

Indo –Bhutan relations in the 21st Century: Prospects for Cooperation and Regional Integration

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Abstract

The potential for collaboration and regional integration between India and Bhutan in the twenty-first century is examined in this research study. The history of the Indo-Bhutan relationship is first looked at, along with the 1949 Treaty of Friendship and its effects on the two countries' relations. The next section of the essay explores India and Bhutan's relations at the moment, noting areas of cooperation including trade, education, and security as well as concerns that need to be resolved, like cross-border problems and boundary disputes. The development of hydropower projects in Bhutan and the export of excess electricity to India are the main topics of this paper's further exploration of the possibility for stronger economic and trade connections between the two nations. The significance of regional integration is also discussed in the article, notably in relation to the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation and the South Asian Association for Regional Cooperation (SAARC) (BIMSTEC). The study makes the case that deeper regional integration might strengthen both countries' strategic relevance in the region and their economic potential. The study ends by making a number of policy proposals to improve regional integration and the Indo-Bhutan relationship. They include the necessity of sustaining support for Bhutan's economic growth, expanding interactions between the two nations' populations, and resolving any outstanding border disputes. The study also underlines the value of collaboration within regional organizations like SAARC and BIMSTEC to support regional stability, security, and economic progress. Ultimately, by stressing the opportunities and challenges that both countries will face in the future, this study offers insightful information about the chances for collaboration and integration between India and Bhutan in the twenty-first century.

Keywords: Cooperation, Border issues, Partnership, Regional integration

Introduction

The diplomatic relationship between India and Bhutan has a long history, dating back to the early 20th century when Bhutan was a British protectorate. Today, India is Bhutan's

closest ally and a significant contributor to its economic development. The Indo-Bhutan relationship is unique and often described as one of the closest and most cordial in the world. Bhutan is a small landlocked country located in the eastern Himalayas, bordered by India to the south and China to the north. The country's strategic location has made it a critical partner for India, both in terms of regional security and economic cooperation. The two countries share a 700-kilometer border and have established extensive trade and economic ties over the years.

The bilateral relationship between India and Bhutan has been based on mutual respect, trust, and cooperation. India has played a significant role in Bhutan's development since the country's independence in 1947, with a focus on socio-economic development, infrastructure development, and capacity building. India has provided Bhutan with financial assistance, technical expertise, and military support.

The two countries have also collaborated on regional and global issues, including climate change, terrorism, and regional integration. Bhutan is a member of the South Asian Association for Regional Cooperation (SAARC), a regional organization that aims to promote economic and social development in South Asia. India has been a key player in SAARC, and its engagement with Bhutan has helped promote regional cooperation and integration. In recent years, the Indo-Bhutan relationship has seen significant progress in various sectors, including trade and investment, energy cooperation, and people-to-people contacts. India has been working closely with Bhutan to develop hydropower projects, which have the potential to meet Bhutan's energy needs and generate revenue for the country. India has also been assisting Bhutan in developing its tourism industry, which is a crucial source of revenue for the country.

Overall, the Indo-Bhutan relationship is a unique example of close cooperation between two countries, which share a deep bond of friendship and trust. The two countries have a long history of collaboration, and their partnership has played a crucial role in promoting regional integration and economic development in South Asia. The prospects for future cooperation between India and Bhutan are bright, and both countries are committed to further strengthening their relationship in the 21st century.

Review of literature

P.S. Suryanarayana (2014) this article provides a historical perspective on the India-Bhutan relationship, tracing its evolution from the early 20th century to the present day. The author highlights the close cultural and economic ties between the two countries and argues that the relationship is based on mutual respect and cooperation. Madhukar Sharma and Shivendra Kumar (2015), this paper examines India's development assistance to Bhutan and its impact on the country's economic development. The authors argue that India's assistance has been crucial in promoting Bhutan's economic growth and that the two countries have a strong partnership based on shared values and interests. Anand Kumar (2018) article analyzes the geopolitical significance of Bhutan for India's security interests. The author argues that Bhutan's location in the eastern Himalayas makes it strategically important for India's security, and that the two countries have a strong defense partnership. The author also discusses the challenges facing Bhutan, including its small size and vulnerability to external

pressures. Rohit Kumar (2020) paper examines the strategic implications of the India-Bhutan relationship for the wider South Asian region. The author argues that the close partnership between India and Bhutan has helped promote regional stability and economic integration. The paper also discusses the challenges facing the relationship, including the need to balance economic development with environmental sustainability. Kinzang Wangdi (2021) article examines the potential of hydropower development in Bhutan and its implications for the India-Bhutan relationship. The author argues that hydropower has the potential to transform Bhutan's economy and generate revenue for the country, while also providing clean energy to India. The paper also discusses the challenges facing hydropower development, including environmental concerns and financing constraints.

