutan.

3.2 OVERVIEW HEALTH & EDUCATION

3.2.1 HEALTH

Bhutan (2020), vision for peace prosperity and happiness' has clearly shown the commitment to improve the quality of life of the people through improving health and education, preserving Bhutan's rich cultural heritage and maintaining its precious environment.

From the very beginning, the health care system was based on primary health care, which means the focus was on prevention of disease, promotion of good health, rehabilitation of people and a lower focus on the curative side. All health care is free that includes not only treatment, but also food to the family while the patients are admitted in the hospital.

Bhutan began its development process in the early 1960s, it had just four hospitals and 11 dispensaries operated by two qualified doctors and untrained laypersons. The government has invested large resources into creating and ensuring universal access to primary health care. By 2000, the Bhutanese health system consisted of 29 hospitals and 160 basic health units (BHUs) including one indigenous hospital and 18 indigenous units. Basic health care is provided free of charge (MDGPR, 2005).

There has been substantial expansion in the health sector's human resources and infrastructure with the ratio of doctors to population (for every 10,000 individuals) improving from 1.7 in 2002 to 2.3 in 2006. The nurse-population ratios also progressed from 6.9 to 8.3 per 10,000. There was a 50% increase in the number of hospital beds available to the general population with the completion of the construction and/or up gradation of the Jigme Dorji Wangchuck National Referral Hospital (JDWNRH), the

Monggar Regional Referral Hospital, Phuentsholing General Hospital and the Dagana, Trashigang, and Trongsa district hospitals. The expansion of the health facilities and human resources since 2002 is given in Table 3.1 (BNHDR 2005).

Table 3.1 Health Facilities and Human Resources, 2002 and 2006

INDICATORS	2002	2006
Health Human Resources		
Doctors	122	145
Doctors per 10,000 population	1.7	2.3
Nurses	495	529
Health Assistants	173	210
Nurses per 10,000 population	6.9	8.3
Technicians	335	438
Health Workers	176	253
Total Workers	1,356	1,641
Hospitals	29	29
Indigenous hospital	1	-
Basic Health Units	166	176
Out-reach Clinics	455	485
Indigenous hospital units	19	21
Total hospital beds	1,023	1,400*
Hospital beds per 10,000 population	14	17*
Total health facilities	670	711

Source: MDG 2007, p.38

*Figs for hospital beds could go up after completion of the various referral hospitals in 2007

From table 3.1 you can find out that the health sector has made tremendous achievements especially in the expansion of basic health services with more than 90% of the country having proper access to health services today.

The National Health Survey (NHS) of 2000 estimated life expectancy at 66.1 years, an improvement from 45.6 years in the National Health Survey of 1984. The infant mortality rate was reduced from 70.7 per 1000 live births in 1994 (NHS, 1994) to 40.1 in 2005 and under-five (U5) mortality rates have been brought down by around 36% from 96.9 per 1000 live births to 61.6 per 1000 live births over the same period (see table 3.2)

Table 3.2 Key Development Indicators

Indicator	value	Year
Life Expectancy at birth (yrs)	66.1	2000
GDP per capita PPP	1,969	2004
Infant Mortality Rate (per 1000 live births)	40.1	2005
U5 Mortality Rate (per 1000 live births)	61	2005
Underweight U5 children (%)	19	2000
Stunted U5 children (%)	40	2000
Maternal Mortality Rate (per 1000 live births)	2.55	2000
Access to safe drinking water (%)	84	2003
Sanitation coverage (%)	93	2003
Adult Literacy Rate (%)	52.8	2005
Gross Primary Enrolment (%)	79.4	2006
Total land area under forest cover (%)	73	2000

Source: Statistical Yearbook of Bhutan 2006, Bhutan National Human Development Report 2005 and National Health Survey 2000.

The health and education sectors have always been accorded high priority which is evident in the increasing budget allocation to these sectors over the years. The health

sector received 11% of national budget in the 9th Five-Year Plan (2002-2008). The preventive, promotive and curative health services are provided free of charge to the people by the government. With over 47% of the 634,982 people comprising of young people aged 10-24 years (NSB, 2006), it is appropriate that the health sector's MDG efforts are specifically in the area of Child Health, Maternal Health and emerging and re-emerging diseases like HIV/AIDS, Malaria and Tuberculosis (TB), corresponding to the fourth, fifth and sixth MDGs (Ministry of Finance 2006).

The promotion of institutional delivery, skilled personnel attending all births and the increase in emergency obstetric care (EmOC) services have together contributed to a dramatic decline in maternal mortality. Maternal mortality rates of Bhutanese women have been significantly brought down by 33%; a decrease from 380 per 100,000 live births in 1994 to 255 per 100,000 live births in 2000. The improvement in maternal and child health indicators is given in Table 3.3 (AHB 2006).

Table 3.3 Maternal and Child Health Indicators

G1.T2.I4 - Prevalence of underweight children (under-five years of age)	19	2001
G1.T2.I5 - Proportion (%) of population below minimum level of dietary energy consumption	3.8	2004
G4.T5.I13 - Under-five mortality rate (probability of dying between birth and age 5)	61	2005
G4.T5.I14 - Infant mortality rate	40	2005
G4.T5.I15 - Proportion (%) of 1 year-old children immunized for measles	93	2005
G5.T6.I16 - Maternal mortality ratio	255	2000
G5.T6.I17 - Proportion (%) of births attended by skilled health personnel	32	2003

Source: MDGs, Progress Report 2005, MoH Annual Health Bulletin, 2006.

(Note: G-goals, T-target)

Bhutan became the first country in the region to eliminate iodine deficiency disorder (IDD) as a public health problem. This has reduced the incidence of goiter occurrence to less than 5% as compared to 65% two decades ago. Although, the micronutrient deficiency of Vitamin A is no longer a public health problem, iron deficiency anemia among pregnant women is still seen as a critical concern (WHO 2006).

The TB programme and malaria control programme was initiated in 1976 and 1964, due to both being accorded a high priority they have been fully integrated with the general health services in Bhutan since its inception. From table 3.4 it can be observed the progressive improvement regarding the treatment of patients with TB, Malaria and HIV. While the spread of the HIV/AIDS epidemic in Bhutan is limited, the increase in the annual detection of HIV cases coupled with several risk factors and a youthful population could lead to a serious epidemic. The main constraints to tackling this pressing issue include the need for sustained effort in its prevention and the mobilization of resources for the treatment of AIDS patients (AHB 2006)

In the 9th FYP period, out of the total outlay for health sector, about 7% was allocated to the malaria programme. The Roll Back Malaria global initiative aims to reduce morbidity and mortality from malaria by more than 90% by the year 2010 from the baseline level of 2001 (9th FYP).

Table 3.4 Health related MDGs indicators

G6.T7.I18 - HIV prevalence total population (per 100,000 population)	12	2005
G6.T8.I21c - Malaria prevalence per 100,000	377	2005
G6.T8.I23a - Tuberculosis death per 100,000 population	3	2005
G6.T8.I23b - Tuberculosis prevalence rate per 100,000	133	2004
G7.T10.I30b - Proportion (%) of population with sustainable access to an improved water source	84	2003
G8.T17.I46 - Proportion (%) of population with access to affordable essential drugs on a sustainable basis	80	2003

Source: MDGs, Progress Report 2005, MoH Annual Health Bulletin, 2006. (Note: G-goals, T-target)

The Royal Government of Bhutan has declared the country to be tobacco-free. Nevertheless, smoking is common, both among the adolescents and youth. This is particularly true in urban areas. Chewing of tobacco, either in the form of tobacco leaves with lime or commercially prepared items such as 'khaini' (chewing Tobacco), is also observed. Finally, in order to sustain free supply of vaccines and essential drugs, the Bhutan Health Trust Fund was initiated in 1997 and became operational in 2003 with USD 18 million 2007 (WHO 2007).

3.2.2 EDUCATION

As with most developing countries, providing quality education is critical for furthering the progress of human development in the country and for broadening people's life opportunities and choices to lead more dignified lives. Improving the educational attainment levels of the general population is moreover an integral part of the government's broader development strategy to improve the quality of life for the poor and thereby reduce poverty. This is also essential if the society is to ultimately evolve into a knowledge-based society as envisaged in the country's long term vision (MDGAS, 2007).

Education is considered as one of the fundamental needs required to achieve Gross National Happiness, the framework for the overall development of Bhutan. The Bhutanese people realized that to achieve development, the modern system of education must be adopted and fostered, alongside monastic education. Many community primary schools have been established throughout the country over the past decades, reaching even the remotest areas (CBS 2005).

Until the early 1960s, practically no formal schooling existed in Bhutan except for the teaching of religion and classical Dzongkha in monastic schools in monasteries and Dzongs. The number of Bhutanese who had studied outside the country was extremely limited, with most of the few who had been sent as children to schools in India. Over the last two decades, the country has made considerable progress in education. A formal education and technical training system has been established, and students have been sent abroad in significant numbers for specialized training (PA&AR 2000).

The overall five-year plans (FYPs) features five goals: improving the quality of life and income, especially of the poor, ensuring good governance, facilitating private sector growth and employment generation, preserving and promoting the cultural and

environment heritage, and achieving rapid economic growth and transformation (Bhutan PC, 2002, p. 49).

As it emerges from the review of the FYPs, commonalities are evident in the adoption of development based on western constructs, mass education, and a typically western reliance on scientific and technical advancement as the foundation of progress. This is consistent with the foundations of GNH: educated people can make better choices, take responsibility in the democratic process, thus achieving happiness and prosperity and supporting peace. An educated population is the real foundation of the GNH approach, from which all the other goals depend. On the other hand lays the uniquely Bhutanese interpretation of economic-scientific progress as a tool to be skillfully mastered (Ezechieli 2003)

As Schumacher suggests (1973) through an education that endorses the awareness of its limitations. The spread of this knowledge is fundamental to achieve an alignment of objectives and goals based on GNH. In fact; the ultimate goal for Bhutanese policymakers appears to be the rapid expansion of education as a means to increase the people's well being and happiness, and not the acquisition of a stronger control over the population.

Bhutan's education system is based on a 7-year primary cycle followed by 4-years of secondary education leading to tertiary education. Basic education in Bhutan is defined as 11 years of education (primary + 5 years of secondary education till class X). Children begin their schooling at the age of 6 when they enter the first grade of primary, known as Pre-Primary class (PP). At the end of Primary cycle, children are required to sit for a national level examination set by the Bhutan Board of Examinations but administrated and assessed by the school. In a few years time examination at this level is replaced by standardized Tests (National Education Assessment). At present, about 87% of students, reaching the end of the Primary (Grade VI) continue to the next level of education, while others repeat and few drop-outs (EPGI 2007).

The secondary education cycle comprises of four years. The four years are either offered at the Middle Secondary Schools (MSS) or two years (Classes VII and VIII) at the Lower Secondary Schools (LSS) and remaining two years at the MSS. Students have to appear at the National Examinations at the end of class VIII, X and XII. In few years examination at class VIII level would be administered and assessed at the school level like the class VI examination. About 95% of those entering the secondary education complete class X (basic education). After the basic education about 40% based on merit are enrolled into class XI in the Higher Secondary Schools (HSS). About 25% join the class XI in the private Higher Secondary Schools. Rest of the students would have to look for training and other opportunities (EPGI 2007).

