



Trade Relations Between India And Bhutan



India-Bhutan Relations

Famous for its unique philosophy – Gross National Happiness (GNH)

**Strong historical, cultural,
and economic relationship**

**Largest trading partner,
accounting for 98 percent of
its exports and 90 percent of
its imports**

**India shares a
605 kilometers (376 miles)
border with Bhutan**

One of the happiest countries in the world



Bhutan's Significance to India

Geographical Significance

- Bhutan shares border with four Indian States: Assam, Arunachal Pradesh, West Bengal and Sikkim

Economic Significance

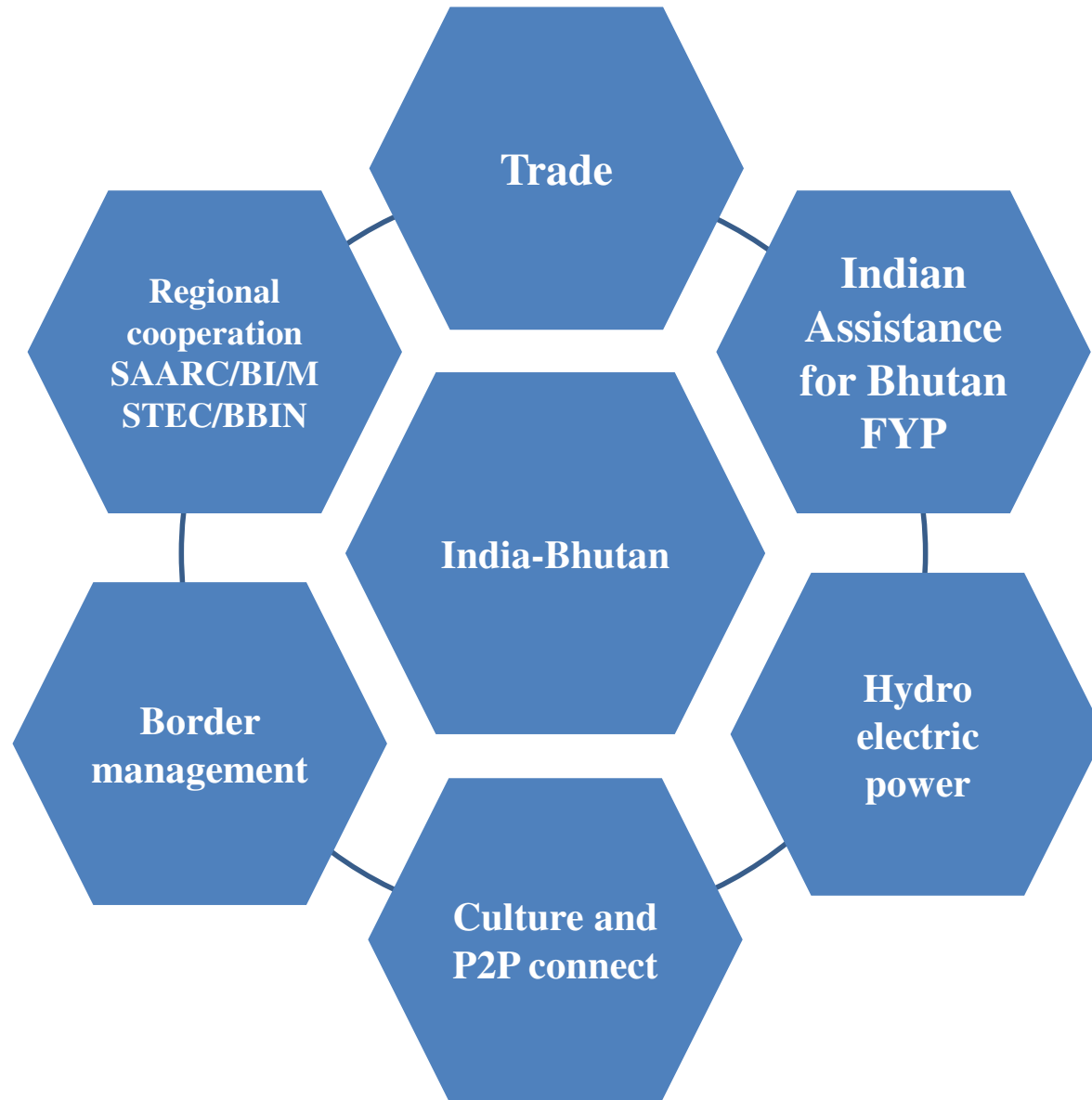
- Provides a market for Indian commodities and is a destination for Indian investment

Political Significance

- Provide a safe haven to anti-India activities and anti-India militant groups



Areas of Cooperation



Trade

Largest trading partner

- In 2018, total bilateral trade between India and Bhutan stood at Rs. 9227.7 crores
- Free Trade Agreement (FTA)
- Biggest source of Bhutan's Foreign Direct Investment (FDI).

