

Indo-Bhutan Relations Recent Trends*

*Tashi Choden***

Introduction

The Kingdom of Bhutan is often described as being physically small with limited economic scope and military might. In spite of these limitations, Bhutan has earned the reputation of being a peaceful country where the development of threats from militancy, terrorism, and economic disparity within itself has virtually been absent. In this sense, Bhutan has thus far been more fortunate than many of its neighbours in the South Asian region.

This has been in part owing to its self-isolationist policy up until the second half of the 20th century, and the preservation and promotion of a strong sense of identity that has ensured social cohesion and unity. Having never been colonized, nor feeling any direct impact of two world wars and the cold war, Bhutan has been spared the conflicts and turmoil such as that of the legacy of hatred and mistrust generated by the partition of British India into present-day India and Pakistan.

Nevertheless, Bhutanese have historically been sensitive to issues of security with frequent disturbance occurring from internal warring factions prior to unification and establishment of the monarchy in 1907. External threat was present during the 17th and 18th centuries with several failed attempts at invasion from the Tibetans; 19th century Bhutan saw the loss of the Assam and Bengal Duars to British India.¹ As such, preserving its sovereign independence and territorial integrity has always been a matter of great importance for Bhutan.

* This paper was presented in the Regional Conference on "Comprehensive Security in South Asia," Institute of Foreign Affairs, Kathmandu, Nepal

** Researcher, The Centre for Bhutan Studies, Thimphu

By the early half of the 20th century, developments in the Himalayan region prompted Bhutan to re-evaluate the usefulness of its isolationist policy. Within this context, Bhutan began to develop political orientation towards its southern neighbour - nurturing a close relationship with India was one way of enhancing its own territorial security while at the same time enhancing the prospects for socioeconomic development. As for India with its contentious state of relations with China, Bhutan's strategic location between the two ensured the service of a buffer state that could enhance its own security.

The initiation of Indo-Bhutan friendship as it stands today, is credited to the efforts of Indian Prime Minister Pandit Jawaharlal Nehru and His Majesty Jigme Dorji Wangchuck, the third King of Bhutan. Their meeting in the 1950s sparked the dialogue for development cooperation. Looking back over the decades since then, and under the continued guidance of the present king His Majesty Jigme Singye Wangchuck, Indian assistance has greatly expanded in every field of Bhutan's development and socioeconomic growth. To this day, India continues to provide the largest and most diverse assistance to Bhutan among all other donors. Often cited as a "shining" example of friendship and cooperation between a large country and a small neighbour, relations between the two continue to grow at all levels.

I. A Background on Indo-Bhutan Relations

Recorded historic relations between Bhutan and India date back to 747 A.D., when the great Indian saint Padmasambhava introduced Buddhism in Bhutan, which has since then permeated all aspects of Bhutanese life. Aside from such shared cultural and religious heritage, other areas of interaction developed during the British rule in India, which include several Anglo-Bhutanese skirmishes and battles that were consequently followed by treaties and agreements. It was within this period of interaction with the British that trade between Bhutanese and Indians was also recorded to have taken place for the first time (1873).

China's invasion of Tibet (1910-12) and subsequent claims made on Bhutan resulted in the signing of the Treaty of Punakha in 1910 with British India. Although this treaty served to expel any claims that China might have tried to make, it did not define Bhutan's status technically or legally; for the Bhutanese, this was a source of uncertainty over its relations with India at the time that the British rule was nearing an end. After India's independence in 1947, 'standstill agreements' with Sikkim, Nepal and Tibet were signed to continue existing relations until new agreements were made; for Bhutan, its status became clearer following Nehru's invitation for a Bhutanese delegation to participate in the Asian Relations Conference in 1947. Following this, the negotiation for a fresh Indo-Bhutan Treaty started in the summer of 1949.

The basis for bilateral relations between India and Bhutan is formed by the Indo-Bhutan Treaty of 1949, which provides for, among others, "perpetual peace and friendship, free trade and commerce and equal justice to each other's citizens."² The much speculated Article 2 in the Treaty, in principle, calls for Bhutan to seek India's advice in external matters, while India pledges non-interference in Bhutan's internal affairs.