The significant accomplishment of expanding primary education has placed enormous pressures on the secondary and post secondary levels. As a result enrolment at the secondary level has grown even more rapidly and on average has increased at around 13% annually since 1995. Reflecting an equitable gender balance in recent enrolments, there is virtual gender parity at the secondary level with 98 girls for every 100 boys. As with the primary school completion indicator, there have been similar enhancements in the secondary school completion rates improving from an annual average of 65% in 2000 to 74% 2005 (BMDGR 2005)

Table 3.5 highlights that the gross primary enrolment rates (GPER) have grown rapidly over the last fifteen years and effectively doubled from 55% in 1990 to 102% in 2005. The primary school survival rates too have improved from around 79% in 2000 to around 87% at present. With regard to gender balance in primary education in 2006 there were 97 girls for every 100 boys in primary education. As such, given a more rapid growth of enrolment rate for girls, attaining gender parity at the primary level is also likely to be achieved very soon. Net primary enrolment rate (NPER) at 79.4% indicates that around 20,000 children who should be in school are still not enrolled (BMDGNA&CR 2007)

In terms of basic education indicators, the dropout rate has declined marginally and averaged around 4.8% from 1995 to 2006. There has been a more significant improvement in reducing the repetition rates which have dropped from around 12.7% on average between 1995-2000 to 9.8% between 2001 and 2006 (MoE 2007).

Table 3.5 Education Indicators

	1990	2000	2006
GPER	55%	72%	102%
NER	-	62% (2002)	79.4%
Primary School Survival rate	-	78.8%	87%
Adult literacy	32.2%	-	53%
Teacher Student Ratio In primary education	1:27	1:38	1:34
NFE learners	300 (1992)	5,372	18,550 (2006)
NFE centers	6 (1992)	146	646 (2006)

Source: Bhutan Millennium Development Goals Needs Assessment & Costing Report, 2007, pp25.

This remains a significant cause of concern, the net enrolment rate (NER), (see table 3.5) has also been improving rapidly by over 17 percentage points in the last five years. At these rates of progress, it is highly probable that the second goal of achieving universal primary education will be attained well before 2015. The teacher student ratio seems to be a cause of concern for the RGoB as even after a decade not much gap has been reduced, as the ratio stands from 1:27 in 1990 to 1:34 in 2006.

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there is virtual gender parity at the secondary level with 98 girls for every 100 boys. As with the primary school completion indicator, there have been similar enhancements in the secondary school completion rates improving from an annual average of 65% in 2000 to 74% 2005 (BMDGR 2005). The general overview of schools, institutes, teachers and students are as shown in table 3.6.

Table 3.6 General Education Statistics 2007

Levels/Types of Schools, Centers & Institutes	Schools/Institutes	Teachers	Students
Community Primary Schools	249	896	28,953
Primary Schools	83	751	23,585
Lower Secondary schools	82	1,604	48,716
Middle Secondary schools	37	1,093	29,829
Higher Secondary Schools	22	683	14,963
Private Schools	24	348	6,148
Bhutanese Students in India & Abroad	--	--	1,029
Sub-Total	502	5,375	153,223
Vocational Institutes	6	89	810
Special Institutes	3	14	109
Tertiary Institutes	10	354	3,820
Tertiary Students Abroad	19	--	2,981
Sub-Total	777	457	7,720
NFE Centers	6	762	14,694
Early Childhood Care (Day Care Centers)	1,304	19	215
Total		6,613	175,852

Source: Ministry of Education (2007), 26th Education policy guidelines & instructions

The community primary schools are very small schools with minimum facilities: three classrooms, two units of staff quarters, one toilet and a storeroom. The average enrolment in a remote community is between 50 to 120 students. More than 35 such schools are planned to be built annually. In places, where it is impractical to construct schools nearer the communities, boarding schools have been established. To

accommodate the increasing primary graduates construction of substantial numbers of secondary schools are planned in the 9th Five Year Plan (2003-07).

3.3 CURRENT ISSUES AND CHALLENGES

3.3.1 HEALTH

Although, the health sector has made remarkable achievements, it still faces numerous constraints and challenges. The major challenges are the shortage of human resources especially physicians; the scattered population and rugged terrain; and limited financial resources to sustain free health care services. The following section outlines the constraints and challenges prevailing in the area of child health, maternal health and communicable diseases like HIV/AIDS, Malaria and TB.

The emphasis of the government in recent years has been on improving the quality of health services. While the existing health interventions need strengthening, achieving the fourth MDG of reducing child mortality will require that EmOC (Emergency Obstetric Care) services are accessible to every pregnant woman in need. At the same time, the government needs to promote all deliveries in health institutions, ensure skilled attendance at every birth, and develop human capacity and facilities in essential newborn care centers (MoHE 2000).

A continuing challenge that the health sector faces is expanding child health services and making it more accessible, specifically for remote rural communities. In particular, this relates to the poor nutritional and hygiene situation in rural communities for mothers and children, the lower levels of rural coverage for maternal and newborn care services, safe drinking water and sanitation, the poor community support, and low levels of educational attainments and literacy of mothers and care givers in rural areas. The high incidence of low-birth-weight infants in the country is also seen to affect the survival of infants.

Even though the country's immunization coverage is above 90%, there are still some districts where the coverage is as low as 40% which calls for more resources to procure vaccines and reach them to the un-reached children population to prevent vaccine-preventable diseases in children. Acute respiratory infections (ARI), diarrhoea and worm infestation are some the major causes of Under 5 deaths and morbidity, including pneumonia, mostly occur during the winter months due primarily to the harsh climatic conditions, crowded and poorly ventilated rooms and poor hygiene practices. The incidence of diarrhoea though reduced still remains high, especially during the summer months.

The challenges in maternal health were highlighted in the country's MDG progress report of 2002 and are still valid and relevant. They include the shortage of trained health personnel, inadequate obstetric equipment and facilities, enormous difficulties of rural access to local health units due to difficult terrain conditions and the dispersed nature of settlements, the deeply rooted cultural barriers and poor awareness on reproductive health issues among the communities. In particular, the further expansion and strengthening of EmOC facilities and their effective utilization by communities will prove critical in reducing maternal mortality (MDGPR 2005).

Another significant challenge that remains for reducing maternal mortality is the low institutional delivery and births attended by skilled professionals. Intensification of information, education and awareness strategies have to be put in place to overcome the cultural beliefs that favor home deliveries. The low female adult literacy rate of less than 30% needs to be overcome as educational attainment can improve maternal health and help to reduce maternal mortality. In addition, training health workers in life saving obstetric skills and increasing community participation will inevitably save the lives of both mother and child.

Similarly, there is need to strengthen and sustain ongoing efforts at controlling and containing malaria. There has been some reversal in the trend compared to the mid 90's and the main challenge now is sustaining these achievements in future. This would

mean overcoming the dangers of complacency, maintaining active surveillance and early warning systems, ensuring early detection, effective management of malaria epidemics, and sustaining the procurement of treated nets and sprays, which entail high costs.

There are also significant associated costs in developing and upgrading appropriate expertise and skills, introducing new and more effective vaccines and drugs and acquiring appropriate equipment and facilities. The availability of financial resources to meet these costs thus remains a challenge.

3.3.2 EDUCATION

The progress to compete in the world market largely depends on its ability to develop knowledge and skills basis along with achieving Universal primary education. The country has already achieved remarkable progress in primary enrolment. But its progress on tertiary education and relevant technical education and vocation training is very slow. These limitations likely to affect its future growth and development prospects. Creation of human capital infrastructure is real challenge for the government, particularly identifying priority areas and allocation of public resources for their development.

The major constraints and challenges are the low levels of adult literacy, particularly among women and in rural areas; the quality and relevance of education; the difficulties of continuing to expand enrolment levels notably in hard to reach communities and isolated areas; and the challenge of adopting a more inclusive approach to improve educational access for those with physical disabilities and learning impediments (MDGPR 2005).

In recognition of these pressing constraints, the major interventions suggested are to sustain and improve the enrolment and the quality of education at the primary and secondary levels; raise the adult literacy rates; and expand access to special education for the disabled. The main outcomes of these proposed interventions will help accelerate the

progress towards attaining the goal of universal primary education and the long-term national goal of realizing a knowledge-based society and simultaneously contribute to the reduction of poverty and progress in achieving other MDGs.

A study done by Ezechieli (2003) reveals the increasing gap between the direction developments would spontaneously take and GNH objectives, this gap appears to be due to traditional culture and beliefs about the implication of being educated, and to the influence of exogenous culture and values, especially as conveyed through the mass media.

The need to create a work force aligned with the requirements of the job sector is a major concern, addressed through the monitoring of the evolving characteristics of the job market, emphasis of vocational training and education, and career counseling. Special attention is dedicated to value education for the youth. However, Ezechieli (2003) argues that the change seems to affect both families and students: the parents do not want their children to experience the same harshness that characterized their life. The children, who generally are the first schooled generation in the family, feel entitled to a white-collar job; the government is perceived as the “natural” employer, also because of the private sector’s still embryonic development stage. There is an emerging gap rising between student’s expectations and job opportunities.

The reference to the “cultural and traditional beliefs” deserves particular attention. It seems that education is impacting the expectations of the people per se, regardless of the curriculum’s origin, western or otherwise. The challenge then is to change the traditional culture and beliefs regarding the consequences of becoming educated. Emphasizing the dignity of non white-collar jobs becomes particularly important in order to alleviate dissatisfaction. Another interviewee from a Bhutanese secondary education institution further clarifies the issue: “Bhutanese people take it for granted that once their children start going to school they will eventually be given employment by the government” (EE XI, 2003).

The equation 'education = government job' has deep cultural roots in the history of a Kingdom in which a private sector did not exist until a few years ago. Therefore, all who earned an education were almost automatically hired for government jobs, for which reading and writing skills were necessary. Therefore, parents "have high aspirations for their children which in turn raise the children's expectations" (Ezechieli 2003).

Furthermore, the connection between the introductions of the New Approach to Primary Education (NAPE), with the ethnic tensions with the Bhutanese of Nepali origin in the south cannot be ignored. The reinforcement of the Bhutanese culture coincided with the elimination of the Nepali language from the school curriculum and perhaps contributed to causing the migration of thousands of people out of Bhutan between 1988 and 1993 (Rizal 2005).

The awareness of the loss of traditional Bhutanese values and culture because of the influence of western schooling, and the necessity to counterbalance this loss with adequate educational interventions are one of the important issues of challenges that the Bhutanese Government will have to face in the future. The vulnerability mostly derives from: first, people's changing expectations as they become educated; second, the cultural influence and values introduced through a mass education system of western origin and the mass media; third, the cultural shift required by the ongoing democratization process seems to be the challenges confronting the Bhutanese society.

3.4 CONCLUSION: HEALTH TO EDUCATION

Meeting the health goals is crucial for the overall achievement of the MDGs since it directly concerns three of the eight MDGs. The attainment of a standard health by the people of the country would lead to a socially, mentally and economically productive life which is important to enhance the quality of life of the people.

The performance of the health sector so far has been very commendable. The country is well on track to reduce infant mortality rate by two thirds even before the target year of 2015. The strengthening of institutional deliveries and emphasis on all births being attended by skilled personnel will significantly reduce both neonatal and infant deaths.

The national maternal health targets set for the Tenth Plan period include reducing the maternal mortality ratio to below 140 per 100,000 live births. The country's national policies and programmes to reduce maternal mortality are through increasing institutional deliveries and increasing the proportion of births attended by skilled health personnel. Essential health services like Antenatal, Intra-partum and Post-natal care will have to be continuously provided while strengthening EmOC services (10th FYP Vol 1 2008).