Bhutan Trade Statistics

Import and Export from 1st January to 31st March, 2021

- Import Value-16,563,770,910
- Export Value- 5,410,840,634



Major import and export between India to Bhutan

Bhutan imports from India

- Base metals
- Vehicles
- Vegetable products
- Plastics
- Mineral products
- Machinery
- Mechanical appliances
- Electrical equipment and articles



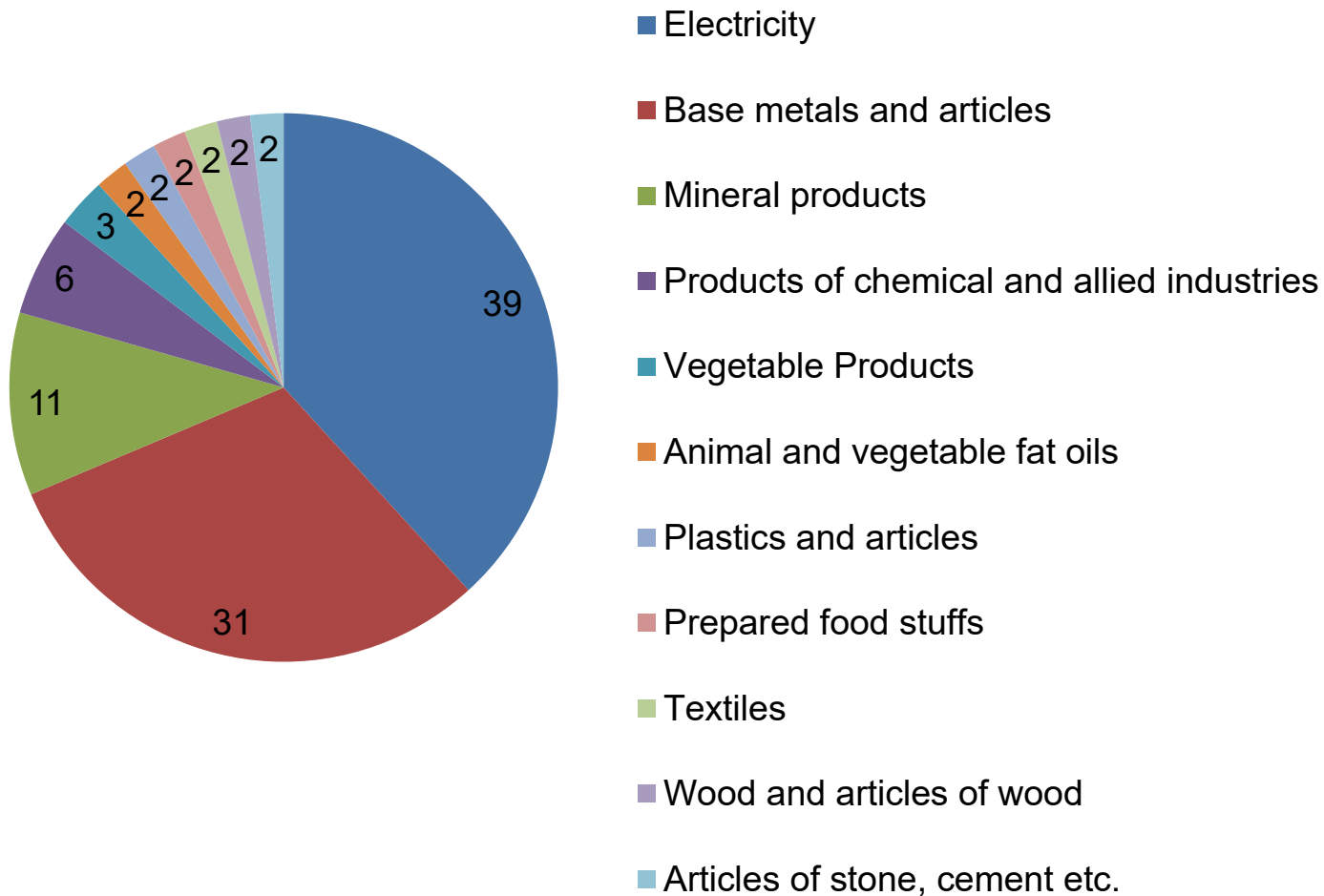
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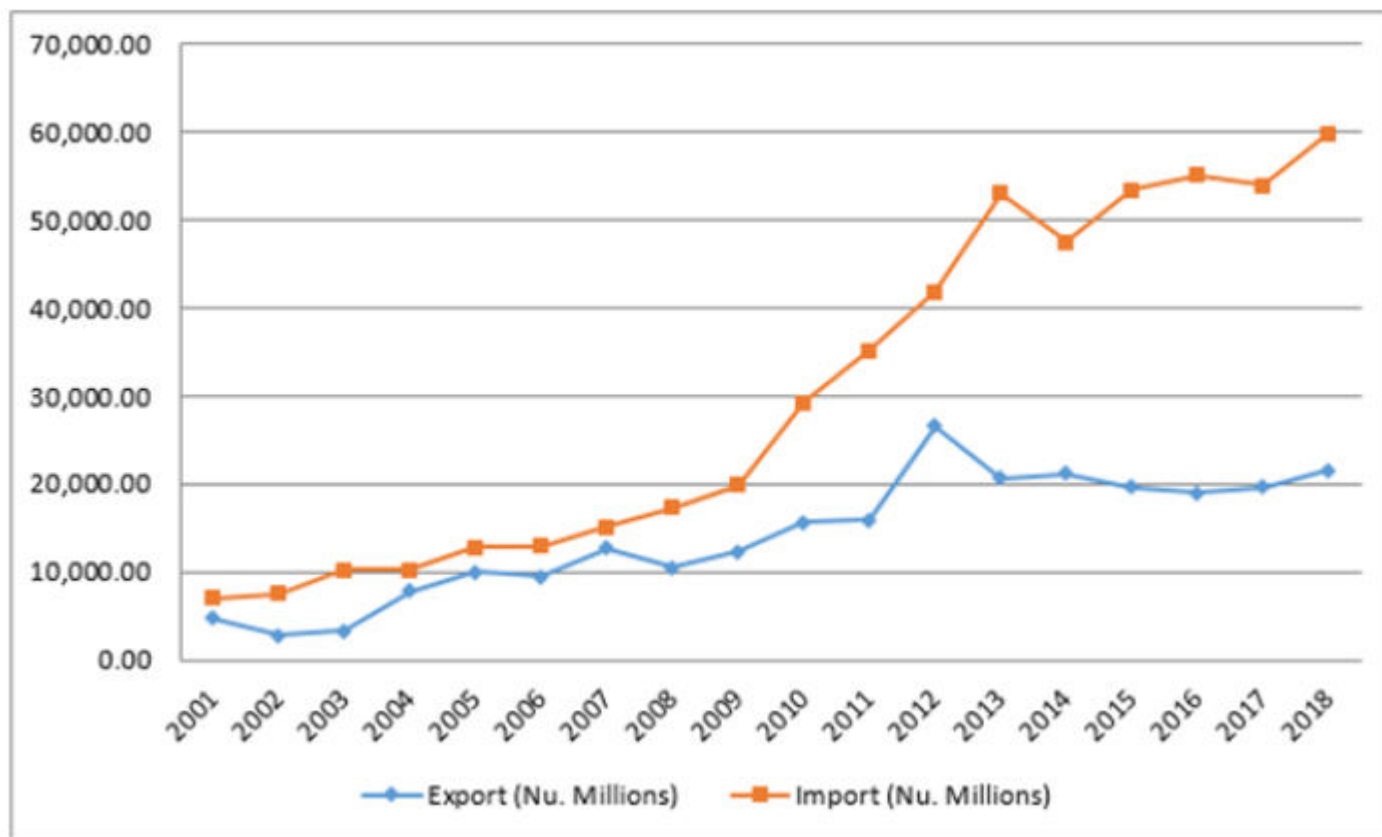
Bhutan exports to India