Scope of study

This study aims to examine the current state and future prospects of Indo-Bhutan relations in the 21st century, with a particular focus on exploring opportunities for cooperation and regional integration. The study will examine the historical, political, economic, and strategic dimensions of the Indo-Bhutan relationship, analyzing the key drivers and challenges that have shaped this relationship over time. In addition, the study will explore the potential areas of cooperation between the two countries, including trade, investment, tourism, energy, and infrastructure development, as well as the role of regional integration initiatives such as the South Asian Association for Regional Cooperation (SAARC) and the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) in strengthening Indo-Bhutan ties. The study will draw on a range of primary and secondary sources, including government documents, academic literature, and expert interviews, to provide a comprehensive analysis of the Indo-Bhutan relationship and its prospects for the future.

Research Objectives

1. To analyze the current state of Indo-Bhutan relations in the 21st century, including the areas of cooperation and challenges that need to be addressed, such as cross-border issues and border disputes.
2. To identify the prospects for increased economic and trade ties between India and Bhutan, with a focus on the development of hydropower projects in Bhutan and the export of surplus electricity to India.
3. To explore the potential benefits of regional integration, particularly in the context of the South Asian Association for Regional Cooperation (SAARC) and the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC), for both India and Bhutan.
4. To suggest policy recommendations for strengthening Indo-Bhutan relations and promoting regional integration, including the need for continued support for Bhutan's economic development, increased people-to-people contacts, and the resolution of any remaining border issues, and the importance of cooperation in regional organizations such as SAARC and BIMSTEC to enhance economic growth, security, and stability in the region.

Methodology

The methodology for this study on Indo-Bhutan relations in the 21st century will primarily use a descriptive and analytical approach. The descriptive method will be used to provide a comprehensive overview of the historical, political, economic, and strategic dimensions of the Indo-Bhutan relationship. This will involve reviewing relevant literature, government reports, and other secondary sources to identify key events, trends, and patterns that have shaped the relationship between these two countries over time. The analytical method will then be used to examine the current state and future prospects of Indo-Bhutan relations. This will involve analyzing the key drivers and challenges that have influenced the relationship between these two countries, as well as exploring potential areas of cooperation and regional integration. This analysis will draw on a range of sources, including existing literature on Indo-Bhutan relations. Overall, the descriptive and analytical methods used in this study will help provide a detailed and nuanced understanding of the Indo-Bhutan relationship and its prospects for the future, without relying on empirical data or statistical analysis.

Result and discussion

Indo-Bhutan relations in the 21st century- Areas of cooperation and challenges

Indo-Bhutan relations have been characterized by close ties and cooperation, with India being Bhutan's largest trading partner and providing substantial economic and military aid. In the 21st century, the two countries have continued to deepen their relationship in various areas of cooperation, including trade, infrastructure development, energy, and security. However, there are also challenges that need to be addressed, particularly regarding cross-border issues and border disputes. One of the main areas of cooperation between India and Bhutan is trade. India is Bhutan's largest trading partner, accounting for around 90% of Bhutan's total trade. In recent years, the two countries have taken steps to further enhance their economic ties, such as through the India-Bhutan Free Trade Agreement, which came into effect in 2007. The agreement has helped to promote trade liberalization and the growth of bilateral trade.

Another area of cooperation between India and Bhutan is infrastructure development. India has been involved in the development of various infrastructure projects in Bhutan, such as the construction of roads, bridges, and hydropower projects. These projects have helped to improve connectivity and promote economic development in Bhutan. Energy cooperation is also a significant area of cooperation between India and Bhutan. Bhutan has substantial hydropower potential and India is the largest market for Bhutanese hydropower. The two countries have several joint ventures for the development of hydropower projects, which have helped to promote energy security in India and economic development in Bhutan.

However, there are also challenges in Indo-Bhutan relations, particularly regarding cross-border issues and border disputes. In recent years, there have been reports of illegal cross-border activities, such as smuggling and the movement of insurgents. These activities have raised concerns about border security and the need for greater cooperation between the two countries in this area. There are also ongoing border disputes between India and Bhutan. The main border dispute is over the Doklam plateau, which is claimed by both Bhutan and

China. In 2017, there was a standoff between Indian and Chinese troops in the Doklam region, which highlighted the complex nature of the border disputes in the region. Resolving these disputes is crucial for maintaining peace and stability in the region. Indo-Bhutan relations have been characterized by close ties and cooperation in various areas, including trade, infrastructure development, and energy. However, there are also challenges that need to be addressed, particularly regarding cross-border issues and border disputes. Addressing these challenges will be crucial for maintaining a stable and prosperous relationship between the two countries.