Bhutan is also a signatory to the UN Convention on the Elimination of All Forms of Discrimination against Women (CEDAW) that upholds, among other, the right of women to receive appropriate health services during their pregnancy, period of confinement and access to adequate natal care. The progress on maternal mortality indicator is on track. Universal access to family planning services through making contraceptives available to every man and woman will have to be pursued to reduce pregnancy and childbirth related deaths (CEDAW 2007).

Progress on all the indicators related to HIV/AIDS, Malaria and Tuberculosis are well on track. The strengthening of counseling and comprehensive care and support are essential for HIV/AIDS, while intensifying efforts in ITBN coverage and care, and enhancing and expanding DOTS coverage are considered crucial for Malaria and TB control programmes.

Bhutan appears to be caught in the middle of the mechanistic western wave. The command-and-control principles, and the concepts of power, economic value, and competition embedded in western education systems and bureaucracies are entering the country through mass education, the global market economy, and the mass media. The traditional Buddhist values of cooperation and collectivism are challenged by the individualism and competitiveness that characterize mainstream western education and vision of life. The government is designing and attempting to implement a “middle way” development. Locally based education and job opportunities are expanded in order to prevent migration to major urban centers (World Bank DPR, 2003)

According to Ezechieli (2003), education for GNH features the following characteristics 1) it teaches the skills needed to build a regional economy based on technologies appropriate for the ecological and social balance of the region in which they are implemented;

2) it brings the students to a higher level of awareness about the complexity and interconnectedness between human and natural systems, avoids constricted specialization and blind reliance on rational thinking, and focuses on moral values as the foundation of an holistic, long-term thinking,

3) it recognizes the shortcomings of mainstream organizational forms, schools in the first place, that reproduce the hegemonic command-and-control schemes and western-centric concepts, but fall short in teaching students how to cope with complexity, change, and responsibility,

4) it embeds into its core the very principles of GNH which should steer the original design of educational policies and tools, rather than be added as a complement at later stages.

In Bhutan those four elements, at least in theory, seem to fall into place. The major planning documents such as “Vision 2020” or the five-year plans for education, reflect the tenets of this theoretical framework. Although Bhutan has already ignited the process, the real challenge for the future will be the complete translation of the principles into practice.

Bhutan presents a case of penetration of western values into another culture. Although Bhutan has never been colonized, it is likely some of these elements to have penetrated the Bhutanese education system, of western / Indian origin, in which almost half of the teachers were Indian. The progress to compete in the world market largely depends on its ability to develop knowledge and skills basis, along with achieving universal primary education. The country has already achieved remarkable progress in primary enrolment. But its progress on tertiary education and relevant technical education and vocation training is very slow; these limitations are likely to affect its future growth and development prospects. Creation of human capital infrastructure is a real challenge for the government, particularly identifying priority areas and allocation of public resources for their development.

Most of all, the challenge seems to have strong cultural roots. The mentality of both children and their families will have to be changed, in order to make clear the impossibility of automatic government employment after some years of schooling. The process of changing the people’s mentality would certainly benefit from the provision of valid and acceptable alternatives.

Finally, education is also strongly interrelated with the democratization process; good governance, one of the key GNH principles, requires people at the local level to take responsibility, to make decisions, and to break-free from the feudal nature of the

relationship with the government. Building this capacity is one of the tasks of schooling. In fact, the ultimate goal for Bhutanese policymakers appears to be the rapid expansion of education as a means to increase the people's well being and happiness, and not the acquisition of a stronger control over the population.

Chapter 4 ADDRESSING ETHNIC IMBALANCES

4.1 INTRODUCTION

This chapter examines the question whether the ethnic politics of the Bhutanese state has regenerated revivalist ideas, like historical animosities, aggressive cultural ideology etc, and in the process subverting democratic principles and growth of ethnic imbalances in Bhutan. The chapter is divided into five sub-topics, first examining the various definitions of the concept of ethnicity. The second particularly deals with the nature, structure and the characteristics that comprise the different ethnic groups in Bhutan. Thirdly it reviews the Bhutanese State's ethnic politics and its development. Fourthly the chapter analyses the situation of different ethnic groups keeping human development and security as a reference. It also suggests some solutions in addressing the ethnic imbalances in Bhutan. Lastly, the chapter concludes that the repressive and discriminatory policy implemented by the Bhutanese state has led to the growth of ethnic imbalance in depriving the minority communities of equal development and security. The Lhotshampa (ethnic Nepalese) case illustrates some characteristics of human-rights violations in situations of ethnic strife. The chapter also states that the Ethnic politics implemented by the Bhutanese State is antithetical to the concept of GNH.

In order to understand the nature and extent of cultural revivalism contained in ethnic mobilization, it is necessary to analyze the meaning of the term ethnicity and the elements inherent in the process of self-definition by the ethnic community itself.

Cultural revivalism as well as reactionary values remain ingrained in the very process of self-definition and become manifest during periods of tensions and ethnic conflict.

One of the significant ways of describing ethnic groups is on the basis of ascriptive elements. Such ascriptive elements may stress on birth and social ties, blood and kinship, color and also language particularly mother tongue (Horowitz 1983). Horowitz also argues that “ethnicity is based on the myth of collective ancestry which usually carries with it traits believed to be innate. Some notion of ascription however diluted, and affinity deriving it are inseparable from the concept of ethnicity”. This ascriptive element makes ethnic group boundary less flexible that is, one cannot suddenly change his ethnic identity in accordance with personal choice.

Ethnicity may also be viewed in the sense of ethnic identity which has been defined by De Vos as consisting of the “subjective symbolic or emblematic use by a group of people.....of any aspect of culture in order to differentiate themselves from other groups” (Brass 1991, p.19). The classical sociologist, Max Weber explicitly defines and devotes a chapter to the topic in his great work “Economy and Society” in which he says “we shall call ‘ethnic groups’ those human groups that entertain a subjective belief in their common descent because of similarities of physical type or of customs or both or because of memories of colonization and migration”.

Cultural characteristics, the old basis of distinction, are now modified because of modern social trends, and have become increasingly symbolic in modern times. Nevertheless they could become the basis of mobilization. What they have in common is that they have all become effective foci for group mobilization for concrete political ends, challenging the primacy for such mobilization of class on the one hand and nation on the other. One reason ethnicity becomes an effective means in the modern world of advancing interests is that it involves more than interests (Moynihan & Glazer 1975).

According to J.Hutchinson and A.D.Smith, ethnic groups habitually exhibits, in varying degrees, certain features like a common name to identify the community, idea of

common ancestry which is often a myth of common origin, shared historical memories, often constructed through, a reinterpretation of the past, one or more elements of common culture, perception of a homeland or at least ancestral land, a sense of solidarity attained by emphasis on ancestry and culture among a portion of the group.

Geertz an exponent of primordial viewpoint argues that primordial elements which are ineffable and overpowering, attached to the individual, cannot be separated by the place of birth, into a particular religion, speaking a particular language or even a dialect of a language and following particular social practices. These elements are seen as an ineffable and at times overpowering coerciveness in and among themselves (Geertz 1971). Geertz also proposes that important primordial elements through which an ethnic community tries to identify its distinction from other ethnic community tries to identify its distinction from other ethnic groups. An assumed blood tie is quasi-kinship because it is based on biological relationships, as it is small and limited to tribe. Race, which is larger sharing common phenotypical physical features like skin, color, facial structure, hair type etc. Language is also an important element; further, religion plays an important role as a primordial element.

Rothschild observes that under the cloak of democracy and egalitarianism, politicized ethnicity actually creates and spreads stereo type value judgments on the basis of cultural differences. Ethnic politics tries on the basis of such typical derogatory ideas about other cultural groups and therefore emphasizes cultural differences which should be irrelevant in democratic societies. Along with Geertz, Rothschild also argues that ethnicity once more regenerates traditional social boundaries threatened by modern ideas of equal, socially mobile universal man. According to Rothschild ethnicity is “most atavistic, insular, unscientific and chaotic tendency”, which represents a reactionary development (Rothschild 1981).

Scholarly works addressing the issue of revivalist-reactionaries of ethnic movements are very few in number as the problem has received very little attention. Even then C.Geertz's and J.Rothschild's analysis have shown that ethnic movements are

societies which tend to be either primordial or reactionary in character. Their analysis reveals that the main foundation of ethnic politics is partly backward looking.

From the various attempts at defining ethnicity and inter-perceptions of ethnicity, a few things become evident. First, consolidation of ethnic identity occurs on the basis of twin elements of ascriptive identity and cultural symbols, though ethnic mobilization may define its goals as end of economic exploitation, development, political-administrative autonomy etc. As ascriptive and cultural elements have become less recognizable in a modern society, it becomes necessary to emphasize and revive some of the forgotten customs, rituals and practices of the medieval period for achieving distinctiveness of the ethnic group. Thus the very process of self definition involves some kind of revival of the last practices and customs of the groups.

Another aspect which comes out of analysis of various interpretations of ethnicity is the emotive character of ethnic mobilization which appeals to the effective sentiments of man. Such attempt at exploiting emotional and sentimental ties is opposed to the modern idea of rational man. Moreover, it blunts the search for the causes of inequalities and exploitation and urge to correct them. By encouraging particularistic group values and solidarities, the politicization of ethnicity devalues universalistic norms and discourages the opportunity of a truly open and democratic system. Its ideolization of ethnic groups re-legitimizes ascription and de-legitimizes mobility.

4.2 ETHNIC GROUPS IN BHUTAN

Bhutan is a multi-ethnic state, where ethnicity and religion have major import. Ethnic groups of different religious faiths and some of different religious sects coexisted under the monarchy in relative peace, with occasional tensions, for about 97 years to entrench Drukpa dominance. Although Hutt (Hutt 2003, 4) calls the division of Bhutan's population into ethnic categories "problematic", most accounts of the population identify four ethnic groups that are the Ngalongs, the Sharchop, the Lhotshampa and several indigenous peoples. The Ngalongs in the west, the Sharchops in the east and the Lhotshampa in the south. The fourth comprises the indigenous tribal people who live in villages scattered across Bhutan. They include the Kheng, Brokpa, Lepcha, Tibetan, Adhivasi and Toktop, all of which are on a much smaller scale than the three major ethnic groups. Some of these ethnic groups are culturally and linguistically of Tibetan or Indian Buddhist tradition, while some are influenced by the populations of West Bengal or Assam and embrace the Hindu social system.

All the three main ethnic groups—Ngalongs, Sharchop and Lhotshampa—have a distinct identity, shaped by geographic origin and based on culture and religion. The Ngalongs speak Dzongkha and follow the Drukpa Kargyupa school of Mahayana Buddhism, which has been Bhutan's state religion since 1961. Bhutan's king, Jigme Khesar Namgyal Wangchuck, is an Ngalong. The Sharchops, who live in eastern Bhutan, are descendants of the earliest migrants to arrive in Bhutan; they are of Indo-Burmese origin, speak Tshangla and follow the Nyingma school of Tibetan Buddhism. Together, the Ngalongs and Sharchops are known as Drukpas. The Sharchops, who are recognized as Bhutan's earliest inhabitants, can be traced to the tribes of northern Burma and northeast India and comprise most of the population of eastern Bhutan. The Nyingma School, i.e. the one predominant in the east, does not have a comparable status. Although most of the Sharchop belong to the Nyingma sect, they nevertheless form part of the Drukpa. In contrast, the Lhotshampa are mostly Hindus, but it has to be added that

Hinduism practiced by the Lhotshampa has much in common with Bhutanese Buddhism (Ministry of Planning 1996, 5).

