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A Relationship Before  
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# INDIA AND BHUTAN: A RELATIONSHIP BEFORE AND AFTER INDEPENDENCE

Uttam Lama<sup>1</sup>

## Abstract

*India and Bhutan have had a relationship that has lasted for centuries. During the late 18<sup>th</sup> century, the East India Company's trade-centric approach, which was primarily focused on trading with Tibet, is what led to the relationship between India and Bhutan. After India's Independence in 1947, the focus changed away from trade and concentrated on geopolitical or strategic challenges. Therefore, the current paper has tried to highlight the transition of the Indo-Bhutan relationship from the past to the present (1774-2019). Further, the study has divided Indo-Bhutan relations into pre- and post-Independence sections that have explained the relationship of Bhutan with British and Independent India. This includes historical treaties and agreements between India and Bhutan which categorically trace the purpose and policies of East India Company and Independent India. Further, the study highlights how the focus has shifted from cross-border trade to geopolitics relations between India and Bhutan. The historical transition of Indian and Bhutan relations also shows that both have experienced rapport and disagreements with each other, particularly on geopolitics and political-economy decisions. Despite many misunderstandings between the two countries, both have always backed each other during times of need. While most of the South Asian countries have been influenced by Chinese development policies, only Bhutan has stood with India's development policies. Bhutan has not ever played the China card as other neighbouring countries have done. Therefore, the study has also suggested that as many countries are supporting Chinese development policies, India also needs to update its foreign policy in terms of development, particularly in the neighbouring South Asian countries. This will help to maintain India as a hegemonic power and may reduce the influence of China among the South Asian countries. Methodologically, the study explains the issues and makes observations on the topic through descriptive analysis by using secondary data, official statements, reports and literature etc.*

**Key Words:** Indo-Bhutan relationship, trade, geopolitical, diplomatic issues, development policies

## Introduction

The relations between East India Company (EIC) and Bhutan started officially after the negotiation and signing of the 'Peace Treaty' in 1774 (Phuntsho, 2013). After the exit of EIC from India, the Peace Treaty of 1774 was replaced by the Peace and Friendship Treaty of 1949 between Independent India and Bhutan. The purpose of these relations during the 18<sup>th</sup> century was to promote trade in the Himalayan regions (Rajput, 2011). However, later on, the relationship became oriented more towards geopolitical and strategic purposes after the exit of EIC in 1947 (Murthy, 1999). With the invasion of Tibet in 1950 by China, the relationship between India and Bhutan shifted from a trade-centric one to more toward political-economic and strategic standpoints (Rathore, 1974). On the other hand, India and Bhutan have come together due to national security concerns in order to support one another in defending their territories from Chinese incursions. Bhutan has known that its small economy and lack of trained troops in numbers and technology cannot resolve the border issues with China (Rajput, 2014). Therefore, Bhutan was compelled to ask for help from India in terms of national security against China by signing the 1949 Peace and Friendship Treaty (Article 2).

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Article 2 of the 1949 Treaty helped Bhutan by deploying Indian soldiers on the Bhutan-China-India border. Further, India also has provided arms and ammunition or technologies to the Bhutanese soldiers. Moreover, India also provided military training to Bhutanese soldiers and Royal Guards through IMTART (Indian Military Training Team) (Choden, 2004). In addition, India has guided and advised Bhutan in matters relating to external affairs (Murthy, 1999). China was attracting South Asian countries through its development-oriented foreign policy which attracted Bhutan too (Samaranayake, 2019). Still, Bhutan has always favoured India above China in terms of development policy, despite geographical limitations. Presently, India and Bhutan have a healthy trade and commerce (Stobdan, 2014). Bhutan also leverages Indian routes and territory for the exchange of goods and services with India and other nearby nations for trade and other commercial activities (Taneja *et al*, 2019). Therefore, India contributes majorly in terms of the economic development of Bhutan. Being a trustworthy friend, India has helped Bhutan to establish geopolitical ties with South Asian nations and other countries, notably by facilitating trade over their borders, helping reduce Bhutan's dependence on India.