The geopolitical scene in the entire Himalayan region and Indian sub-continent underwent great change following the proclamation of the People's Republic of China in 1949 and the takeover of Tibet by the People's Liberation Army in 1950. These events, plus the presence of Chinese troops near Bhutan's border, the annexation of Bhutanese enclaves in Tibet and Chinese claims all led Bhutan to re-evaluate its traditional policy of isolation; the need to develop its lines of communications with India became an urgent necessity. Consequently, Bhutan was more inclined to develop relations with India, and the process of socioeconomic development began thereafter with Indian assistance. For India's own security too, the stability of Himalayan states falling within its strategic interest was a crucial factor to consider. With border

tensions between India and China escalating into military conflict in 1962, India could not afford Bhutan to be a weak buffer state.

Based on this backdrop, Indo-Bhutan relations began to take on concrete form following state visits made by the third king, His Majesty Jigme Dorji Wangchuck to India, and by Prime Minister Jawaharlal Nehru to Bhutan between 1954 to 1961. Besides emphasizing India's recognition of Bhutan's independence and sovereignty in his public statement in Paro, Nehru's visit in 1958 was also significant with discussions initiated for development cooperation between the two countries.

Formal bilateral relations between Bhutan and India were established in January 1968 with the appointment of a special officer of the Government of India to Bhutan. The India House (Embassy of India in Bhutan) was inaugurated on May 14, 1968 and Resident Representatives were exchanged in 1971. Ambassadorial level relations began with the upgrading of residents to embassies in 1978.

Beginning with India, Bhutan began to diversify its relations in the international community, thereby projecting its status as an independent and sovereign nation. With India sponsoring Bhutan's application for UN membership in 1971, the leaders of the two countries demonstrated that Article 2 of the Indo-Bhutan Treaty was not a restricting factor in the exercise of Bhutan's foreign policy.

II. Areas of Cooperation

Development Assistance and Economic Relations

Planned development in Bhutan began in 1961, with the first two Five Year Plans (FYP) wholly financed by the Government of India (GOI). Over the years, Indian assistance has increased steadily from Rs. 107 million in the First FYP to Rs. 9000 million in the Eighth FYP. Road construction by the Indian Border Roads Organization started in the first FYP

(1962-66); the second FYP (1966-71) focused on public works, education, agriculture and health. While Bhutan's source of foreign aid has diversified significantly since it became a member of the United Nations, India continues to be the major donor of external aid to Bhutan - Indian assistance accounted for about 41 percent of total external outlay during the 8th FYP (1997-2002). Over the last four decades, India has provided assistance mainly in the social sectors such as education and human resource development, health, hydropower development, agriculture, and roads. In addition, India also provides partial or full grant assistance and gradually, economic relations have evolved with cooperation extending towards mutually beneficial projects such as in hydropower development and industrial projects.

These projects are taken up outside of the FYP programmes with many major works awarded to Indian companies. Important projects invested in under Government of India-Royal Government of Bhutan (GOI-RGOB) cooperation include the Chhukha (336MW), Kurichhu (60MW), and Tala (1020MW) Hydro Power Projects; the Penden and Dungsam Cement Projects; and the Paro Airport Project. A Memorandum of Understanding for preparing a detailed project report for the proposed 870 MW Puna Tsangchhu Hydropower Project was also signed between the two governments in September 2003. With the huge Indian market for electricity currently facing domestic supply difficulties, Bhutan has high potential to offer supply relief to India - presently, approximately ninety percent of electricity generated in Bhutan is exported to India, and this only translates to 0.5 of the total demand. Other mutual benefits generated by the Indian assisted and Bhutanese government owned projects include assured business opportunities in the manufacturing and other industries in both India and Bhutan.

Trade and Investment

A new era in Bhutan's foreign trade commenced following the closure of trade routes between Bhutan and Tibet in 1960, and the construction of roads linking the Bengal-Assam

plains to Phuentsholing, and Phuentsholing to Thimphu and Paro in 1962.

Over the period of 1981-2001, Bhutan's exports to India accounted for an average of 86.5 percent of its exports, and imports from India accounted for an average 79 percent of the total imports. Bhutan's main items for export to India are electricity, mineral products, product of chemical industries, base metals and products, and wood and wood products with hydropower generation being the most important area of comparative advantage. Imports from India include a wide range of items including machinery, mechanical appliances, base metals, electronic items, foodstuff and other basic necessities and consumer items.

Besides trade, Indian involvement extends into many other areas of Bhutan's private and public sector activities. In the area of Foreign Direct Investment, Bhutan has so far pursued a conservative policy, and the first and only foreign investor in Bhutan for almost two decades since 1971 was the State Bank of India (SBI). The SBI has worked in collaboration with the Bank of Bhutan (BOB) since its identification as partner in management and share holding in the capital of BOB, in addition to imparting banking expertise. BOB's collaboration with SBI was last renewed on January 1, 2002 for a period of up to December 31, 2006.

