

**Ambassador's Speech on India-Bhutan Relations delivered at the  
Royal Thimphu College on 22.3.2017**

I am happy to be here at the Royal Thimphu College and I thank Lyonpo Thakur Singh Powdyel, President of Royal Thimphu College for inviting me to address this august gathering. I read the mission statement of RTC and one of the statements reads "*to be a crucible of new ideas and knowledge that serves to enrich peoples lives and enhance the welfare of society*". To the students I say to you that this is the most important reason you should have chosen the RTC for your higher education. Not only to learn what is taught or imbibe that which already exists but to develop the skills, imagination and courage to seek new intellectual frontiers that can make Bhutan and the world a better place.

2. In her hit single "Best for Last" Adele asks "*Why is it every time I think I tried my hardest, it turns out it ain't enough*". But among the eager faces I see before me, I am sure there will be those who will overcome challenge and adversity to scale unconquered peaks.

3. I turn now to the subject of my talk.

4. In the period after the end of British colonial rule, relations between India and Bhutan came to be defined by the common vision of Pt. Jawaharlal Nehru and His Majesty the Third King. This vision was of two countries working together in partnership, based on mutual trust, respect and shared political interests. The visit of Pt. Jawaharlal Nehru to Bhutan in 1958 remains a landmark in our relationship. The successors of these two great statesmen wholeheartedly adopted these principles for developing bilateral relations. India-Bhutan relations are what they are today because of the wisdom, sensitivity and farsightedness of Their Majesties.

5. Now let us fast forward to the year 2014. The Indian Prime Minister Shri Narendra Modi chose Bhutan to be the first country that he visited after taking office. The visit symbolized the importance of Bhutan in India's foreign policy. But it was also a first step in Prime Minister Modi's 'neighbourhood-first' policy that held up the India-Bhutan partnership as a

model for the neighbourhood. In a speech, Prime Minister Modi summed up the relationship as follows: 'Bharat for Bhutan and Bhutan for Bharat'. These sentiments have been fully reciprocated by His Majesty and the Royal Government of Bhutan and the relationship has benefitted from His Majesty's personal guidance, leadership and commitment.

6. These events and interactions reflect the first and most important pillar of our relations - the close personal ties between our leaders and their shared belief in the importance of the India-Bhutan partnership.

7. The second pillar of our relations is respect for each others' sovereignty, security and integrity.

8. Bhutan's decision to gradually open up and emerge on the world stage as a full-fledged participant and member of the family of nations was fully supported by India. Let us recall that it was India which sponsored Bhutan's membership of the Colombo Plan in 1962, the International Postal Union and eventually the UN in 1971. Later, India also sponsored Bhutan's membership of the Non-Aligned Movement at the NAM Summit in Algiers in 1973.

9. Again if we fast forward to 2003, India recalls with gratitude the actions taken by Bhutan in flushing out Indian militants from Bhutanese territory. We deeply appreciated the sacrifices that were made and the leadership and personal example set by His Majesty the Fourth King, who led these vital operations from the frontlines. These operations cemented the idea of our common and indivisible security.

10. In recent years, I can recall India's strong support for Bhutan's candidature for non-permanent membership of the UN Security Council.

11. The third pillar of India-Bhutan relations is the economic partnership, which has been expanding rapidly in the past few decades. I would like to highlight, to begin with, two inter-related sectors – trade and hydro power.

12. More than 80 % of Bhutan's total trade is with India. If I look at the recently published trade statistics for 2016, Bhutan imported goods and services worth Nu.55 billion from India while exporting goods and services worth Nu. 32 billion. There is thus a substantial bilateral trade deficit with India.

13. The trade deficit and the burden of loan repayments have led to a current account deficit of nearly 30% of GDP. However, for the next few years, there should be adequate Rupee reserves. The Royal Monetary Authority also needs to be complimented for managing Bhutan's Rupee resources prudently.

14. The hydropower loans are investments that will yield significant annual incomes once the hydropower projects come on stream. These revenues will neutralize the deficit.