On the other hand, there has been criticism over the fact that India's development strategy for Bhutan is based on a capitalist paradigm, with India owning the largest share of the development projects as per Stobdan (2014) who also mentioned that Bhutan's economy has become dependent on or an adjunct to India's economic intervention programme, even if the economic approach to Indo-Bhutan relations has not yet been clearly described in open geopolitical discourse.

## **Historical background of Indo-Bhutan relationship**

The relationship between India and Bhutan can be studied from two perspectives: before and after India's Independence. The historical relationship between India and Bhutan reveals the trade-centric relationship of the East India Company. Post-Independent relations between India and Bhutan became more strategic and diplomacy-centric than trade. Therefore, the changes in the relationship between India and Bhutan have been identified based on the diplomatic and political-economy situations and policies. During the 18<sup>th</sup> century, Lasha (Tibet) was a major trade centre for Asia that attracted many traders from Asia and Europe to trade, especially in silk, animal skin, beverages, sandal, indigo, etc. (Sharma & Lal, 2017). Similarly, being neighbour states, Bhutan and Tibet also used to share a good relationship in terms of sociocultural activities, religions and of course trade and commerce.

By the late 18th century, the British had established their rule over entire India and were eyeing trade with Tibet through Bhutan. East India Company and Bhutan took on each other during the Anglo-Bhutanese war in the year 1773. The purpose of this war was to free the Cooch Behar kingdom from Bhutanese troops at the request of Cooch Behar's king (Nazir Deb). For this purpose, the East India Company charged Deb Rajah a huge sum. Further, the EIC saw it as a chance to expand their trade in the Himalayan regions (Phuntsho, 2013). The war between British India and Bhutan concluded with the Anglo-Bhutanese Treaty in 1774 (Sen, 2015).

## **India and Bhutan: Pre-Independence Relations (1774-1947)**

The relations between British India (East India Company) and Bhutan started after the peace treaty which was signed between EIC and Bhutan on 25<sup>th</sup> April 1774. This was the first treaty agreed upon for

maintaining peace and friendship between EIC and Bhutan. In fact, the treaty opened the way to the EIC for trade with Tibet and the Himalayan states. In addition, many agreements were signed between the EIC and Bhutan before the exit of the EIC from India.

### **British India and Bhutan (1774-1863)**

The treaty solved the land and border issues between Cooch Behar and Bhutan by returning the occupied lands (i.e. Chitchacotta, Pangolahuat, Kyrunttee, Marraguat and Luckypoor) of Bhutan which belonged to Bhutan (Deb Rajah) before the commencement of the war against Cooch Behar (Rennie, 2005). However, for the eastward land of Chitchacotta, Bhutan charged an annual fee tribute of five Tangun horses by the EIC which was the acknowledgement paid to the Cooch Behar Rajah (Rajput, 2014). The treaty also allowed Bhutan and Bengal traders to carry out cross-border trade without the payment of any duties which also included cutting the timber from any part of Bhutan by EIC without paying any duties. It helped to stop the incursions between the two states' territories which developed trust and friendship between them.

The major objective of the EIC for signing this agreement with Bhutan was to expand its trade in the Himalayan states. During the 18<sup>th</sup> century, Lhasa was known for its trading activities. Therefore, to build trade relations between Bhutan, Lhasa and Bengal (EIC), the Bogle Mission played a vital role. The First Bogle Mission was sent by EIC to Bhutan and Tibet in 1774. The purpose of this mission was to establish a channel of communication for trade between Bhutan, Bengal, and Lhasa as well as other nations nearby (White, 1971). For this, Bhutan played a key role in securing close relations for Indo-Tibetan trade by giving protection to the Mission or writing a consent letter to Tibet (Tashi Lama). Bhutan also helped EIC to get guidance and permission for the Company's first Mission from Lhasa. Bogle's Mission was successful in terms of establishing trade relations between Bengal, Bhutan and Tibet which opened the door for trade and commerce in the Himalayan regions for EIC (Debnath, 2010).

However, Bhutan and Tibet had agreed to welcome only Indian traders whereas European and English traders were restricted to enter and pass through Bhutan to Tibet. On the opposite side, Bhutanese traders were allowed to trade in any place in Bengal and Rangpur without tax. The major trading items were sandals, indigo, horses, betel-nut, pan, wool, silk, beverage, skins and tobacco. (Sen, 2015).