Prospects for increased economic and trade ties between India and Bhutan

The prospects for increased economic and trade ties between India and Bhutan are significant, with a particular focus on the development of hydropower projects in Bhutan and the export of surplus electricity to India. India is the largest market for Bhutanese hydropower, and the two countries have several joint ventures for the development of hydropower projects. In recent years, there have been several developments that indicate the potential for further growth in this area. Firstly, the two countries have set ambitious targets for the development of hydropower projects in Bhutan. Bhutan aims to generate 10,000 MW of hydropower by 2020, while India aims to generate 175 GW of renewable energy by 2022, with a significant share of this coming from hydropower. These targets provide a framework for increased collaboration in the development of hydropower projects.

Secondly, there have been several recent developments in the export of surplus electricity from Bhutan to India. In 2019, the two countries inaugurated the 720 MW Mangdechhu hydroelectric project, which is the third and largest joint venture between the two countries. This project is expected to generate surplus electricity for export to India. In addition, the two countries have signed a memorandum of understanding for the export of electricity from the 600 MW Kholongchhu projects, which is currently under construction.

Thirdly, there have been efforts to enhance the transmission infrastructure for the export of electricity from Bhutan to India. In 2019, the two countries inaugurated the 220 kV Muzaffarpur (India)-Dhalkebar (Nepal)-Butwal (Nepal)-Bhairahawa (Nepal)-Siliguri (India) transmission line, which is part of the South Asia Sub regional Economic Cooperation (SASEC) Power System Expansion Project. This project is expected to enhance the transmission capacity for the export of electricity from Bhutan to India.

There are several benefits of increased economic and trade ties between India and Bhutan in the development of hydropower projects. For Bhutan, increased investment in hydropower projects can help to promote economic development and reduce its dependence on aid. For India, the import of hydropower from Bhutan can help to meet its growing energy demands and promote energy security. The prospects for increased economic and trade ties between India and Bhutan in the development of hydropower projects are significant. The two countries have set ambitious targets for the development of hydropower projects, and there have been several recent developments in the export of surplus electricity from Bhutan to India. Enhanced collaboration in this area can provide mutual benefits and promote sustainable development.

Potential benefits of regional integration in the context of the SAARC & BIMSTEC

Regional integration has the potential to bring significant benefits for both India and Bhutan, particularly in the context of the South Asian Association for Regional Cooperation (SAARC) and the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC). These initiatives can help to promote economic development, enhance trade and investment, and promote regional cooperation. In the case of SAARC, the potential benefits for both India and Bhutan include increased regional trade, greater economic cooperation, and enhanced connectivity. SAARC provides a platform for the promotion of trade and investment, as well as for the development of regional infrastructure. For example, the South Asian Free Trade Area (SAFTA) agreement, which came into effect in 2006, provides a framework for the liberalization of trade in goods and services between member countries. SAARC also promotes cooperation in areas such as energy, transport, and communication, which can enhance connectivity and promote economic development.

Similarly, BIMSTEC provides a platform for regional cooperation and integration, particularly in the context of the Bay of Bengal region. BIMSTEC includes seven member countries, including Bhutan and India, and aims to promote economic cooperation, trade, and investment, as well as to enhance connectivity and people-to-people contact. BIMSTEC has identified several priority areas for cooperation, including trade and investment, energy, transport, and tourism, among others. The organization has also established several working groups and mechanisms for cooperation in these areas. For India, regional integration through SAARC and BIMSTEC can help to promote its economic growth and enhance its regional influence. As a major regional power, India has a significant stake in promoting regional cooperation and stability. Enhanced regional cooperation can also help to promote India's role as a leader in the region, particularly in the context of its "Neighborhood First" policy.

For Bhutan, regional integration through SAARC and BIMSTEC can help to promote economic development and reduce its dependence on aid. As a small landlocked country, Bhutan faces several challenges in terms of connectivity and access to regional markets. Regional integration can help to address some of these challenges and promote greater economic growth and development. Regional integration through initiatives such as SAARC and BIMSTEC can bring significant benefits for both India and Bhutan. These initiatives can help to promote economic development, enhance trade and investment, and promote regional cooperation. Enhanced cooperation in these areas can provide mutual benefits and promote sustainable development in the region.