15. Therefore, the medium and long term prognosis for Bhutan's Balance of Payments is favourable. Bhutan is an economy in transition and there is every expectation that the current account deficit and debt profile can be prudently managed and will not place an undue burden on future generations.

16. The hydropower sector is a major sector of bilateral cooperation. It is a win-win proposition. India gets clean energy and Bhutan is able to use its natural resources wisely to earn revenues for the public good.

17. From time to time, one reads articles and reports criticizing the hydropower programme on environmental grounds or because of the debt burden it entails or because of delays in the project.

18. It has to be acknowledged that all such large developmental projects have some costs. The real issue is whether the benefits outweigh these costs. I would submit to you that Bhutan's hydropower sector generates significant revenues that are used to reduce poverty, improve the standard of living, build assets for future generations and develop a sustainable economy. Currently, 99% of rural households in Bhutan have grid electricity.

19. These benefits far outweigh the costs.

20. Because most of the projects are run of the river projects, their environmental impact has been significantly less than what one sees in large hydropower projects elsewhere, including in India. I believe that the authorities in Bhutan, whether in the Government or in the projects, are very sensitive to such impacts.

21. As far as debt is concerned, the Royal Government has already announced a debt policy. For hydropower external debt, the ratio of hydropower debt service to hydropower export revenue shall be maintained within 40%, in any given year. This means that at least 60% of the hydropower revenues can be invested in schools, roads, hospitals and productive assets.

22. The loans taken for the Chukha and Kurichhu hydropower projects have been fully repaid and the loan for the Tala project will be fully repaid by next year. After that, almost the entire revenues from power sales from these projects would be available for productive investment since the running costs of the plants are low. By way of information, if I take the Chukha project, the export power tariff is Nu 2.25 per unit whereas the highest power tariff for domestic sales is Nu 1.20 per unit.

23. It is true that there have been delays in implementing the projects. But project authorities have to contend with the complex and unstable geology of the area. Nature is not so easily understood and conquered. Even with sophisticated techniques one cannot predict the geology of the area with 100% accuracy. If we come across unstable rock faces, we have no choice but to increase the scope of work and treat them fully so that structures that are built are safe and stand the test of time.

24. However, during my visits to the project sites, I thought that the local communities there could benefit more from the projects. We would be happy to work with the Royal Government of Bhutan to develop local capacities, livelihoods and assets so that communities living around the projects develop stakes in the projects.

25. An area which has potential is the IT sector. When I visited the Tech Park in Thimphu, I found a number of companies from India and elsewhere making full use of Bhutan's English speaking, disciplined work force and competitive energy and operational cost structure. We are working with relevant bodies in Bhutan to see if we can promote Bhutan as an IT destination for Indian software companies. If this takes off, the IT sector has the potential to employ many of you gathered here today.

26. In a globalized economy, countries cannot develop in isolation. Both India and Bhutan are working closely on regional and sub-regional initiatives under the aegis of SAARC, BIMSTEC and BBIN. Bhutan, Bangladesh, India and Nepal can be like the Four Friends in the story *Thuenpa Puen Shi*, who work together to plant and nurture a tree which provides a continuous supply of fruit to everyone.

27. In all these sectors what we are seeking are economic ties based not on dependence but on inter-dependence.

28. The fourth pillar of India-Bhutan relations is the development partnership between the two countries. Government of India has been associated with Bhutan's planning process since its inception in 1961. In the current 11<sup>th</sup> Five Year Plan, Gol assistance is to the tune of Nu.50 billion which is about 23% of the total plan size, including the Economic Stimulus Package.

29. Bhutan has adopted its own unique social, economic and political model which is different from India's development path. We respect these choices. The rapid strides that Bhutan has made prove the wisdom of the path you have chosen.

30. Our objective is to support, not guide, Bhutan's economic plans, programmes and priorities. We do not have a steady stream of consultants and advisors, either here or coming from India, who tell the Royal Government how it should frame its policies or what projects to implement.

31. Our assessment is that the Project Tied Assistance or PTA projects and Small Development Projects or SDPs have been well conceived and implemented by the Royal Government of Bhutan. These projects have reached the last citizen and generated goodwill for India-Bhutan relations. That is enough of a return on our investment.