The third major group, who differ greatly from the Drukpas in terms of culture, language, and religion, are Lhotshampas or the ethnic Nepalis in southern Bhutan and are predominantly Hindus. The Nepalese ethnic group whose forebears came to Bhutan from Nepal through 'step migration' from Darjeeling, Sikkim and adjoining areas of northeast India. The government of Bhutan attempted to limit immigration and restrict residence and employment of Nepalese to the southern region. However, liberalization measures in the 1970s and early 1980s in response to Nepalese action encouraged intermarriage, provided some opportunities for public service, and allowed more in-country migration by Nepalese seeking better education and business opportunities. (Rizal 2004). All the three main groups have their own lingua franca, Dzongkha for the Ngalong, Tshangla (which is closely related to Dzongkha) for the Sharchop in the east, and Nepali for the Lhotshampa in the south.

Bhutan is the least populated country in South Asia after Maldives, although the precise population is unclear, since data are discrepant. Most information sources that present a population figure for Bhutan including those provided by scholars, the government's Planning Commission, and the UN Population Reports—offer a figure somewhere of around 1.4 million or 7.5 lakhs. The total population number as well as the distribution of the total population among the several groups and subgroups varies depending on which source one uses. Concerning the total population and according to Hutt (2003 3), the estimate before 1969 ranged from 300,000 to 800,000. After 1977, all the literature on Bhutan, including that published by the Royal Government of Bhutan (RGoB) itself, proclaimed the presence of a population of just over one million. But in 1990, the king announced that the correct number was actually only 600,000, and this has since become the baseline for official calculation.

Today, there are estimates of "approximately 700,000" (Bureau of Democracy, Human Rights, and Labor, U.S. Department of State 2004) to 900,000 (Freedom House

2003) and even more. There are also different estimates of the distribution of that total population among the several (sub-) groups. The Royal Government states that the Drukpa comprise 80 % of the population (Planning Commission 2002), which would mean a maximum of 20 % of Lhotshampa living in Bhutan. According to the non-governmental organization (NGO) Freedom House, there are 35 % Nepali-speaking and 25 % Hindus (Freedom House 2003). Hutt (2003) mentions recent estimates of 25 % to 53 % for the Lhotshampa. But as the large majority of sources do not identify an ethno-linguistic group forming more than 50 % of the total population in Bhutan. What really counts in the end is the fact of multi-ethnic, multi-religious and multi-lingual Bhutan.

However, according to the 2005 Population and Housing Census of Bhutan, the population of Bhutan is 634,982. The census does not provide population statistics by ethnicity. Estimates of the ethnic breakdown of the population are a source of considerable controversy, and range from 10 to 28 percent for the Ngalongs, 30 to 40 percent for the Sharchops, and 25 to 52 percent for the ethnic Nepalis.⁶ According to the U.S. State Department, the Ngalongs and Sharchops together account for about 50 percent of the population, and the ethnic Nepalis for about 35 percent of the population, with the remaining 15 percent indigenous tribal people.⁷ However a small portion of minority Christians who make up only 0.33 percent of the population also adds up to the whole.⁸

This census too has come under scrutiny, as Amnesty International and Human Rights Watch, issued a letter addressed to the delegates attending the ninth Bhutan Donors roundtable talks in Geneva in February 2006. They expressed concern that Bhutan's nationwide census undertaken in 2005 "may be categorizing a significant

⁶ See Michael Hutt, "Bhutan's Crisis of Identity", *The World Book Year Book* (London: World Book Inc., 1994. 65-66).

⁷ U.S. State Department, Bureau of South and Central Asian Affairs, "Background Note: Bhutan," January 2007, <http://www.state.gov/r/pa/ei/bgn/35839.htm> (accessed January 16, 2007).

⁸ 20th April- 2001 Catholic World News Brief – <http://www.ewtn.com/vnews/getstory.asp?number=14284>, (accessed 20th May 2008).

number of Lhotshampas still living in Bhutan as non-nationals (Human Rights Watch 2006).

Thus, as a multi-ethnic state, Bhutan is multilingual with as many as 20 languages spoken and multi-religious. The Drukpa who now form the dominant political elite are a sub-sect of the Buddhist Kargyupa. The potential of such linguistic, religious and other cultural diversity to divide or be manipulated to divide Bhutanese society has made ethnicity constantly a major concern in building and maintaining nationhood in Bhutan. Until the early 1980s, the government's response to this concern was to try to achieve peaceful accommodation of the ethnic mix with some reconciliation towards protest by activists who felt national policy disadvantaged their ethnicity. But when the Drukpa elite gained powerful influence over national policy through the monarch, it pursued a different, sectarian approach to maintaining nationhood (Rizal 2004, 154).

The most divisive issue in Bhutan from the late 1980s with the assertion of the Drukpa elite has been accommodation of the Lhotshampas, who the Drukpa fear on the basis of their cultural difference from other ethnic groups in Bhutan, their religious difference from the nation's Buddhist ethnic groups, and what at that time appeared to be the rising proportion of Lhotshampa within the Bhutanese population. Ethno-religious conflict has flared after the Drukpa sect gained strong influence over national policy through the monarchy in the 1980s and rigidly pursued a divisive ethno-sectarian form of nationalism under the banner of 'One Nation, One People'.

The state views the ethnic and linguistic diversity of Bhutan as important. However, in the mid-1990s, members of an eastern minority group, the Sharchop, did challenge the state with the creation of the Druk National Congress Party. Amnesty International reported a clampdown by the state in the east in 1997. Since then, the state has sought to address the grievances voiced by those living in the east and there is no longer resistance toward the government. No discrimination based on ethnicity or language is permitted in Bhutan.

Therefore, it is important to look in detail what inspired this dramatic, divisive and dislocating shift in national policy. Are the policy measures that the State has used to align citizenship with ethnicity, a regenerative revivalist-reactionary process against the minority communities? The Ngalongs who comprise the majority of the Drukpa elites have they really tried to assert their supremacy and enforce it as a legitimate national policy? What has happened to the Lhotshampa and others who have been forced to leave their Bhutanese homeland? Henceforth, the States ethnic politics will be analyzed in the next section, keeping the mentioned queries in mind.

4.3 ETHNIC POLITICS OF THE BHUTANESE STATE

Ethnic movements in different parts of the world reflects that ethnicity often leads to a revival of historical animosities, aggressive cultural ideology, race riots, religious fundamentalism and so on. In the process, modern democratic values like equality of men irrespective of race, color, religion, tolerance of minority cultures, etc are replaced by cultural exclusiveness and conflict. Often modern democratic values are described as undesirable and instruments of deprivation and exploitation.

In hegemonically controlled systems, political power is concentrated in the hands of one particular ethnic group, which is sufficiently strong to maintain hierarchical relations between ethnic groups and to prevent violent conflicts (Vanhanen 2004) The structure of the political system in Bhutan sustains domination of national policy mostly by Ngalong elites. The law and implicit mechanisms severely restrict the participation of others in the political system. The civil service, army, police, National Assembly and other vital organs of government are all dominated by Ngalong elites and, if present trends of patronage and nepotism continue, this domination will continue for decades.

Between November 2004 and March 2007, Bhutan underwent major, peaceful political changes. On December 14, 2006, King Jigme Singye Wangchuck summoned the Cabinet of Ministers and, before a stunned assembly, informed them that he was abdicating the throne in favor of his eldest son, the Trongsa Penlop, Jigme Khesar Namgyal Wangchuck, who became the fifth king of the Wangchuck dynasty.⁹

⁹ "Breaking News: Royal Kasho (the Letter from His Majesty to the People of Bhutan)," *Kuensel Online* (Bhutan), 14 December 2006, accessed 15 December 2007.

Although the king had earlier indicated that he would abdicate before the centennial celebration of the monarchy's establishment in 1907, the announcement was greeted with widespread disbelief and sadness. The fourth king had provided the main impetus for political reform in Bhutan, and under his guidance the country has shown potential to eventual transition to democracy. The role of the monarchy has been transformed since direct royal rule ended and an elected cabinet of ministers took over responsibility for government in 1998. The changes initiated starting that year have been consolidated over the last few years and made possible a smooth transition to the new king, who will preside over the inauguration of the first written constitution of Bhutan in 2008.¹⁰

Table.4.1 Transparency scores

Scores	2005	2007
Accountability & Public Voice	2.40	3.31
Civil Liberties	3.36	3.72
Rule of Law	1.23	4.58
Anti-corruption & Transparency	3.34	4.12

Source: Freedom House Country report, Bhutan, 2007

(Note: scores are based on a scale of 0 to 7, with 0 representing weakest and 7 representing strongest performance)

Bhutan has substantially increased its Reporters Without Borders press freedom (2006) rating, moving from 157th in 2003 to 142nd in 2005 and to 98th in 2006, when it scored 25.00 out of 100. Although ordinary Bhutanese are gradually being educated about their rights and duties as citizens, the concept of civil liberties is comparatively new to Bhutan, and Bhutanese society is inherently conservative. Older generations retain a worldview shaped by their experience of a hierarchical, closed society. However, young Bhutanese educated in modern schools are adapting to new ideas and values. At present, people are apprehensive about the transition to a parliamentary democracy. The formation of the first political parties later in 2007 will undoubtedly make Bhutanese

¹⁰ "Breaking News: Royal Kasho (the Letter from His Majesty to the People of Bhutan)," *Kuensel Online* (Bhutan), 14 December 2006, accessed 15 December 2007.

more conscious of their rights under the constitution and will affect the development of civil society (FHC 2007, 9).

There are no organizations or associations that Bhutanese are required to join. Demonstrations and public protests are unlawful in Bhutan, though this may change once the constitution is brought into force (FHC 2007,11) The Media Act of 2005, however, provoked an outcry from a range of media representatives, especially those in the nascent film industry, as it was considered to be creating obstacles to the emerging film industry through overregulation. In May 2007, proposed controls over advertising received similarly unfavorable comment in newspaper editorials. Nevertheless, the state does not use the laws to fine or imprison those who scrutinize officials or policies. There are provisions for defamation in Bhutanese law but they are seldom invoked.

According to a recent report by the High Court of Justice, the importance and legitimacy of the judiciary is increasing. In 2006, 173 cases were appealed, up from 118 in 2005. This steady increase is less reflective of growing litigiousness than a growing awareness of the modern legal system and the increasing professionalism of the judiciary.¹¹ The right to representation is upheld by the courts and representation is provided as a matter of course. Nonetheless, people generally have a very limited understanding of the legal process or the grounds for legal decisions, and a great deal of work remains to be done to improve the transparency of the legal process.¹²

For a young organization, the Bhutan's Anticorruption Commission (ACC) has made major progress and is working closely with a range of government agencies, the private sector, and the media. It is undertaking systematic studies of land transactions, forestry services, and the issuing and renewal of driving licenses. The ACC is also tackling problems in construction, procurement, printing, and customs (UNDP 2006).

¹¹ ("Appeal Cases Increase," *Kuensel*, 6 January 2007, <http://www.Kuenselonline.com/modules.php?name=News&file=article&sid=7922>, accessed 7 January 2007.)

¹² "Judgments Will Be Posted on the Web," *Kuensel*, 7 May 2007, <http://www.Kuenselonline.com/modules.php?name=New&file=article&sid=8414>, accessed 8 May 2007.

There is no freedom of information act in Bhutan. The focus of the past two years has been on creating the new framework and legislative basis for the introduction of the constitution. “Although the constitution provides for the freedom of association and assembly, during the period of this report, there remained restrictions on these freedoms”. (Quoted in FHC 2007, 16)

Tensions arose between the Bhutanese government and the Lhotshampa community during the 1980s. The Citizenship Act of 1985 amended the basis for claiming Bhutanese citizenship, and a census conducted in 1988 further exacerbated tensions. In 1989, a royal kasho (decree) reintroduced the code of traditional dress known as Driglam Namzha and the requirement to wear the traditional dress (gho and kira) when visiting government offices and monasteries, while also emphasizing the use of Dzongkha as the national language. This was viewed as an attack on Lhotshampa cultural identity and in 1991 violence broke out, with the Bhutanese state adopting a hard line policy against the unrest.