In addition, Indian nationals operate a range of small-scale trading and service activities on licenses issued by the Ministry of Trade and Industry in Bhutan. Such ventures include small shops trading in a variety of products like grocery, auto parts and furniture, as well as scrap dealers, distribution and dealership agencies. Indians in Bhutan also run hotels/restaurants, saloons, tailoring and cobbler services. On a larger scale, Indian investment in Bhutan exists in the manufacturing and processing industries, construction, service, engineering, steel and electronic industries, and consultancy. Indian companies such as the Jaiprakash Industries and NHPC carry out major works for

the Tala and Kurichhu Power Projects respectively. Similarly, many other Indian and Bhutanese companies (or joint ventures) benefit from the current requirements of massive power projects and manufacturing industries.

Although there is no in-depth study available on the level of informal trade between the two, it has been noted³ that such activities are tolerated in practice partly because of the open and porous border between Bhutan and India. Another informal but common practice is the operation of a wide range of businesses by Indian persons using the licenses of Bhutanese nationals as indigenous fronts. These include anything from small shops trading in petty consumer items to large-scale investment businesses such as construction.

The prevalence of small-scale Indian investment as well as business fronting is understandably concentrated in southern Bhutan owing to proximity of bordering Indian towns. The border town of Phuentsholing is the center of commercial hub in the country from where the exit and entry of goods as well as travelers largely takes place; the Indian town Jaigoan under Jaipalguri district is “just across the fence” where tailor-made foods suited to Bhutanese needs are especially stocked. Although statistics are not available, it is apparent that the business community in Jaigoan has prospered in large part owing to the level of trading activities with Bhutanese businessmen and other customers. (CBS et al: 2004, pp 79-189).

Labour Relations

Beginning with the inception of development plans in the 1960s, Bhutan’s requirement of semi-skilled and unskilled labour has been filled in by expatriates, particularly Indians, first in road construction and then in other sectors such as mining, agro-based industries and hydropower projects with the shift in development priorities. This dependence sprung from the lack of in-country experience and skills in road construction as well as technical skills and equipment. Indian personnel and labourers were recruited in large numbers,

mainly from neighbouring Indian states. While Indian labourers found employment on Bhutanese roads, Bhutanese labourers (who were mostly farmers) were spared the sole brunt of undertaking the construction works. Currently, the public road maintenance is entrusted mainly to Project Dantak⁴, and at any given time it has an average 2000 Indian labourers working on roads in various parts of Bhutan.

Considering that the modern system of formal education in Bhutan was initiated only after 1955, and that it was a few decades before the first generation of qualified Bhutanese entered the civil service, many Indian personnel were recruited by the Bhutanese government to fill in administrative posts and others related to development programmes in the 1960s. While Bhutanese nationals have gradually replaced Indians in these posts, many continue to serve in both public corporations and the civil service to this day.⁵ However, a turning point has come where the successes of modern education have helped to gradually replace Indian expatriates in various professions such as teaching, health and medics, engineering, accounting and administration.

Additional Areas of Cooperation

India's assistance towards Bhutan's security and defense arrangements, specifically in training and equipping the Royal Bhutan Army, was prompted by several factors that include Bhutan's location in India's strategic defense system, the Chinese occupation of Tibet, the 1962 border war between India and China and perception of increasing Chinese threat. Besides training and courses for army personnel conducted by the Indian Military Training Team (IMTRAT) in the past, Bhutanese army cadets continue to be sent to the National Defense Academy (NDA) in Pune, and the Indian Military Academy (IMA) in Dehra Dun, India. The presence of IMTRAT can be seen when one travels between the districts of Paro, Haa and Thimphu in western Bhutan. The headquarters of the IMTRAT in Bhutan is located in Haa District, which is adjacent to Tibet's Chumbi valley. Its establishment in Thimphu includes the Friendship Hospital, locally called the

IMTRAT hospital, which offers invaluable services to Bhutanese patients as well. In addition to building schools and hospitals in the country, an important defense consideration has been the construction of extensive roads by India's Border Roads Organization, called Project DANTAK in Bhutan.