The interaction between EIC and Bhutan was more or less disconnected for almost 50 years between 1783 and 1826, except for a visit by an Indian official, Krishna Kant Bose, who was sent to Bhutan by the Judge of Rangpur to try to settle the ongoing boundary disputes. Deb Rajah of Bhutan had claimed the regions of Ambaree district, Falacotth and Jalpesh under the Bhutan territories. During the late 18<sup>th</sup> century, the border dispute between Bhutan and EIC again increased (Kohli, 1982). To solve the border disputes, EIC sent Hamilton Mission in 1775 to examine the claim of Deb Rajah of Bhutan (Rajput, 2014). In fact, the EIC observed in 1783 that there was a need to establish and develop trade relations on a different footing with respect to keeping the views and interests of the Rajah of Bhutan (Sen, 2015). This was because Bhutan was holding an important position and occupied

the northern trade route of India. It was also clear that the Bhutanese held the lever firmly in their hands.

Even after a long discussion, the settlement of the land dispute between Bhutan and EIC did not happen. In fact, it increased further during the First Anglo-Burmese war (1824-26). In this war, EIC drove the Burmese as well as Bhutanese out of Assam. Consequently, EIC occupied more Bhutanese land including the Assam Duars regions which created border disputes between EIC and Bhutan resulting in unsatisfactory relations between them (Gait, 1906). Further, many incursions and border attacks happened between Bhutan and EIC. Gradually, Bhutan lost control of the plains of Duars regions of Assam and was limited to hill regions (Debnath, 2010). After the Bogle reports on tea beverages, the Company established the tea industry in the Duars regions of Assam and Bengal during the early 19<sup>th</sup> century (Phuntsho, 2013). The Duars regions were fertile and favourable for the tea industries. Therefore, the EIC never intended to return the occupied land but agreed to monetary compensation to Bhutan. Further, such incidents in Bhutan by the EIC created conflict between them. In fact, during the revolt of 1857 against British rule by Indian freedom fighters, Bhutan supported Indians (Phuntsho, 2013; Sen, 2015). Between EIC and Bhutan, there were many incidents recorded like stealing and robberies of castles and other properties by Bhutanese and in retaliation, the burning of the Bhutanese houses, plunder of properties etc (Kohli, 1982; Rajput, 2014). Such incidents created animosity between each other and spread to farmers, traders and people in general (White, 1971).

### **British India and Bhutan (1864-1947)**

In order to resolve the tensions between British India and Bhutan, EIC sent Ashley Eden to Bhutan to discuss the issues and find solutions (Eden, Pemberton & Bose, 1865). In 1864, an agreement was signed between EIC and Bhutan which brought them together as a friendly neighbouring state again whose major objective was to maintain the peace between them. Further, it was also agreed that the offenders who were involved in the violence and crimes against Bhutan and EIC caught by troops would be surrendered to both authorities. In addition, the relations between the EIC and Bhutan would remain friendly and that they should not commit any aggression against the subjects, people and traders visiting their mutual territories and that they should be treated as brothers. Further, it was also agreed that Bhutan, Sikkim, Cooch Behar and EIC would never invade each other's territories (White, 1971). In case of such incidents occurring, the other states would together support the victim state and retaliate against the aggressive state (Eden, 1865; White, 1971; Rajput, 2014).

But in a sudden action, Bhutan attacked Dewanagiri in January 1865, in a battle which ended in the same year in November with the recapture of Dewanagiri (Deothang) by the EIC. This Duar war compelled both EIC and Bhutan to sign a new treaty. In 1865, the treaty of Sinchula was signed by them. After the repeated attacks, this treaty tried to re-establish a new relationship between the EIC and Bhutan. According to this treaty, the Bhutanese lost territory of about 7122 sq. km which also included the area of Bengal and Assam Duars regions and would thenceforth be permanently included in the EIC (Rajput, 2014). For that, the British government was to be paid a compensation amount of 50,000 rupees annually (Phuntsho, 2013). In addition, free trade between EIC and Bhutan was to be re-

established and criminals on both sides would be handed back to the respective governments (Rajput, 2014; Sen, 2015).