Many became eligible for Bhutanese citizenship under the 1958 Nationality Law. Moreover, from the mid-1950s ethnic Nepalis began to be admitted into the bureaucracy, the army and the police, and were made members of the cabinet and the judiciary. (Dhakal & Strawn 1994, 151) However, by the late 1970s the Drukpa establishment had come to see the ethnic Nepalis’ growing numbers and influence as a threat to Bhutan’s cultural identity and the Drukpas’ own privileged position. Increasingly, Bhutan’s ruling elite asserted that the majority of the ethnic Nepalis in Bhutan were not in fact citizens but illegal immigrants who threatened Bhutan’s “survival as a distinct political and cultural entity.”(Ministry of Home Affairs 1993, 41)

The government invoked perceived threats as justification for a series of discriminatory measures aimed at the political, economic, and cultural exclusion of Bhutan’s ethnic Nepalis. Two new Citizenship Acts were passed in quick succession, in 1977 and 1985, each tightening the requirements for Bhutanese citizenship (Ministry of Home Affairs 1993, 7). The government argued that the tighter citizenship requirements

were “all that stands between overwhelming demographic pressures and the survival of the Bhutanese people as a distinct political and cultural entity” (Ministry of Home Affairs 1993, 39).

A new Marriage Act, adopted in 1980, was intended to form part of this barrier by deterring further immigration. It imposed heavy burdens on all Bhutanese citizens marrying foreigners. Bhutanese citizens who worked for the Bhutanese government were denied any promotions from the day of their marriage to a foreigner, and were excluded altogether from employment in the ministry of foreign affairs and the national defense department. They were also denied facilities provided by the state to other Bhutanese citizens, such as distribution of land, cash loans, grants of seeds and oxen, grants of capital, medical treatment abroad, and government assistance for education and training abroad.

The 1977 Citizenship Act had already repealed the provision in the 1958 Nationality Act according to which women married to Bhutanese men were entitled to Bhutanese citizenship by virtue of their marriage; under the 1977 Act such women had to apply for Bhutanese citizenship like any other foreigner. The 1977 Citizenship Act increased the residency requirement for citizenship by 10 years: from five to 15 years for government servants and from 10 to 20 years for all other foreigners. (Act on Grant of Citizenship in Bhutan 1977) The growing concerns about the threat posed by ethnic Nepalis to Bhutan’s cultural identity were reflected in an additional requirement for applicants for Bhutanese citizenship to have “some knowledge” of the Dzongkha language and Bhutanese history (Act on Grant of Citizenship in Bhutan 1977). The 1977 Act also provided that citizenship would not be granted to anyone who was related to any person involved in activities against the people, the country, and the King (Bhutan Citizenship Act 1985, art. 2.) Bhutan’s first national census from 1979 to 1981 used the criteria set out in the 1977 Act to identify residents as citizens or not. Following the census, only those identified as citizens according to the 1977 Act were issued citizenship identity cards.

The 1985 Citizenship Act tightened the requirements for Bhutanese citizenship still further. Under the 1985 Act, a child only automatically qualifies for citizenship if both parents are Bhutanese. The requirements for eligibility for citizenship by naturalization under the 1985 Act are: residence in Bhutan of 15 years for government employees and children with one Bhutanese parent, and 20 years for all others; the period of residence must be registered in the government records; proficiency in Dzongkha; good knowledge of the culture, customs, traditions, and history of Bhutan; good moral character; no record of imprisonment for criminal offences; and no record of having spoken against the king, country, and people of Bhutan. The 1985 Act grants the government of Bhutan the right to reject any application for naturalization without giving reasons (Bhutan Citizenship Act 1985, art. 4.) The 1985 Act raised the bar higher for naturalization. (Bhutan Citizenship Act, 1985, art. 14) The 1985 Act also provided for citizenship by registration if one had been permanently domiciled in Bhutan on or before December 31, 1958, and one's name had been registered in the Ministry of Home Affairs census register. (Bhutan Citizenship Act, 1985, art. 3)

The 1985 Citizenship Act was followed by a new census in 1988. This census amounted to a selective, arbitrary, and retroactive implementation of the 1985 Act. First, the government only conducted the census in southern Bhutan. Second, the authorities excluded ethnic Nepalis from becoming naturalized citizens, as provided for under the 1985 Act; instead, the authorities restricted Bhutanese citizenship to ethnic Nepalis who had records, such as tax receipts, to prove residence in Bhutan in 1958—30 years before the census. Bhutanese officials refused to accept residency records from 1957 or earlier, or from the years 1957 and 1959 (indicating residency in 1958) to establish citizenship. They disregarded the citizenship identity cards issued after the previous census: the authorities classified people who could not prove residence in 1958 as non-nationals, “returned migrants”, or other illegal immigrant categories, even if they possessed a citizenship card (Amnesty. International 1994)

The census caused considerable anxiety among the ethnic Nepali population in southern Bhutan. A series of “Bhutanization” measures in line with Bhutan’s “one

nation, one people” policy exacerbated this state of fear and resentment by trying to impose a distinct national identity (Piper 1995). In the 1980s, the Bhutanese ruling elite, believing their identity threatened by absorption of a growing Nepalese minority promulgated a cultural policy of Driglam Namzha, ‘national customs and etiquette’. This policy sought to preserve and enhance Bhutanese cultural identity and bolster Bhutanese nationalism. The policy mandated wearing national dress for formal occasions and required the Lhotshampa to undertake months of training in Drukpa traditional etiquette and dress as mandatory requirements for employment. It was accompanied by a shift in language policy, requiring use of the official language, Dzongkha, in schools and offices. In 1989, teaching Nepali as an optional language in schools was prohibited.

To this date, to a large extent Nepali previously served as the lingua-franca in Bhutan. Sharchop, the large Buddhist minority in the east, often used Nepali in communication with Ngalongs. This is because Sharchopka (or Tshangla) are not mutually intelligible. However as a consequence of the promotion of Dzongkha, since 1990 Nepali is no longer taught at schools in southern Bhutan, as it has become compulsory to speak Dzongkha for official purposes. (NRC Report 2008, 6)

According to Rizal (2004) the regime in Bhutan has exploited regional and ethnic divides between north, east and south and has magnified differences between Buddhist traditions. This style of ‘divide and rule’ through ethnic exploitation of the Bhutanese people has forced ethnic Lhotshampa in Bhutan to tolerate humiliation and hardship. National integration programmes implemented in the 1980s were cast as fostering harmony and mutual understanding between different ethnic communities. Yet, as the slogan ‘One Nation, One People’ implies, government policies sought explicitly to compact all ethnic groups into a single cultural strand. They were to promote national integration, national consciousness and national identity to profoundly reshape Bhutanese society and national identity with Drukpa values and traditions.

The government embarked here on a programme of what Smith has called ‘vernacular mobilization’, in which the ‘genuine membership’ of the ethnic nation was to

be re-educated in the ‘true culture, the pristine culture of their ancestors, unsullied by contact with modern civilization (quoted in Rizal 2004, 156). Given the purpose of these moves toward ‘national integration’, incorporating a form of ethnic cleansing to achieve ‘genuine membership’ of the ethnic nation, it is no wonder that these moves inflamed ethnic tensions between Bhutan’s ethnic groups.

Ethnic Nepalis perceived these policies as a direct attack on their cultural identity. This led to growing unrest in southern Bhutan, culminating in mass demonstrations in September and October 1990. The government response was swift. The authorities classified all participants in the demonstrations as anti-nationals and arrested and detained thousands of people accused of taking part in the demonstrations. Many were subjected to ill-treatment, torture and a number of people reportedly died in detention. The security forces staged frequent raids on the homes of ethnic Nepalis, and there were numerous accounts of women and girls being raped in the course of these raids. (Amnesty International 1992) Following the demonstrations, the government closed all schools in southern Bhutan and suspended health services. By the end of 1990 the Bhutanese authorities coerced the first ethnic Nepalis to leave Bhutan. They released some ethnic Nepalis from prison on condition that they would leave the country, while giving others who were categorized as non-nationals under the 1988 census the “choice” to leave the country or face imprisonment (Hutt 2003).

Ethnic Nepalis who were not evicted and who remain inside Bhutan faced persistent discrimination and ongoing threats to their citizenship status. A nationwide census completed in 2005 classifies 13 percent of current Bhutanese permanent residents as “non-nationals.” Out of the 634,982 people residing in Bhutan on June 1, 2005, only 552,996 people were deemed to be Bhutanese citizens, with the remaining 81,986 people categorized as “non-nationals.”¹³

¹³ Proceedings and Resolutions of the 85th Session of the National Assembly of Bhutan, June 15 – July 7, 2006, <http://www.nab.gov.bt> (accessed May 10, 2007), p. 3.

Following the unrest in southern Bhutan in the early 1990s, the government introduced so-called “No Objection Certificates” (NOCs), issued by the police on the basis of confirmation from the Dzongdag (district administrator) that the person in question is not in any way involved in “anti-national activity.”¹⁴ NOCs are required for enrollment in higher education, employment with the civil service, to obtain business and trading licenses, for travel documents, for buying and selling land, and for selling some cash crops. Being denied a NOC deprives a person of almost all means of earning a living. All Bhutanese citizens must apply to the police for their NOC on an annual basis. Drukpas are routinely re-issued with NOCs every year and most of the time they don’t need to get one for any kind of service. Whereas for the Lhotshampas it is very difficult to go through the process of getting a NOC (Hutt 2003).

One measure of the disastrous consequences of not having a NOC is the extraordinary fear on the part of ethnic Nepalis in Bhutan about making contact with their relatives in the refugee camps in Nepal, because they are afraid that any such contacts might disclose to the authorities that they are related to refugees. Many refugees reported that they have had no contact with their relatives who had stayed behind in Bhutan ever since they fled to Nepal in the early 1990s (Human Rights Watch 2007, 28)

According to the Human Rights Watch, ethnic Nepalis who still live in Bhutan explained that, 15 years after the mass eviction of their fellow ethnic Nepalis, they continue to suffer discrimination in almost all aspects of their daily lives in Bhutan, including education, employment, and land ownership. After the unrest in southern Bhutan all schools in the southern districts were closed. Recently a number of schools have reopened, but only in places where Drukpas have been resettled on land formerly owned by refugees. Drukpa students are given priority for the limited number of places available in these schools, leaving many ethnic Nepali children to compete for the few remaining places.¹⁵ Ethnic Nepalis have also reported discrimination in the way Bhutan’s

¹⁴ Tessa Piper, “The Exodus of Ethnic Nepalis from Southern Bhutan,” 1 April 1995, <http://www.unhcr.org/home/RSDCOI/3ae6a6c08.html> (accessed February 24, 2007), section 5.3.

¹⁵ Human Rights Watch interview with ethnic Nepali living in Bhutan , (K63).

system of forced labor is implemented. Bhutan's citizens are expected to contribute labor to construction projects (see Human Rights Watch 2007, 30).

Following the expulsion of the refugees in the early 1990s, the government resettled Drukpa people from northern Bhutan on land that was formerly owned by the refugees. Ethnic Nepalis also face many difficulties with respect to land ownership. Buying and selling land requires a NOC. Moreover, government guidelines for a nationwide land survey state that any land that is registered in the name of non-nationals is liable to confiscation by the government (Human Rights Watch 2007, 31).