32. Let me also say how much we appreciate the role that the GNH Commission plays in managing our bilateral cooperation and, indeed, in mainstreaming the concepts of GNH into Government policies and programmes which is quite unique in the world.

33. The fifth pillar of our relationship draws from historical, religious and cultural exchanges that date back many centuries. Over 1200 years ago, the great Indian saint Padmasambhava came to Bhutan, it is said, to make a truce between warring Bhutanese and Indian Kings. Over the next millennia, different strands of Buddhism grew and flourished in the region. The various teachings were enriched by the intermingling of monks, saints and devotees across our frontiers. Our two countries have inherited a common spiritual heritage that can offer enlightened answers to contemporary questions.

34. Earthly treasures stand testimony to the interaction between our civilizations. Recently, I visited the beautiful Hindu temple in Samtse that was a gift from His Majesty the Fifth King. And just a few days ago I had the privilege of seeing the statue of Zhabdrung at the Semtokha Dzong. This statue has been loaned by the Asiatic Society in Kolkata and is a priceless relic of great spiritual significance. I learnt that the famous clown Atsara, seen during the Tsechus, originated from the lifestyles of 80 accomplished Indian yogis and saints, whose search for realization beyond worldly affairs made them look like madmen in the eyes of laymen.

35. I attended my first Mountain Echoes Literary Festival last year. It was a grand confluence of Bhutanese intellectuals, scholars and artistes with counterparts from India and elsewhere. There is much more we could and should do to develop contemporary cultural linkages. Recently I had an interesting panel discussion with two promising Bhutanese authors Chador

Wangmo and Rinzin Rinzin. I urge all of you to support such events at the Nehru Wangchuck Cultural Center to encourage your artists and writers.

36. Recently, Bhutanese movies have been attracting attention. I look forward to the day when the next Bollywood blockbuster is set not in the Alps in Switzerland but in the pristine mountains of Bhutan.

37. The sixth pillar of our cooperation is our support of Bhutan's evolving democracy. In India, we have deep respect and admiration for the Bhutanese Monarchy. We respect the decision to establish a democratic constitutional monarchy in Bhutan. The Constitution of Bhutan is a practical and far-sighted document. Bhutan's Constitution has drawn on the lessons of other countries and is well suited to the local genius and circumstances of Bhutan. I believe that it is one of the reasons why democracy has taken rapid strides in Bhutan.

38. Bhutan's chosen path to political stability and economic salvation is different from that of India's. But we have been cooperating nonetheless through training, collaboration and experience sharing among our constitutional bodies. The Royal Civil Service Commission, the Royal Audit Authority, the Royal Monetary Authority, the Election Commission and Parliamentarians all have robust exchanges with their counterparts in India. I hope that in the future, there will be more formal exchanges between Bhutan and the Indian States that border Bhutan.

39. The seventh pillar of India-Bhutan relations is education. It is a fact that our teachers shape our personalities, our values and our thinking. Since the 1960s, many dedicated Indian teachers taught in schools even in remote areas of Bhutan. Much of the personal goodwill that the older generation of Bhutanese has for India is due to the contact they had with these Indian teachers in their formative years. In the past few years, Bhutan has significantly developed its educational infrastructure and we will support efforts in this direction. One of the Government of India's flagship PTA projects is the School Reform Programme, under which 47 central schools are expected to be functional by next year. The E-Library project being implemented will enable traditional learning methods to be

supplemented by e-learning. I am happy that the RTC who has been awarded the Ambassador's Scholarship this year, Bikram Sharma, wishes to pursue a Masters in TERI University which is world renowned for the work it has done in the area of climate change.

40. Friends, in conclusion I wish to say that the India-Bhutan relationship is like a *kushuthara*, a treasured product created through different patterns and weaves and constantly evolving with time. It is this precious legacy that has been gifted to you by the Kings of Bhutan. It is on your young shoulders that the fate of this very important relationship will rest in the future. I commend you to this noble endeavour.

Tashi Delek.