In 1910, Bhutan saw the Chinese forces making incursions inside its borders. China's control over Tibet during 1910 was alarming for Bhutan's national security. In fact, China claimed Bhutan as a feudatory in 1910. This situation concluded with another treaty with British India that Bhutan was to be guided in its external affairs by the British government but that the latter should not interfere in its internal affairs (Stobdan, 2014). British India also formally claimed that Bhutan was independent of China and that its external affairs were under the British government (Rajput, 2014). In addition, the British government sent a strong note of warning to the Chinese government in 1910 that, "His Majesty's government cannot allow any administrative changes in Tibet to affect or prejudice that integrity of Nepal or of the smaller states of Bhutan and Sikkim and is prepared if necessary to protect the interest and rights of these three states" (Rajput, 2014, Stobdan, 2014). The British influence over Bhutan continued up to 1947.

### **India and Bhutan: Relations of post-Independence (1947-2020)**

The Republic of India and Bhutan's relationship has remained relatively unchanged after India's Independence in 1947. They have maintained and continued to enjoy a peaceful and friendly relationship with each other, as the Company and Bhutan had historically. The national security issues of Bhutan, threats from China and political-economic dependency on India are the major reasons behind Bhutan's good ties with India over China. Therefore, the first treaty was signed between Independent India and Bhutan in 1949, known as the 'Perpetual Peace and Friendship Treaty' (Malik, & Sheikh, 2016). According to the treaty of 1949, India and Bhutan would always maintain a friendly and peaceful relationship with each other. Similarly, Bhutan would be guided by India in matters of external affairs, but both countries agreed that there would be no interference in each other's domestic affairs (Rajput, 2011). In addition, there would be free trade and commerce between the two countries. Furthermore, the Indian government also agreed to allow Bhutan to use Indian forest roads, land, and seaports for the transaction of goods and services (Nga *et al*, 2019). Significantly, the Government of India did not agree to release Bhutan's occupied land; instead, it agreed to pay compensation in the amount of Rs 1 lakh each year, which was paid to Bhutan on January 10, 1950, for thirty-two square miles of territory in the area known as Dewangiri (Penjore, 2004; Nga *et al*/2019). This was because the tea industry and forest resources that encompassed these occupied regions had enormous economic significance.

To enhance trade and commerce and economic activities between India and Bhutan, an agreement was signed in 1995 (Sen, 2015). This agreement strengthened previous free trade and service agreements between India and Bhutan and emphasised the expansion of bilateral trade and collaboration in economic development projects. Significantly, the selling of Bhutan lottery tickets in the Indian states was permitted, and twelve entry and exit border corridors were officially recognised for trade and services through this trade & commerce agreement (Rajput, 2011). These corridors are Jaigaon (road route), Charmurchi (road route), Utiapani (road route), Hatisar, Gaylegphung (road route), Darranga (road route), Calcutta (air and sea route), Haldia (seaport), Dhubri (riverine route),

Raxaul (road and rail route), Panitanki (road route), Changrabandh (road route) and New Delhi (air route). As per the Ministry of Commerce & Industry (2019), the Jaigaon corridor has recorded the highest economic transaction (more than 70 per cent) between India and Bhutan and is also considered the gateway of Bhutan. Moreover, these routes have helped to promote Bhutanese trade & commerce and ties not only with India but with South Asian countries as well.

This agreement not only strengthened the previous free trade and service agreements between India and Bhutan, but also emphasised bilateral trade expansion and collaboration in economic development projects (Bisht, 2010; Shubham 2014). Bhutan has requested India to revise Article 2 of 'The Friendship Treaty of 1949'. Bhutan's request was heard by the Government of India in 2007. Therefore, as a good friend, Article 2 was revised in 2007 with the mutual agreement of both governments of India and Bhutan. Since then, India has not been guiding Bhutan in external affairs; instead, it cooperates closely on issues relating to its national interests (Rajput, 2011; Nga, *et al*, 2019).