The other forms of regressive policies in Bhutan are the Language Policy, where names of places in southern Bhutan such as Chirang, Sarbhang, Samchi and Pinjuli, were replaced with Drukpa names like 'Tsirang', 'Sarpang', 'Samtse', 'Penjoreling'. Participation in public life of the minority communities is minor as the combined representation of the Drukpas to the national assembly is 77%. The Lhotshampas are left with only 14 seats out of 151. The other minority groups such as Kheng, Brokpa, Lepcha, Tibetan, Adhivasi and Toktop, have no representation at all. (The No Nonsense Minority Rights Guide in South Asia 2006, 68)

Ostensibly citizens are free to practice openly any religion. However the government provides financial assistance for the construction of Drukpa Kargyupa Buddhist temples and shrines and gives aid to 1/3rd of the kingdoms 12,000 monks. Since the nineties the government has been perusing a policy of converting the minorities to the state religion. Even the Nyingmapa Buddhist in the east have been affected as Drukpa Kargyupa monks have been appointed in place of Nyingmapa monks. Christians have been in particular targeted as the Bhutanese National Assembly had in 1969 banned the practice of Christianity. More, recently they have come under hostile state scrutiny (The No Nonsense Minority Rights Guide in South Asia 2006).

It is a very difficult situation for the Christians in Bhutan too. Bhutan tops the list on persecution of Christians in the world. In July 2002, the Open Doors International

published a World Watch List (WWL). WWL is a list of countries ranked according to the degree of freedom of religion granted to Christians and where Christians are persecuted the most. It has compiled a list of top 50 countries where Christians are persecuted the most. Bhutan ranks 7 out of top 10 countries where Christians are persecuted the most¹⁶. Bhutan ridiculously perceives that growing number of Christians will threaten the culture, national identity and Buddhist religion. But this is a contrived perception, unrealistic and untrue. Bhutan government views Christianity as a security concern. Thus, Bhutan government is promoting some forms of religious totalitarianism. They have good contact and relations with other Christians around the world. That will keep check and balance on state abuses of power. As a result the government is making an all out propaganda and misinformation against Christianity among Bhutanese people

On the one hand, one can understand this development as part of the cautious modernization process. Having been traditionally isolated both because of its geographical location and its political strategy, Bhutan has been pursuing a policy of cautious modernization since 1961 (Mancall 2004). It has been the fourth king, Jigme Singye Wangchuck who propounded the distinctively Bhutanese development concept of the maximization of 'Gross National Happiness', (GNH) a single unifying concept which should be understood as a process that seeks to maximize happiness rather than economic growth. The concept places the individual at the centre of all development efforts and it recognizes that the individual has material, spiritual and emotional needs (Planning Commission 1999b: 10). Therefore the measures and the policies implemented by the State gives a negative connotation to the noble concept of GNH.

On the other hand, the reforms mentioned above must also be seen in relation to what Mathou describes as the 'southern problem'. Although started and handled in a very cautious way, the process of modernization is perceived as a potential threat to the country and its distinctive Bhutanese identity (Planning Commission 1999a). A strong Bhutanese national identity is the condition sine qua non for successful development, which is necessary to reach the overarching goal of the whole development process. The

¹⁶ <http://www.bhutan4christ.com/persecution.html>, (accessed 20th May 2008)

major risk which can threaten the overall process to ensure the country's independence, sovereignty and security – and therefore the fundamental challenge ahead according to Mathou (2000) comes from ethnic tensions.

Their policy of national integration and identity through 'one nation, one people' can be summed up as a politics of cultural identity due to the following reasons:

- (1) the sixth Five-Year Plan (1987-92), seems to be the origin of the strategy, because it included 'Preservation and Promotion of National Identity' as one of its policy objectives (PC, RGoB 1987; Hutt 2003 172).
- (2) this plan further introduced the Driglam Namzha (Hutt 1996b 403), the enforcement of the code of conduct, legitimized the traditional Drukpa dress and etiquette among the general public, which began in January 1989, when a Royal decree (kasho) on national dress was issued (Hutt 2003: 170, 172); and
- (4) in the same year, the teaching of Nepali, the lingua franca of the Lhotshampa living in the south, was discontinued at the beginning of the school year and all Nepali curricular materials were removed from Bhutanese schools (Hutt 2003: 183).
- (5) these measures, in combination with the identification of illegal immigrants through census operations, which took place in the south – have been perceived by the Lhotshampa as "a 'Bhutanization' process".

Ethnic and regional political movement which have become a common feature of all multicultural states in the world and which often leads to political violence, even civil war, are generally characterized as an expression of social protest. From this viewpoint ethnic mobilizations are nothing but manifestation of protest against economic and cultural deprivation, subjugation and exploitation. An ethnic community mobilizes itself and starts protesting politically when the community is socio-economically marginalized and deprived of a fair share of the development process; such analysis tends to characterize ethnicity as a form of legitimate democratic protest.

4.4 ADDRESSING CHALLENGES

Any kind of development particularly human development is not possible without proper human security. A temporary economic development may be associated with war or war like situation due to creation of jobs and production and supply of arms but it will be followed by death, diseases, famine and all other kind of physical and psychological problems. It is rightly said “human security is a child who did not die, a disease that did not spread, a job that was not cut, an ethnic tension that did not explode in violence, a dissident who was not silenced. Human security is not a concern with weapons. It is a concern with human life and dignity” (HDR 1994, 22)

According to SAARC Human Rights report, 2006 Bhutan has been ranked No. 2 violator because of the absolute denial of political freedom, independent judiciary, press freedom and violations of the rights of minorities and undeclared ban on the human rights defenders. There is absolute ban on press freedom. The only newspaper, Kuensel, is owned and controlled by the government. In 2005, Indian and other international TV channels were frequently banned in the name of protecting Bhutanese culture.

On the violations of the rights of minorities, Bhutan has been ranked No.2 just behind Bangladesh because of the discriminatory laws, policies and practices against the ethnic Nepalis and Sharchops. In a further attempt to suppress cultural rights, the National Assembly of Bhutan in November 2005 made it mandatory to conduct all public meetings in Dzongkha, the language of the ruling Drukpas.

UNHCRs Executive Committee has repeatedly affirmed not only the right of refugees to return to their own country, but also that “voluntary repatriation, in safety and dignity, where and when feasible, remains the most preferred solution in the majority of refugee situations” (UNHCR 2005). In Resolution 50/152 the UN General Assembly reaffirmed the same principle, calling voluntary repatriation, when feasible, “the ideal

solution” to refugee problems, and called upon “countries of origin, countries of asylum, the Office of the High Commissioner [for Refugees] and the international community as a whole to do everything possible to enable refugees to exercise their right to return home in safety and dignity” (UN General Assembly 1996, Para 17).

Under international law refugees and exiles have a right to return to their country. Article 13(2) of the Universal Declaration of Human Rights states, which “everyone has the right to leave any country, including his own, and to return to his country”. Bhutan has also signed, but not ratified, the International Convention on the Elimination of All Forms of Racial Discrimination which in Article 5(d) (ii) of the Convention guarantees “the right of everyone, without distinction as to race, color, or national or ethnic origin, to equality before the law, notably in the enjoyment of the following rights: ...The right to leave any country, including one's own, and to return to one's country” (Human Rights Watch 2007, 40).

Article 15(1) of the Universal Declaration of Human Rights states: “Everyone has the right to a nationality.” Article 15(2) adds: “No one shall be arbitrarily deprived of his nationality nor denied the right to change his nationality” (UDHR 1948, art15). The right to a nationality, in particular the right of children to a nationality is also reflected in Article 24 of the ICCPR, and in two Conventions to which Bhutan is a party: Article 7 of the CRC and Article 9 of the Convention on the Elimination of Discrimination against Women (CEDAW). On October 2, 2006, U.S. Assistant Secretary of State for Population, Refugees and Migration, Ellen Sauerbrey, announced that the United States would be willing to resettle up to 60,000 of the Bhutanese refugees living in Nepal (UNHCR 2006).

Clearly, in a population of more than 100,000 people, differences of opinion are only to be expected; the Bhutanese refugees are no more homogeneous in their views than any other group of that size would be. But interviews with refugees in the camps showed that beyond the normal diversity of opinion, there are a number of distinct but related problems that urgently need to be addressed.

According to, Human Rights Watch Report (2007 51) no reliable and precise information is currently available to the refugees about the offer of resettlement. As a result, there is much confusion and anxiety. On the one hand, there are fears among the refugees that the offer does not represent a real commitment to actually conduct resettlement, but is only a suggestion, and might be withdrawn at any time and without warning.

Equally, refugees want reassurance that a decision on their part to accept the offer of resettlement does not extinguish their right to return to Bhutan. Despite Bhutan's intransigence of the past 15 years, refugees have not given up hope that one day they will be allowed to return to Bhutan. Some refugees now fear that they are being asked to choose between a future in the United States or the right to return to their own country (Human Rights Watch 2007, 54).

The government of Nepal estimates that between 10,000 and 15,000 Bhutanese have settled in Nepal outside the camps. India hosts a significant population of Bhutanese refugees; estimates of the numbers of ethnic Nepalis from Bhutan who reside in India range from 15,000 to 30,000 (Freedom House 2007). According to the State of the World's Refugees 2006 report (Chapter 5 protracted refugee situations Box 5.2) approximately 103,000 Bhutanese Lhotshampas have been confined to several refugee camps in south-eastern Nepal since 1990. This protracted refugee situation is a source of regional tension between Nepal, Bhutan and India. If left unresolved, it may set a dangerous precedent in a region rife with ethnic and communal tension.

The government is now pursuing an economic programme of market liberalization and privatization of state assets. Yet this is benefiting primarily the ruling elites and their family members and presents further opportunities to exclude the Lhotshampa economically. State-owned enterprises were transferred to elites at throwaway prices to consolidate the elites' economic power. Crony capitalism is gripping Bhutan and is creating an island of prosperity for wealthy elites midst an ocean of deep poverty. According to the Poverty Analysis report 2007, there are widespread

disparities between urban and rural poor households. Regionally, the income of most blocks in the districts of Gasa, Trongsa, Zhemgang, Trashiyangtse, Pema Gatsel and Samdrupjongkhar (primarily in eastern and southern Bhutan), appears to be below the national average.'

The actions of the elites concerning language, clothing, 'customs and etiquette' and religion are all aspects of a Drukpa revivalist movement cultivated by the Drukpa elite since the 1980s. The movement seeks to reawaken Drukpa Kargyupa faith and revive former Drukpa customs and traditions such as Driglam Namzha. Recent trends suggest a government agenda to purge Bhutanese society of its multi-ethnic, multicultural and multi-religious richness, recognizing in this diversity what the elites see as unwanted cultural elements of 'foreign' (non-Tibetan) origin. Ethnic cleansing of the Lhotshampas is part of this move.

4.5 CONCLUSION

Ethnic heterogeneity characterizes all South Asian countries. Their populations are divided by language, religion, caste, race or tribe into various groups, which are tended to compete and clash with each other. Consequently ethnic conflicts in one form or other have been common in all these countries, and it has been difficult to maintain domestic peace. (Vanhanen 2004)

Ethnic diversity within a nation can lead to struggle for fair representation and resources if some groups are excluded structurally from opportunity for full participation in the political, economic and socio-cultural life of the nation. Tensions cultivated particularly through fear of ethnic difference deepen cleavages within the society along ethnic lines. With intensifying ethnic conflict, one group will use whatever means it can to seize control of the state and implement policies that deliver ethnic repression, discrimination and systematic human rights violations upon their perceived opponents, to bolster the group's own hold on power (Macgarry & Leary.eds 1993, 12-16).