The benefits of Indo-Bhutan relations are also prominent in other areas such as education and culture where there is a high level of interaction. The Indian government provides about fifty scholarships annually to Bhutanese students for their higher studies in India. A significant number of Indian teachers contribute to education in Bhutan with many of them posted to teach in remote areas in Bhutan. In addition, Sherubtse College in eastern Bhutan has developed into a premier institution for tertiary education in Bhutan with its affiliation to the Delhi University in India. The exchange of cultural troupes and artists between Bhutan and India has also become a regular activity under the bilateral cultural exchange programme. In 2001 a cultural exhibition titled, "The Living Religious and Cultural Traditions of Bhutan" was hosted by the Indian government at New Delhi and Kolkata; consequently, a six-month Festival of India was held in Bhutan from June to November 2003 – the main purpose of these initiatives has been to strengthen the ties of friendship, and to create awareness among the people of the many areas of commonalities between the two countries.

Other areas of cooperation include bilateral civil aviation dating back to 1983 when Bhutan's national airline Druk Air, began commercial operations to India with flights from Paro to Calcutta and later from Paro to Delhi in 1988. An Air Services Agreement signed with India in September 1991 granted Druk Air Fifth Freedom Rights; following a new commercial agreement in May 1998, these Rights were provided on concessional terms. A Government of India notification that same year qualified Druk Air to avail of fuel at bonded rates, and its fuel continues to be supplied by the Indian Oil Company. By 2000, Druk Air was also granted

permission to use Bagdogra as a diversionary airport for refueling, technical halts and during bad weather conditions. With permission from the Department of Civil Aviation in India, Druk Air inaugurated flights on the Paro-Bodhgaya sector on 11th November 2003, thus offering services to Bhutanese making their annual pilgrimages.

In the international fora too, India and Bhutan can be seen to be supportive of each other. While Bhutan has not always voted identically with India on every issue, thereby expressing its own choices, it has maintained a consistent pattern of support to India on many occasions and significant issues. To name a few, these include the vote on the Comprehensive Test Ban Treaty (CTBT), the establishment of Nuclear Weapons Free Zone in South Asia, India's aspirations to be a permanent member of the UN Security Council, India's candidature to various international bodies, negotiations in the WTO, and the importance of India in the success of SAARC. ⁶

A strong tradition of official visits at various levels has further enabled views to be exchanged and areas of cooperation to be enhanced between the two countries. Besides everyday people-to-people contact at the informal level, ministers, parliamentarians, civil servants as well as representatives of the business community all make regular official visits. His Majesty King Jigme Singye Wangchuck himself has made at least fourteen visits to India since 1971, with the most recent one being in September 2003.

III. Some Issues of Concern

While India and Bhutan share an extraordinarily warm friendship, issues such as the state of relations with China continue to be a cause of some concern to both countries. Considering the importance of Bhutan's economic relations with India, the liberalization policies in India and its implications for Bhutan is an additional development to take into account. More recently, the illegal presence of militants using Bhutan as a base and hideout while rebelling against

the Indian government resulted in the Bhutanese army taking military action to flush out the insurgents.

Relations with China

In light of the contentious state of Indo-China relations, it is no secret that Bhutan with its strategic location figures into India's security interests. Therefore, whatever course Indo-China relations may follow in the future, it is likely that these bear implications for Indo-Bhutan relations as well. While it may not be realistic to expect that Indo-China relations will normalize in the immediate future, it is not something that should be considered impossible over the course of time. Some confidence building measures are being taken by both sides, for example by discussing the boundary issue, with regular exchange of high level visits, and with agreements made to enhance cooperation in areas such as culture, trade, science and technology. In the long term, normalization in Indo-China relations and consequently, the degree to which strategic considerations influence India's policy towards Bhutan is a possibility that should be considered. And even as current geo-political and geo-economic realities ensure that India will continue to be one of the most critical elements in Bhutan's foreign relations, Bhutan has to consider the reality of China to its north. As such, Bhutan maintaining friendly relations with China without undermining its own relations with India is a challenge that deserves careful consideration.

India's liberalization policies

Up until the 1990s, Bhutan has enjoyed more or less protected status in its trade relations with India. With economic liberalization on the rise in India, however, Bhutan is facing a gradual loss of this status, and unless Bhutanese industries are able to remain competitive they could lose their market share in the increasingly open market in India. Bhutan has already felt the impact of the reform in India's subsidy policies that has resulted in a gradual phasing out of subsidies and a decrease in its budget for assistance to

Bhutan. Bhutan will also have to face the effects that would be brought on by India gradually moving toward privatizing its power, petroleum and other traditional public sectors.