*"In keeping with the abiding ties of close friendship and cooperation between Bhutan and India, the Government of the Kingdom of Bhutan and the Government of the Republic of India shall cooperate closely with each other on issues relating to their national interests. Neither government shall allow the use of its territory for activities harmful to the national security and interest of the other" (Revised Article 2, Rajput, 2011 Page No:348).*

### **Trade Relations between India and Bhutan**

The close bilateral relations between India and Bhutan have been empowered through trade too. It has been observed that the trade between them from 2000-01 to 2018-19 has flourished. There is rapid economic growth and greater economic integration between India and Bhutan. Besides this, it is also observed that the trade balance has changed in India's favour over the last seven to eight years, and the gap between India's exports to Bhutan and imports from Bhutan has managed to grow over the period. Notwithstanding, because of an increase in imports of refined copper wires and refined palm oil and derivatives in 2006-07 and 2007-08, India ran a trade deficit with Bhutan from 2006-07 to 2010-11. The following years have observed a steep reduction in the import of these two products, but ferrosilicon and calcium carbide imports surged quickly and were a major reason for India's imports exceeding its exports to Bhutan. Similarly, Indian exports to Bhutan have increased in recent years.



**Table 1: Trade between India and Bhutan (US\$ million)**

Year	India's Exports to Bhutan	India's Imports from Bhutan	Trade Balance	Total Trade
2000-01	1.1	21.1	-20	22.2
2001-02	7.6	23.9	-16.3	31.5
2002-03	39.1	32.2	6.9	71.2
2003-04	89.5	52.4	37.1	141.9
2004-03	84.6	71	13.6	155.6
2005-06	99.2	88.8	10.4	187.9
2006-07	57.7	142.1	-84.4	199.7
2007-08	86.7	194.7	-108	281.5
2008-09	111.2	151.8	-40.6	262.9
2009-10	118.9	153.1	-34.3	272
2010-11	176	201.6	-25.5	377.6
2011-12	229.9	202.6	27.3	432.4
2012-13	233.2	164	69.2	397.2
2013-14	355.6	152.2	203.4	507.8
2014-15	333.9	149.9	184.1	483.8
2015-16	469	281.3	187.7	750.2
2016-17	509.3	307.8	201.5	817.1
2017-18	546.1	377.9	168.2	924.1
2018-19	657.3	369.5	287.8	1,026.80

Source: Directorate General of Foreign Trade, Ministry of Commerce and Industry, Government of India<sup>2</sup>

According to the Ministry of Commerce and Industry, Bhutan's trade with India was rose by more than 70 per cent during 2018-19 and 2019-20. It shows the economic dependency of Bhutan on India. India and Bhutan's free trade policy provides easy and feasible trade between the neighbouring countries that also builds strong bilateral relations between them. According to import-export data between India and Bhutan, India's export to Bhutan was the minimum (4.95 per cent) in 2000-01. However, it gradually increased up to 63.07 per cent till the year 2003-04. On the other hand, the import from Bhutan also decreased from 95.05 to 36.93 per cent (from 2000-01 to 2003-04). During these periods Bhutan imported more heavy machinery than agricultural items which helped the development of hydroelectric power, road, communication and overall infrastructure etc. In addition, during the years 2005-06 to 2006-07, a sharp decline in India's export to Bhutan has been noted. Further, to maintain the trade balance, export to Bhutan continued to be lower than imports from Bhutan till 20011-12.

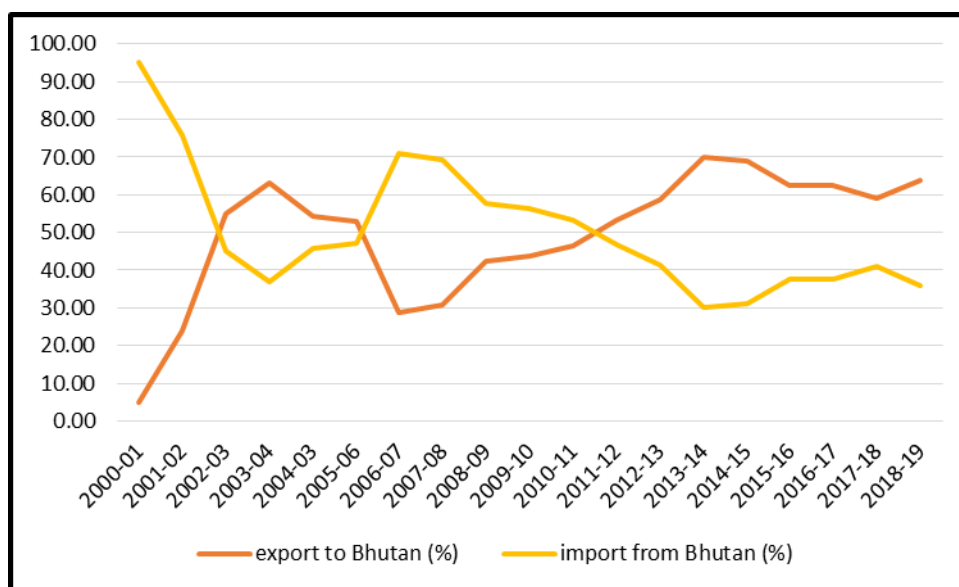
The King of Bhutan abolished the monarchy and instituted a democratic system of government in the country in the years 2006–2007 (Nga, at. el. 2019).