Suggestions & Recommendations

Indo-Bhutan relations have been characterized by strong ties in various areas, including trade, security, and cultural exchanges. To further strengthen these ties and promote regional integration, the following policy recommendations are suggested: Continued support for Bhutan's economic development: As a small landlocked country, Bhutan faces several challenges in terms of connectivity and access to regional markets. Continued support for Bhutan's economic development, particularly in areas such as infrastructure development, hydropower projects, and tourism, can help to promote economic growth and reduce the

country's dependence on aid. India can play a key role in providing support and assistance in these areas.

Increased people-to-people contacts: People-to-people contacts are an important aspect of promoting Indo-Bhutan relations. Increased cultural exchanges, tourism, and student exchanges can help to promote greater understanding and appreciation between the two countries. This can also help to build stronger ties between the two countries and promote greater cooperation in various areas.

Resolution of any remaining border issues: Border issues have been a source of tension between India and Bhutan in the past. The resolution of any remaining border issues can help to strengthen trust and confidence between the two countries. This can be achieved through continued dialogue and negotiation between the two countries.

Cooperation in regional organizations such as SAARC and BIMSTEC: Regional organizations such as SAARC and BIMSTEC provide a platform for regional cooperation and integration. India and Bhutan can work together to promote greater cooperation in areas such as trade, energy, transport, and tourism. This can help to enhance economic growth, security, and stability in the region.

Increased investment in renewable energy: Bhutan has significant hydropower potential, and India is a key market for Bhutan's surplus electricity. Increased investment in renewable energy, particularly hydropower, can help to promote greater energy security and promote sustainable development in the region.

Promoting Indo-Bhutan relations and regional integration requires continued support for Bhutan's economic development, increased people-to-people contacts, the resolution of any remaining border issues, and cooperation in regional organizations such as SAARC and BIMSTEC. By working together, India and Bhutan can promote greater economic growth, security, and stability in the region.

Implications of the study

The study on Indo-Bhutan relations in the 21st century highlights the strong ties between the two countries in various areas, including trade, security, and cultural exchanges. The study suggests that there is potential for further cooperation and regional integration between India and Bhutan. One of the key areas of cooperation identified in the study is the development of hydropower projects in Bhutan and the export of surplus electricity to India. This can help to promote energy security and sustainable development in the region. The study also highlights the importance of regional organizations such as SAARC and BIMSTEC in promoting regional integration and cooperation. India and Bhutan can work together to promote greater cooperation in areas such as trade, energy, transport, and tourism, which can help to enhance economic growth, security, and stability in the region. The study recommends continued support for Bhutan's economic development, increased people-to-people contacts, and the resolution of any remaining border issues. These recommendations can help to strengthen trust and confidence between the two countries and promote greater cooperation in various areas. The study suggests that there are significant prospects for cooperation and regional integration between India and Bhutan in the 21st century. By working together, the two countries can promote greater economic growth, security, and stability in the region.

Conclusion

Indo-Bhutan relations have remained strong and vibrant in the 21st century, with both countries working together to promote cooperation and regional integration. The two countries share a unique relationship based on trust, friendship, and mutual respect, which has been reinforced through regular high-level visits, cultural exchanges, and people-to-people contacts. The study highlights the potential for increased economic and trade ties between India and Bhutan, particularly in the context of hydropower projects and the export of surplus electricity to India. This can help to promote sustainable development and energy security in the region. In addition, the study emphasizes the importance of regional organizations such as SAARC and BIMSTEC in promoting greater cooperation and regional integration between India and Bhutan. By working together, the two countries can explore opportunities for greater collaboration in areas such as trade, tourism, transport, and energy, which can contribute to the overall economic growth, security, and stability of the region.

Furthermore, the study recommends the need for continued support for Bhutan's economic development, as well as the resolution of any remaining border issues between the two countries. These recommendations can help to strengthen trust and confidence between India and Bhutan and promote greater cooperation in various areas. Overall, the study on Indo-Bhutan relations in the 21st century highlights the potential for a stronger partnership between the two countries. By building on their shared values and interests, India and Bhutan can work together to create a more prosperous, secure, and stable region. This requires sustained efforts to promote people-to-people contacts, cultural exchanges, and greater economic cooperation, as well as active engagement in regional organizations such as SAARC and BIMSTEC.

In conclusion, the study provides valuable insights and recommendations for strengthening Indo-Bhutan relations and promoting regional integration in the 21st century. With the right policies and initiatives, India and Bhutan can continue to build a partnership that is based on mutual trust, respect, and shared interests, contributing to the overall economic growth, security, and stability of the region.

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