Military operations against Indian militants

Over the last decade or so, the illicit establishment of camps by the United Liberation Front of Assam (ULFA), National Democratic Front of Bodos (NDFB) and the Kamtapuri Liberation Organization (KLO) militant outfits⁷ in the dense jungles of south-east Bhutan has been a matter of great concern and security threat for Bhutan. In addition to hampering businesses and the implementation of development activities in many parts of the country, the presence of these militants was a potential cause of affecting the friendly relations enjoyed by Bhutan and India.

In consideration of the close ties between Bhutan and India, and recognizing that the militants (despite their actions) are nonetheless Indian citizens from the neighbouring states of Assam and West Bengal, the Bhutanese government repeatedly urged the militants to leave the country peacefully. But in spite of the Bhutanese government having spent almost six to seven years to find a peaceful solution⁸ to the problem, it was apparent by the last months of 2003 that the militants had no real intention of leaving Bhutan until their own objectives had been fulfilled⁹.

In December 2003, with the talks with the ULFA and NDFB having failed, and the KLO not even responding, the Bhutanese government's repeated attempts at a peaceful solution came to an end. On the morning of 15th December 2003, the Bhutanese army finally launched military operations to flush out the militants. Even as security forces took over all thirty of the militants' camps into the second day of offensive, the combing process and the implications of the operations have brought forth the reality, that the long spell of peace and tranquility that has been the proud inheritance of the present Bhutanese generation can no longer be taken for granted. (CBS et al: 2004, pp 79-189)

Although the operation was considered successful, Bhutan has come to realize the need to be wary of possible repercussions following such an action. Having long kept the military option at bay in consideration of possible retaliation against Bhutanese from the militants as well as their relatives and supporters from Assam, Bhutanese have recently had to be much more cautious than usual while traveling through Indian territory.¹⁰

Concluding Remarks

Aware of its small size, lack of advanced technology and military defense capabilities, Bhutan has had to rely on alternative security measures such as “national identity for cultural cohesion, and neutrality to renew its long-term security”¹¹ An added bonus to this strength has been its natural location in the Himalayas along the lines of India’s strategic security interests, and consequent prospects for internal growth.

However, such a location has been a factor not only of strength but also its vulnerability. Being a landlocked, mountainous country, Bhutan’s trade routes and access to the sea pass through India and it is thus largely dependent on the latter for its economic security. While Bhutan has diversified its political and economic relations and has attained a good level of socio-economic development, the reality of its position and shared borders with India means that destabilizing elements from external sources continue to pose threats to its stability. These have been evident from the spillover effects of militancy from Assam, and of cross-border economic migration driven by regional poverty.

As the world globalizes and traditional barriers are broken down, Bhutan too is being swept into the process. Along the way, its traditional strongholds of national identity and cultural cohesion will continue to face increasing challenges, just as its long spell of internal peace and tranquility was challenged by issues manifesting out of regional situations

like poverty, economic migration and militancy.

As Bhutanese, however, one can take pride in the fact the leadership, in particular the present king, has guided the country along a unique development path of its own without submitting incorrigibly to external influences. And while the illicit presence of the ULFA-NDFB-KLO militants on Bhutanese soil was a shared concern of both India and Bhutan, Bhutanese leaders were clear on their stand that such immediate security threat to its sovereignty would be taken in its stride. Thus, the military operations launched by the Bhutanese army to flush out the militants in December 2003 not only provided assurance of Bhutan's capability to safeguard its own security, it was also another commitment made toward the maintenance of strong Indo-Bhutan ties.

Ever since Bhutan and India embarked upon the road of friendship and cooperation, the two countries have demonstrated that a journey of peace and mutual benefit between two neighbours can be pursued, even in a region where the level of economic disparity, terrorism and conflict is high. We can perhaps look at such a relation as a model of friendship and cooperation between close neighbours.