This affected Bhutan's whole government structure and the country's ability to finance elections and other democratic procedures. Since a new government body needed at least a year to be established, Bhutan did not spend much money importing goods and services from India to become settled. This had an impact on Bhutan's fiscal policy for the 2007–2008 fiscal year. During 2007, the

<sup>2</sup> Taneja at. el (2019), "Indo-Bhutan Economic Relations" Working Paper-384, ICRIER.

Gorkhaland Movement had started in the northern part of West Bengal. Several strikes, tense situations, and stalled off-road buses occurred due to the desire for a separate state close to the Indian border. More than 70 per cent of trade between India and Bhutan goes through the Phuentsholing route, which was frequently closed as a result of the Gorkhaland Movement that negatively impacted trade. In addition, during those years, the demand for electricity, machinery and iron and steel, mechanical appliances etc. decreased in India. On the other hand, India imported copper and articles thereof and iron and steel or its articles from Bhutan. Moreover, inorganic chemicals and man-made filaments were also imported from Bhutan.

**Figure 1: Import-Export Trade between India and Bhutan (in Percentage)**



Source: Directorate General of Foreign Trade, Ministry of Commerce and Industry, Government of India

Throughout the years, major items exported to Bhutan from India were: electrical, machinery and equipment and parts thereof, iron and steel, article of iron or steel, nuclear reactors, boilers and mechanical appliances, vehicles, mineral fuels, minerals oils and products of their distillation, bituminous substances, minerals waxes, cereals, beverages, spirits and vinegar, miscellaneous goods, and salt, sulphur, stone, plastering materials, lime and cement etc. The major products which were imported from Bhutan were: Copper and articles thereof, iron and steel, inorganic chemicals, man-made filaments, animal or vegetable fats, oil and their cleavage products, wood and articles of wood, beverages, spirit and vinegar, photographic or cinematographic goods miscellaneous, paper and paper board and so on.

## Development grants and supports

India has always been supportive towards Bhutan’s development projects. In fact, this also plays a key role in the bilateral relationship between them. India is the larger economy as well as a development partner of Bhutan. Further, India also supports Bhutan’s Five-Year Plan since its beginning in 1960-61 which helps to develop the overall socio-economic development of Bhutan (Choden, 2004). The details of development funds and supports have been given below.

**Table 2: Indian Budgetary support for Bhutanese Economic Development**

Year	Total Allocation (in Crore Rs.)	India's Contribution (in Crore Rs.)	% of India's Contribution
<b>1961 – 66 [1st Plan]</b>	10.72	10.72	100%
<b>1966 – 71 [2nd Plan]</b>	20.22	20.22	100%
<b>1971 – 76 [3rd Plan]</b>	47.52	42.66	90%
<b>1976 – 81 [4th Plan]</b>	110.62	85.3	77%
<b>1981 – 87 [5th Plan]</b>	444.05	134	30.20%
<b>1987 – 92 [6th Plan]</b>	950	400	42.10%
<b>1992 – 97 [7th Plan]</b>	2350	750	31.90%
<b>1997 – 2002 [8th Plan]</b>	4000	1050	26%
<b>2002-2008 [9th Plan]</b>	8900	2610.14	29.33%
<b>2008-2013 [10th Plan]</b>	14900	3400	23%
<b>2013-2018 [11th Plan]</b>	21300	4500	21%

Source: Embassy of India, Thimphu, Bhutan<sup>3</sup>

The data shows of the 11 Five Year Plans of Bhutan that have been successfully completed, India supported 100 per cent for the 1<sup>st</sup> and 2<sup>nd</sup> Five Year Plan (i.e. 30.94 Crore INR). However, the Indian contribution to Bhutan’s Five Year Plans has been reduced from 1971 to 2018. During 2013-2018, the lowest contribution has been noted by the Indian government in terms of socio-economic development for Bhutan.