- Electricity (around 50 percent of total exports)
- Portland cement
- Wood and rubber
- Ferrosilicon
- Potatoes
- Cardamom and fruit products
- Dolomite
- Areca nut
- Mandarin orange
- Apple
- Ginger

Average Share of Bhutan's Top 10 Export items to India(2004- 2016)



Bhutan's Trade with India (Excluding Electricity, 2001 to 2018)



Bhutan's Trade with India

- The total export value in 2020 including electricity was Nu.43.51 billion and excluding electricity was Nu.27.52 billion.
- Remains steadfast to maintain continued bilateral trade talks to build upon the existing trade relations
- Explore new avenues for expanding trade and commerce between the two countries.
- In 2020, overall trade with India was recorded at Nu. 94.89 billion (including electricity), which accounted for 82% of Bhutan's total external trade and without including electricity was recorded at Nu. 67.18 billion, which accounted for 77% of Bhutan's total trade. The overall import from India accounted for 87% of the total import value with or without taking into account trade in electricity. Exports to India accounts for 90% of total exports including electricity and 77% without electricity.

Indian Assistance for Bhutan FYP

India has committed assistance of

- ₹4500 crore for the implementation of development projects
- ₹400 crore for the transitional trade support facility during Bhutan's 12th Five Year Plan (2018 - 2023).