References

- DADM (2001). *Development Towards Gross National Happiness* (Main Document, 7th RTM), Thimphu: Department of Debt and Aid Management, Royal Government of Bhutan.
- Hasrat, B. J. (1980). *History of Bhutan: Land of Peaceful Dragon*, Thimphu: Education Department, Royal Government of Bhutan.
- Kohli, Manorama (1993) *From Dependency to Interdependence- A Study of Indo-Bhutan Relations*, New Delhi: Vikas Publishing House.
- Kuensel* (2001). Editorial, 9 June, Thimphu.
- Mathou, Thierry, "Bhutan-China Relations: Towards a New Step in Himalayan Politics", in *Papers Submitted for the International Seminar on Bhutanese Studies*, August 20-23, 2003, Thimphu: The Centre for Bhutan Studies, pp.174-188.
- CBS et al (2004). "Economic and Political Relations Between Bhutan and the Neighbouring Countries", in *Sub-Regional Relations in the Eastern South Asia: With Special Focus on Bangladesh and Bhutan*. Joint Research Program Series No.132, Chiba, Japan: Institute of Developing Economies-Japan External Trade Organization (IDE-JETRO).
- Parmanand (1998). *The Politics of Bhutan*, Delhi: Pragati Publications.
- Planning Commission (1999). *Bhutan 2020: A Vision for Peace, Prosperity and Happiness*, Thimphu: Royal Government of Bhutan.
- Planning Commission (2000). *National Accounts Statistics 1980-1999*, Thimphu: Central Statistical Organisation, Royal Government of Bhutan.
- Planning Commission, Five Year Plan Documents (1st, 2nd, 3rd, 4th, 5th, 6th, 7th, 8th and 9th Plans), accessed at < <http://www.pcs.gov.bt/> on 7-6-2003.
- P.R. Chari ed., (1999). *Perspectives on National Security in South Asia: In Search of a New Paradigm*, Delhi: Manohar Publishers and Distributors.
- Sonam Kinga (2002). *Changes in Bhutanese Social Structure: Impacts of Fifty Years of Reforms (1952-2002)*, Chiba, Japan: Institute of Developing Economies.

Ura, Karma. 2002. "Perceptions of Security" pp 59-79, in Dipankar Banerjee ed., *South Asian Security: Futures*. Colombo: Regional Centre for Strategic Studies, Sri Lanka.

Yadav, Lal B. (1996). *Indo-Bhutan Relations and China Intervention*, New Delhi: Anmol Publications.

¹ Ura, Karma. 2002. "Perceptions of Security" pp 59-79, in Dipankar Banerjee ed., *South Asian Security: Futures*. Colombo: Regional Centre for Strategic Studies, Sri Lanka.

² As quoted on the website of the Indian Embassy in Bhutan at <<http://www.eoithimphu.org/indo.html>>

³ The study on *Economic and Political Relations between Bhutan and the Neighbouring Countries* (CBS et al: 2004) notes that much of the informal trade are not considered illegal economic activities, but more as 'extra-legal' trading; informal trade is described here as those that are unregistered, unlicensed, and not recorded by the government.

⁴ An organization of the Indian Border Roads Organization

⁵ In 2002, there were a total of 11,499 Indians working in 30 Indian companies undertaking joint ventures in Bhutan. There were also 734 Indians working in 24 different public corporations. In the civil service, Indians number 871 of which 128 are regular employees and 734 contract employees. Nearly 84% of them are teachers in Bhutanese schools. As of August 2003, the total number of regular Indian employees was 32,776. (CBS et al, pp 79-189)

⁶ CBS et al, pp 79-189.

⁷ The ULFA, fighting for the independence of Assam, NDFB, fighting for an independent state of Bodoland, and KLO, fighting for an independent state of Kamtapur had an estimated 1560 militants in 13 camps, 740 militants in 12 camps, and 430 militants in 5 camps respectively, as reported by Bhutan's Home Minister to the 81st session of the National Assembly prior to the launch of military operations in December 2003.

⁸ The issue was deliberated extensively in successive sessions of the National Assembly - the 77th session in 1999 passed a three-point resolution to make the militants leave peacefully: steps would be taken to stop rations and supplies from reaching militant camps; any Bhutanese or Indian national helping militants on Bhutanese territory would be prosecuted under the National Security Act; and the government would hold talks with the leaders of the militants to reach a peaceful solution.

⁹ Prior to the final round of talks with the militants in December 2003, the Bhutanese government had held four rounds of talks with

the ULFA, reaching an agreement during the 3rd round that camps would be removed and their cadres reduced in phases; however, camps were soon relocated and cadre strength increased. In two rounds of meeting with the NDFB, they gave no commitment to leave Bhutan and thereafter refused to come for further talks; as for the KLO, correspondences made by the Bhutanese government to remove their camps were flatly ignored, and talks scheduled to be held with a high-level delegation was instead attended by junior level leaders of the outfit.

¹⁰ Trade routes to at least twelve of twenty districts of Bhutan have to pass through Indian territory in Assam.

¹¹ Quoted from Karma Ura's "Perceptions of Security" pp 59-79, in Dipankar Banerjee ed., *South Asian Security: Futures*. Colombo: Regional Centre for Strategic Studies, Sri Lanka, 2002.