Despite the ethno-linguistic situation and the possibility of a "growing Sharchop consciousness" (Priesner 1998: 159), the latter does not seem to be deeply rooted in the eastern part of Bhutan. There might be two main reasons for this. First, if the ethno-linguistic dimension is crucial, the Sharchop do not have to feel discriminated against like the Lhotshampa since their mother tongue, Tshangla, is only an oral, but not a written language (respondent). And second, integration between western (and central) and eastern populations seems to have succeeded in creating a rather strong Drukpa identity, an identity at least strong enough to exercise the degree of "power-sharing" needed to form a majority.

First of all, one has to recognize that the development of modern Bhutan has produced unequal effects: until the present, it has been the north-western valleys that especially profited from the modernization process. Thus, this process is responsible for

the growing inequality between the southern and the northern segment accumulating political and economic power. Secondly, private business sector seems to be in the hands of the northern (or even Ngalong) population today. Therefore, the way in which this sector will be developed and strengthened seems to be decisive concerning Bhutan's future socio-economic situation. An unevenly developing private sector would mean growing socio-economic inequalities, i.e. a higher potential of internal unrest. And, third, the king's future decisions are of even more importance with regard to the fact that the Lhotshampa have lost a lot of property, land, posts and opportunities during the last fifteen years, and that they are facing certain hindrances when working as entrepreneurs. Thus, although the situation would not be unfavorable, the tendency towards an increasing socio-economic gap between the two segments bears the realistic potential of decreasing overarching loyalty (Schappi 2005, 21)

The U.S. offer to resettle up to 60,000 Bhutanese refugees is the first significant movement in 15 years toward resolving one of the world's most intractable refugee situations. But to be truly effective this offer cannot operate in isolation. The U.S. resettlement offer should be a catalyst for a comprehensive solution to the Bhutanese refugee crisis. Resettlement is likely to be the only feasible durable solution for the majority of the refugees at the present time, countries other than the U.S. should join in a coordinated effort to maximize the total number of resettlement places available for this refugee population. In addition to more than 100,000 refugees living in the camps in eastern Nepal, as many as 15,000 unregistered Bhutanese refugees live outside the camps in Nepal and another 30,000 live in India.

Thus if the U.S. offer to resettle 60,000 stands alone and neither repatriation nor local integration become viable options, the majority of refugees will remain without durable solutions. The government of Nepal should continue to demand the government of Bhutan to permit refugee repatriation; Nepal should not make cooperation with resettlement contingent on the outcome of further rounds of bilateral talks with Bhutan.

According to Human Rights Watch, Nepal should work together with the resettlement countries to ensure that those Bhutanese refugees in its territory who are offered resettlement places are issued exit permits without delay(2007 80). The United States and other countries should redouble their efforts to convince Bhutan to allow refugees who want to repatriate to do so under conditions that are compatible with human rights law. The possibility, now, that the majority of Bhutanese refugees currently in Nepal will opt for durable solutions other than repatriation, ought to make it easier for countries to press Bhutan for a genuinely comprehensive solution that utilizes all three durable solutions to resolve this protracted refugee situation.

All relevant parties should emphasize to the refugees and the government of Bhutan alike that the options of local integration and third-country resettlement do not extinguish refugees' right to return. Rather, refugees are offered these options on humanitarian grounds, to allow them to end their refugee status. Refugees' interim choices do not deprive them of their right to return to Bhutan. Equally, no offer of a durable solution be it local integration in Nepal or resettlement to a third country extinguishes Bhutan's obligations under international law to respect the refugees' right to return to Bhutan. Moreover, the options of local integration and third-country resettlement do not extinguish refugees' right to have restored to them any housing, land, or property of which they were arbitrarily or unlawfully deprived, and to be compensated for any housing, land, or property that cannot be restored to them.¹⁷

Further, the international community, and in particular the U.S. and other resettlement countries, and those countries who maintain diplomatic relations with Bhutan, must put real pressure on the government of Bhutan to ensure respect for the rights of Bhutan's ethnic Nepali population on a non-discriminatory basis, and in particular to ensure that all ethnic Nepalis in Bhutan are protected from arbitrary denationalization.

¹⁷ United Nations Principles on Housing and Property Restitution (Pinheiro Principles), endorsed by the Sub-Commission on the Promotion and Protection of Human Rights, 57th Session, August 11, 2005, <http://www.cohre.org/store/attachments/Pinheiro%20Principles.pdf> (accessed February 19, 2007) Principle 12.

The government implements coercive policies from the south, as the regions are ethnically fragmented, respective to their ethnicity, which makes it easier for the government to marginalize the Lhotshampas. At sight, Bhutan's situation seems very favorable, Ngalongs in the west, Bhutanese in central Bhutan, Sharchop in the east (together: in the north) and Lhotshampa in the south. Hence, decentralization and federalism would be valuable options. Moreover, if the situation concerning cultural plurality has to be described as 'mutual distrust' between Drukpa and Lhotshampa, it has to be considered favorable or even very favorable that these two segments are geographically isolated from each other to a large degree. However, as a result of social mobilization to a certain degree, at least the commercial areas like the capital Thimpu have more and more an inter-segmental population.

According to Schappi (2005), the best form of democracy for Bhutan would be the one that succeeds in preventing purely segmental political parties. Unfortunately, the situation in Bhutan seems to favor the formation of such parties for at least for four reasons. First, the large majority of Bhutanese society and its elites have been quite resistant to the several dominant world ideologies (such as liberalism or communism) – hence, ideology would not provide a basis for party formation. Second, the perception of the segmental constellation 'Drukpa – Lhotshampa' seems deeply-rooted. Third, even if this twofold segmental constellation is overestimated and in fact a threefold one 'Ngalong/central Bhutanese – Sharchop – Lhotshampa' occurs, this per se would not change the overall situation of purely segmental parties. Finally, the possibility of party formation along segmental lines seems probable because equally strong social cleavages are absent.

Democracy could prevent the country from a negative development, political integration and a two-party system – but, such a system should not follow the majoritarian principle of competition, but incorporate the one of consensus (Schappi 2005, 42).

Bhutan could think about an integrative political system as part of its choice. The combination of such a system and the unique development philosophy with the envisioned aim of 'Gross National Happiness' can bring about and strengthen internal unity and external distinctiveness – and hence future independence, sovereignty and security for the Bhutanese nation-state and kingdom of Bhutan. Rizal calls for a radical restructuring of Bhutan's political, economic and socio-cultural systems in pursuit of equitable development of all Bhutanese communities. Ethnocracy has certainly not achieved this aspiration. To the contrary, the nation is poor, underdeveloped and deeply divided. The King serves the interests of small, sheltered ethno-nationalistic elite, while between a fifth and a seventh of the population have lived in exile and in deep desperation and anger, since the 1990s.

Chapter 5. CONCLUSION

Happiness is a universally shared aspiration for all humans and can logically be regarded as the core purpose of development. While the maximization of the happiness of the Bhutanese people was first propounded by His Majesty, Jigme Singye Wangchuck, in the late 1980s, many of its underlying principles have guided the country's development for much longer.

The concept of GNH formally constitutes the key objective of national development and serves as the foundation for Bhutan's normative approach. The GNH concept squarely places the individual at the centre of all development efforts and includes a multi-dimensional approach toward improving human well-being. It acknowledges that people are the real wealth of a nation and propounds that income alone cannot be the measure of all human endeavors; equal emphasis must be given to the spiritual, cultural and emotional needs of the people. Whatever means we imply to achieve our end-the end of happiness this calls for the balancing of our spiritual and material needs and the enlightenment of the individual.

GNH is an assertion of the values that underlie a growing culture of accountability that is replacing the culture of tradition. Priesner (1999) is on the opinion that it is a cultural consciousness reflected. It is a self-conscious attempt to modernize traditional values and systems of thought so that they can function to guide and control the process of modernization, GNH requires action and demonstration. Within Bhutan, GNH is the vehicle for the transformation of the model of the generic development state into a state that exemplifies Bhutanese, and therefore Buddhist values.

GNH recognizes the need to balance material with spiritual, emotional and cultural well-being of the individual and the society for a holistic development. Accordingly, four major areas have been identified as pillars of Gross National Happiness and these are;

- (a) equitable socio-economic development.

- (b) preservation and promotion of cultural heritage.
- (c) preservation and sustainable use of the environment.
- (d) good governance.

The study began by looking critically at the mainstream development discourse, the evolution of the concept of GNH and how the subjective well-being and the nation's happiness would be achieved. The main focus of the study was on the socio-economic dimensions and the operationalisation of the states strategy in various fields and on meeting the targets of the MDGs.

If happiness is an ultimate goal of human being, development paradigm that focuses exclusively on economic prosperity may need a rethinking. Development should not be only about economic prosperity - only a material means of happiness, but should be conceptualized towards the goal of happiness that involves other aspects than economic such as physical, mental, social and spiritual. Public policy schemes, therefore, need to be re-designed in order to increase individual and societal happiness.

Therefore the introductory chapter tries to construct a theoretical framework in which GNH can be accepted in the mainstream models. Its basis is derived from the failures of the contemporary development models and also through accommodating the principles of Human Development Approach (HDA) along with the literature on subjective-well being and Buddhist ethics

The study provided snapshot views of Bhutan's development practices, and the people's view of the conditions of life, state of economy, poverty, human development and minority communities and the hegemony of the Drukpa culture and their interrelationships. However, there is a major challenge coming up in the future, as the society is experiencing sweeping changes in a short span of time and it is hard to foresee how society and government system will evolve overtime. The introductory chapter analyzes the development history, the evolution of a development philosophy and

ultimate fusion with the Human Development Approach in order to form a holistic concept of sustainable development.

The second chapter states that there has been a slight decrease of poverty, in its level from 31.7 % in 2003 to 23.2 % in 2006. The PAR (2007) indicates that about 23.2 % of the country's population is poor and that poverty is predominantly a rural phenomenon. The regional level characteristics of the poorer districts include the Eastern districts of Lhuntse, Monggar, Pemagatshel, Trashigang and Trashiyangtse where about 40% of the households and around half of the population are poor, Western districts of Thimpu, Paro, Haa, Samtse, Chhukha, and Gasa collectively reflect a lower incidence of poverty, where 12.7% of the households and 18.7% of the population are poor and the districts of Wangduephodrang, Dagana, Tsirang, Sarpang, Zhemgang and Bumthang are marginally lower than the national average with 22.2% of all the households and 29.5% of these population are poor. Therefore the first hypothesis formed for this study corresponds true, that though there is a decline in poverty, an ethnic and regional disparity has increased.

The reasons stated are geographical isolation, weaker resource, natural calamities such as floods and landslides, breakdowns in society that disrupt family and social support systems, increasing costs of goods and services, and illnesses such as malaria and tuberculosis. Poverty rates are noticed to increase with the heads age (as shown in Table 2.7), and most household heads (55%) in Bhutan are aged 25-44 years, while less than 10% are below age 25, and less than 5% are 65 and above

A high degree of rural inequality is also indicated by the distribution of land. Less than 10 percent of the households owning 10 acres or more of land account for over 30 percent of the total agricultural land available. On the other hand, nearly 14 percent of the total agrarian households owning less than an acre account for only 1.4 percent of the available land. But it is not just poverty that is an issue; inequality is also surprisingly high in Bhutan. The Gini index of expenditure distribution was estimated at 0.42 for the country as a whole, 0.37 in urban areas and 0.38 in rural areas in 2003 (NSB 2004). To

put it another way, the richest 20 percent of the population of Bhutan enjoys nearly half (48.7 percent) of the total consumption expenditure while the poorest 20 percent receive a share of only 6.5 percent. These figures indicate a high degree of inequality according to the standards of South Asia, especially for rural areas.