Indian contribution to Bhutan’s Five Year Plans mainly covers the Project Tied Assistance (PTA) which funds 71 mutually agreed projects like agriculture, ICT, education, medical sciences, media, health, roads, urban development, judiciary, civil aviation, energy, road safety and transportation, constitutional offices and media, labour and human resource development and so on (Choden, 2004). India’s assistance also covers some Small Development Projects (SDP). These include community-oriented programmes, drinking water schemes, infrastructure in rural regions, irrigation channels etc.

Moreover, India also grants and supports hydropower generation and other infrastructure. Some of the major projects in Bhutan are undertaken with Indian assistance (Bisht, 2010; Choden, 2004). These include the 1020 MW Tala Hydroelectric Project, 60 MW Kurichhu Hydroelectric Project and 336 MW Chukha Hydroelectric Project. In addition, Paro airport, Penden cement plant, major highways, electricity transmission and distribution system, Bhutan Broadcasting Station, Indo-Bhutan

<sup>3</sup> <https://www.indembthimphu.gov.in/pages.php?id=4>

microwave link, survey and mapping and exploration of mineral resources are also funded by the government of India.

## **India and Bhutan: A Contemporary Analysis**

Notwithstanding geographical and political-economic difficulties, India and Bhutan have consistently supported and stood by one another. In fact, they have been encouraged to make amicable alliances and close relationships due to this trust. As a trustworthy neighbour, Bhutan never played the China card, unlike other neighbouring countries (Stobdan, 2014). Nepal and other neighbouring countries have several times criticised India's hydropower, border management and foreign policies, but Bhutan has not criticised India so far (Bisht, 2012; Ranjan, 2018). Instead, India and Bhutan together mutually solved the many problems and misunderstandings.

Geo-strategically, Bhutan has also supported and helped India whether during the war of Sino-India in 1962 or the Indo-Pakistan war of 1971. In return, India also helped Bhutan by voting in favour of its United Nations membership in 1971. Similarly, China is aware that Bhutan's external affairs has been guided by India during the period. Therefore, China strategically voted in favour of Bhutan for UN membership in order to make Bhutan independent in taking decisions for its own external affairs. In addition, China also wanted to build a good relationship with Bhutan so that China can reduce the influence of India on Bhutan. However, the historical friendship between India and Bhutan, Article 2 of the 1949 (Peace and Friendship Treaty) and geographical constraints between China and Bhutan have always become an obstacle for China. Bhutan got approved for UN membership in 1971. This membership helped to open the door for the international organisation to provide some financial support and economic development assistance in terms of socio-economic and environmental development in Bhutan.

After becoming a member of the United Nations in 1971, Bhutan started to advocate diplomatic relations for its national interests and has worked to forge stronger ties with neighbouring countries in order to advance its economic growth. In fact, in the same year, Bhutan also declared its independent status as a sovereign country. In addition, Bhutan established diplomatic relations with Dhaka and strengthened its diplomatic relations in New Delhi to full sovereign status (Stobdan, 2014). However, on many international occasions, it has been observed that Bhutan has taken a different stand opposite to India and supported China and Pakistan. For instance, the Non-Aligned Movement (NAM) and the Havana Conference of 1979. Similarly, Bhutan also signed the Treaty on the Non-Proliferation of Nuclear Weapons (NPT) in 1985 that supported Pakistan's proposal for a Nuclear-Free Zone in South Asia. Further, Bhutan has also withdrawn from the multi-lateral vehicle agreement that includes Bangladesh, Bhutan, India, and Nepal, which was signed under SAARC in June 2015 to regulate passenger, personal, and vehicular cargo traffic. Therefore, Bhutan started to make a stand on its own in terms of external affairs.