Various stages of implementation under the 12th Five Year Plan of Bhutan.

- 77 large and intermediate projects and 524 Small Development Projects (SDPs)/ High Impact Community Development Projects (HICDPs)



Indian Assistance for Bhutan



- To mitigate the effects of COVID - 19 pandemic, Government of India has provided early releases of Nu./Rs. 5.01 billion from the committed development assistance since March 2020.
- Helped Bhutan achieve its economic targets, and indeed, the country is scheduled to “graduate” from the category of Least Developed Country to a developing economy in 2023.
- Committed a financial support of Nu./Rs. 45 billion comprising Nu./Rs. 28 billion of Project Tied Assistance, Nu./ Rs. 8.5 billion of assistance towards High Impact Community Development Projects and Nu./Rs. 8.5 billion of Program Grant assistance.

Hydro Electric Power

India has agreed to assist Bhutan in the development of minimum of 10,000 MW of hydropower and import of surplus electricity from same by year 2020.



Constructed

1. The 60 MW Kurichhu HEP
2. 1020 MW Tala HEP
3. The 336 MW Chukha HEP
4. The 720 MW Mangdechhu HEP.

Under Construction

1. The 1200 MW Punatsangchhu-I
2. The 1020 MW Punatsangchhu-II
3. The 600 MW Kholongchhu



Culture and P2P connect

- Cultural bonding between India and Bhutan is rooted in the ancient practice of Yoga. Yoga has gained great popularity among the Bhutanese.
- Government of India provides number of scholarships to Bhutanese students.
- Regular cultural exchanges take place and enhance people to people exchange in cultural field.



Border Management

- Secretary-level mechanism on border management and security related matters.
- Border District Coordination Meeting (BDCM) Mechanism between the bordering States and the Royal Government of Bhutan (RGoB) to facilitate coordination on border management and other related matters.



Future scope of trade relations between India and Bhutan

- Agreement on Trade, Commerce and Transit between the Royal Government of Bhutan and the Government of the Republic of India is valid till 2026.
- Signed 10 Memorandum of Understandings in the field of space research, aviation, IT, power and education.
- Establishing a railway link between Mujnai (West Bengal) and Nyoenpaling (Bhutan)
- India's cooperation in Bhutan's five-year plans will continue
- Committed to facilitate Bhutan's development through the use of space technology
- India will enhance the communication, public broadcasting and disaster management coverage in Bhutan
- An additional trade route under Jaigaon Land Customs Station (LCS)

Future scope of trade relations between India and Bhutan

- The reconstruction works are aimed to rebuild and consolidate the existing Dzong structure while maintaining the heritage value associated with the historical site.
- It will help create better conditions for the district administrative officers and the Rabdey monks residing in the Dzong as well as the visitors to this prominent heritage site of Bhutan.
- The reconstruction of the Dzong is being funded by India through its Project Tied Assistance of Nu./Rs. 1 billion spread over the 11th and 12th Five Year Plans of Bhutan. The project will be completed in July 2022.

Tourism in Bhutan



- Tourism is very important source of Bhutan's revenue (65% of total tourists are from India)
- Bhutan is an example of sustainable tourism
- Bhutan will now impose a “sustainable development fee” (SDF) on Indian Tourists, making visits more expensive.



Under Neighbourhood First Policy of India

- Strengthen cross-border relations and foster regional connectivity
- India has launched BHIM UPI
- Focuses on peaceful relations and collaborative synergetic co-development

millions of jobs and businesses are dependent on a strong and thriving tourism sector

Agriculture in Bhutan

- Agriculture contributes only 10 percent to GDP but accounts for 54 percent of employment. about 66 percent of poor household heads work in agriculture
- The agriculture sector continues to absorb the majority of the workforce by employing 51.1% of the working population despite accounting for only 16.2% of GDP.
- There continues to be a disparity in income with the average income earned by a worker in the industry and the service sectors is Nu 354 and Nu 604 per hour, , while it is only Nu 67 per hour in the agriculture sector.
- The contribution of the industry and service sector is 41.8% and 42% (2017 est.)
- While employing 23.3% and 34.9% of the workforce. The unemployment rate is calculated at 2.7 % (2019).

Foreign policy

Resolution on foreign policy

- The five cornerstones of the foreign policy as "samman" (dignity), "samvad" (dialogue), "samriddhi" (shared prosperity), "suraksha" (regional and global security) and "sanskriti evam sabhayata" (cultural and civilisational links).
- "These five themes have become the Panchamrit, the new pillars of our foreign policy,"



FEDERATION OF INDIAN INDUSTRY
CREATING OPPORTUNITIES...BUILDING NATION!!

**thank
you!**