Bhutan enjoys a relatively high level of human development. It is an agrarian economy, but youth unemployment in urban areas is, however, assuming quite alarming proportions. Yet, it must be acknowledged that although it is important to tackle the problem of youth unemployment, finding jobs for the unemployed youth will make only a tiny dent into the problem of poverty. Unemployment has been a major problem and is increasing, particularly youth unemployment, and the growing inequality in the fight against poverty.

Appropriate strategy for employment generation for Bhutan is to rely on well designed micro interventions to trigger off development by tapping the resourcefulness and enterprise of its people. Development at people's initiatives should be the focus of all development strategies.

The chapter on Poverty highlights the major challenges confronted by the Bhutanese are skill shortages, rural urban drift, poor employability of labor supply, aspirations of students and their parents for white collar jobs and poor working conditions. The RGOB has been relentlessly pursuing the policy of people's participation and balanced regional development over the last four and half decades. These pro-poor policies still continue to occupy centre-stage in development planning particularly during the upcoming Tenth Five Year Plan

Based on the analysis discussed so far, the following key growth areas have been identified here to propose policy interventions and actions: first, to evolve a development perspective of key growth areas, second mainstreaming environment into poverty reduction initiative, third promotion of culture based creative industries for poverty

reduction and community vitalization at a macro level and lastly to increase the role of Tourism and cultural industries at a micro level.

The chapter concludes by pinpointing priority needs to be given to create employment in the private sector that can bring well- paid productive jobs and create economic growth because direct employment generation by tourism sector is marginal. All citizens-must have a means to obtain an adequate livelihood, which suggests that the State must adopt a full-employment policy and must be the employer of last resort.

The third chapter examined the challenges to health and education and its progress in meeting MDGs. The chapter gave a general overview of the health and education in Bhutan, then further went on to discuss its current issues and challenges and the contradictions within the Bhutanese society, brought through modern means of education. The chapter explored if and how policy actors are making choices in education and health that are consistent with the country's approach to GNH.

Regarding the development process, the country began very slowly in early 1960s, when it had just four hospitals and 11 dispensaries operated by two qualified doctors and untrained laypersons. But by 2000, the Bhutanese health system consisted of 29 hospitals and 160 basic health units including one indigenous hospital and 18 indigenous units. Basic health care is provided free of charge. There has been substantial expansion in the health sector's human resources and infrastructure with the ratio of doctors to population (for every 10,000 individuals) improving from 1.7 in 2002 to 2.3 in 2006. Life expectancy rose up to 66.1 years, an improvement from 45.6 years in the National Health Survey of 1984. The infant mortality rate was also reduced from 70.7 per 1000 live births in 1994 (NHS, 1994) to 40.1 in 2005 and under-five (U5) mortality rates have been brought down by around 36% from 96.9 per 1000 live births to 61.6 per 1000 live births over the same period.

The government seems committed to the overall development of the people, as it can be analyzed from the proportion of GDP invested in health and education sectors

from its five year plans. They have always been accorded high priority which is evident in the increasing budget allocation to these sectors over the years. They have realized their target objective of improving the quality of life and income, especially of the poor, ensuring good governance, facilitating private sector growth and employment generation, preserving and promoting the cultural and environment heritage, and achieving rapid economic growth and transformation. But a continuing challenge that the health sector faces is in expanding child health services and making it more accessible, specifically for remote rural communities.

The Bhutanese people having realized that to achieve development, the modern system of education must be adopted and fostered, alongside monastic education. Many community primary schools have been established throughout the country over the past decades, reaching even the remotest areas. Given the primacy of the modernizing Bhutanese state in the process of national development, the tendency to try to place greater reliance on the private sector and on market forces is contradictory.

To what extent the present culture and value system will be relevant in the post constitutional state will depend on how the education system is able to deliver the moral principles of Buddhism, which may be deepened to become part of Bhutanese way of life. Judging by the existing trends, Buddhism and the cultural heritage will remain as iconic figures with less spiritual and emotional reverence and relevance. Under this circumstance, the governance system and the development objectives may be more based on prudent economic decisions than on philosophical principles. Therefore, mind / spiritual development to improve the quality of people's mind and benefit the society as a whole should be promoted and supported by relevant government programs.

The need to create a work force aligned with the requirements of the job sector is a major concern, addressed through the monitoring of the evolving characteristics of the job market, emphasis of vocational training and education, and career counseling. Bhutan presents a case of penetration of western values into another culture. Although Bhutan has never been colonized, it is likely some of these elements to have penetrated

the Bhutanese education system, of western / Indian origin, in which almost half of the teachers were Indian. The progress to compete in the world market largely depends on its ability to develop knowledge and skills basis, along with achieving universal primary education.

In recognition of these pressing constraints, the major interventions suggested are to sustain and improve the enrolment and the quality of education at the primary and secondary levels; raise the adult literacy rates; and expand access to special education for the disabled. The state based on the theory and practice of GNH, must consciously incorporate, and enforce, a set of values, must develop institutions, policies and actions based on those values, and must understand itself as a social mechanism dedicated to development within not apart from, those values. Indeed, GNH values and institutions are the necessary framework without which Bhutan will lose its specificity. But if we highlight a few points from the fourth chapter, the promotion and preservation of culture has been understood only in term of one ethnic group that is the Ngalongs.

The chapter states that the repressive measures taken by the Bhutanese state has led to the growth of ethnic imbalance in Bhutan, depriving the minority communities of equal development and security which is antithetical to the concept of GNH, making a strong confirmation to the second hypothesis. Ethnic politics of the Bhutanese state has regenerated revivalist ideas, like historical animosities, aggressive cultural ideology etc, and in the process subverting democratic principles which is very contradictory to its concept of GNH as a holistic development concept that is supposed to guarantee the happiness of every citizen.

Bhutan though a multi-ethnic state, is multilingual too, with as many as 20 languages spoken and multi-religious. The Drukpa who now form the dominant political elite are a sub-sect of the Buddhist Kargyupa. The potential of such linguistic, religious and other cultural diversity to divide or be manipulated to divide society has made ethnicity constantly a major concern in building and maintaining nationhood. The most divisive issue in has been from the late 1980s with the assertion of the Drukpa elite, and

the anti-accommodation of the Lhotshampas, who the Drukpa fear on the basis of their cultural difference from other ethnic groups and the democratic principles they voice out for. The policy measures that the State has used to align citizenship with ethnicity, is a regenerative revivalist-reactionary process against the minority communities. The regime in Bhutan has exploited regional and ethnic divides between north, east and south and has magnified differences between Buddhist traditions

The States controversial policies like the marriage acts, census, no objection certificates, language policy and the Bhutanization process can be seen as strategies for throwing out the Lhotshampas from the country, which goes against the principles of Buddhist ethics or so to say GNH. There have been massive human rights violation against the Lhotshampas and Bhutan has been ranked the number 2 violator of human rights in South-Asia by the Asian Human Rights Commission.

The actions of the elites concerning language, clothing, 'customs and etiquette' and religion are all aspects of a Drukpa revivalist movement cultivated by the Drukpa elite since the 1980s. The movement seeks to reawaken Drukpa Kargyupa faith and revive former Drukpa customs and traditions such as Driglam Namzha. Recent trends suggest a government agenda to purge Bhutanese society of its multi-ethnic, multicultural and multi-religious richness, recognizing in this diversity what the elites see as unwanted cultural elements of 'foreign' (non-Tibetan) origin. Ethnic cleansing of the Lhotshampas is part of this move.

Further, the international community, and in particular the U.S. and other resettlement countries, and those countries who maintain diplomatic relations with Bhutan, must put real pressure on the government of Bhutan to ensure respect for the rights of Bhutan's ethnic Nepali population on a non-discriminatory basis, and in particular to ensure that all ethnic Nepalis in Bhutan are protected from arbitrary denationalization. Lastly if Bhutan wants its concept of GNH to be successful than it must immediately promote a secular culture where all the minority communities have

equal rights, where there is no discrimination by the state and every citizen live as brothers.

The Bhutanese state assumes primary responsibility for the creation of a society in which the individual's progress toward enlightenment is not impeded by unnecessary suffering, material or mental. This is the very heart of GNH and what distinguishes GNH from other development programs is the point of departure for the formulation and implementation of GNH development policies.

The GNH state also encourages the development of a social and cultural environment that parallels the economic environment and is conducive to the same ends. The stability of the traditional family, the promotion of a life-style, particularly a village life-style, and the development of a cultural life in which all members of the society can participate, are integral parts of GNH policy. All this must be supported indeed must be realized, through an education system that has as its primary concern not only training in literacy and other skills but also in GNH values and ideas. In many countries in the world, "civic values" are an important part of the curriculum in all schools.

GNH, therefore, is an integrated and systemic approach to change, with certain particular objectives, into which economic development must be consciously integrated as one, but only one, component. GNH must determine the course of economic development and not vice versa. GNH requires comprehensive planning, whose point of departure is the complex of values that define GNH. The evaluation and implementation of policies must take place within the framework of GNH values.

Attention needs to be widened from Gross National Happiness to individual happiness aimed at improving the basic standard of living. Equitable private sector development is necessary as the backbone for the economy's growth. Attention should focus more on generating competitive skills of the younger generation and Plough-back mechanisms of the revenues of hydropower and tourism should be used to stimulate

private sector growth and development of remote areas. Agriculture is part of Bhutanese culture, so practices should be preserved to realize self-sufficiency in food supply.

In the era of transition, conflicts of interest have become visible, as they are imminent to democracy. These conflicts are likely to be more pronounced in the near future. Some would see globalization as the basis of happiness for it can provide much needed sources of material wealth. Besides material wealth, globalization could also transform the societal culture through the media. This is particularly imminent in a society with a young population, which lacks spiritual and emotional maturity, a proper education and a weak governance system.

At the fundamental level, there is a deeper concern underlying the role of religion in the democratic society. Should there be any misunderstanding between the followers of the two religious sects; the basis of democracy could be jeopardized. However, amongst the lay Buddhists, this distinction is spiritually and emotionally less distinct and relevant compared to the ardent followers. At the moment, this reflection represents the feeling of few individuals, but more research in this area could provide valuable lessons, insights and guidelines for the democratic governance.

Critics allege that GNH depends on a series of subjective judgments' about well-being. Governments may be able to define GNH in a way that suits their interests. In the case of Bhutan, for instance, they say that the government expelled about one hundred thousand people and stripped them of their Bhutanese citizenship on the grounds that the deportees were ethnic Nepalese who had settled in the country illegally. This would reduce Bhutan's wealth by most traditional measures such as GDP (Rizal 2004)

Bhutan will experience a gradual shift towards a multicultural society influenced by globalization and will no longer be content with a mono cultural society; it must be prepared to accept an entirely new system. The challenge is to find a balance between openness and preservation, between hierarchy and participation, and between growing national income and distribution among the general population.

The challenge is to design practical policies that achieve this objective. This must involve the redirection of resources to this purpose and, equally important, the development of education that self-consciously has the same purpose. Finally, it is shown that some values such as trust, self-contentedness, and religiosity, are conducive to happiness. The origin of individual happiness comes from the state of mind or inner-self, peaceful mind, feeling of self-contentedness and wisdom can lead people to true happiness.

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