In addition, the Government of Bhutan also put pressure on India to solve the issues of borders (Assam and Bengal Duars etc.) between India and Bhutan in 1979. In 1976, Sikkim's monarchy system was ended and Sikkim opted to be included in India. This incident triggered unease among the people of Bhutan that it would become the next Sikkim (Rajput, 2014). Further, Bhutan also started

pressurising the government of India for updating the Treaty of 1949, especially Article 2 according to which India's guidance was important for Bhutan's external affairs. In 2007, after realising the seriousness of the situation, India agreed to the amendment and revoked Article 2 of the 1949 treaty and relieved Bhutan of its responsibilities to seek India's guidance on external affairs that included the need to obtain permission for the import of weapons, among other things (Nga et al., 2019).

Surprisingly, in 2007, Bhutan became a democratic country. The King of Bhutan directed that a general election be conducted. For the first time, the government was chosen by the citizens of Bhutan. Jigme Yozzer Thinley was elected as the first Prime Minister of Bhutan. He was progressive and started to build diplomatic ties with neighbouring countries and other nations. His DPT (Druk Phuensum Tshogpa) government successfully developed diplomatic relations with 25 nations in 2011 and 53 more in 2013 (Stobdan, 2014). Until 2007, Bhutan used to seek the advice of India in terms of external affairs but after the updation of Article 2 of 1949 in 2007, Bhutan's DPT government actively worked for creating diplomatic ties with neighbouring countries including Pakistan and China. Consequently, Bhutan gradually started to shift away from its Indian-centric foreign policy that created a distance between Thimphu and New Delhi (Bisht, 2012).

The new democratic Bhutan was seeking all possible ways of economic development for Bhutan. The DPT government wanted to explore foreign policy and reduce the dependency on India. For that, it established diplomatic relations with more than 75 neighbouring and other countries from 2007 to 2013 (Stobdan, 2014). These steps surely created a gap between India and Bhutan, but the real gap appeared in Indo-Bhutan relations when Bhutan's closeness to China increased in 2012 with an agreement for buying 20 buses from China. In fact, Bhutan's Prime Minister Thinley met with Chinese Premier Wen Jiabao in Rio de Janeiro in June 2012. This news triggered apprehension in New Delhi which accused Thimphu of lacking transparency and of developing the practice of keeping India in the dark about things affecting their common security (Stobdan, 2014). Despite this, India again backed Bhutan during the rupee crunch in Bhutan in 2012. During this financial crisis, India again played a big brother role to support Bhutan by providing a 10 billion credit line with an interest of 5 per cent per annum (Bisht, 2012). After the BJP government came into power in 2014, Prime Minister of India Narendra Modi started to strengthen foreign policy with India's neighbouring countries. His first visit was to Bhutan and led to agreements on many issues like security, trade, socio-economic development, education etc. Presently, both India and Bhutan are enjoying a friendly relationship with each other and backing each other in every strategic situation and decision.

## **Conclusion**

Without a doubt, India is a big player in South Asian geopolitics and tries to maintain good relationships with all South Asian nations. However, Chinese foreign policies always try to attract and influence South Asian states by providing loans, grants, development projects, arms and amenities and so on. Evidently, Sri Lanka, Maldives, Pakistan, Nepal, Afghanistan and Bangladesh already have experienced the Chinese development policies and its consequences. These Chinese development policies have also attracted Bhutan, but it has always stood with the government of India and its policies. It has also been observed that Bhutan wants to have its own diplomatic relations independently without any geopolitical pressure

from the neighbouring countries. However, as Chinese influence is increasing in South Asia, Bhutan also may be attracted by such development policies. Bhutan's closeness with China surely creates a distance between India and Bhutan which geopolitically and strategically will be a big loss for India. Therefore, the Indian development model for Bhutan needs to be made flexible and feasible to the benefit of both countries. In addition, India needs to update its foreign policy and development policies accordingly not only for maintaining a healthy geopolitical relationship but also to make a hegemonic stronghold in South Asia. This would be the only counter or response against the increasing influence of China in South Asian neighbouring countries.

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