

CRISES, VULNERABILITY & POVERTY IN SOUTH ASIA

Peoples' Struggles for Justice and Dignity

Country Report 2013

BHUTAN

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Bhutan¹
Country Report
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Introduction

Bhutan is an agrarian country with 69% of the total population dependent on Agriculture, Horticulture and Animal Husbandry. Its total land area is about 46,500 square kilometers, of which 8% is under agriculture use.

Bhutan is a picture post-card country with many fast flowing rivers. Bhutan has prudently tapped its hydropower resources for electricity generation. Its current installed capacity is about 1,500 megawatts; another 3,500 MWs capacity projects are under construction. Economically exploitable hydropower potential is estimated at 23,000 MW.

Bhutan's 72.5% of the total land area is under forest cover. Timber logging is judiciously practiced with optimum caution for environmental sensitivities. Non-metallic minerals, namely limestone, dolomite and gypsum are mined for cement production and export. Monsoon rains are reported to cause downstream damages in the Indian tea estates because of limestone and dolomite mining in Bhutan.

Tourism is a promising sector for Bhutan. The natural beauty coupled with colorful culture and tradition of the Bhutanese people is attracting tourists from all over the world. Tourist industry is at fledging stage. Bhutan allows only package tour, which costs USD 200-250 per day at the minimum. This rate does not apply to SAARC countries; there is huge market potential for tourists from India and Bangladesh.

India is Bhutan's main trading partners. Bhutan imports most of its essential items and construction materials from India, and exports primarily horticulture produce, timber, hydroelectricity, minerals and tourism. Bhutan is in the process of developing commercial

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organic farms targeting the high-end consumers in India. More recently, Bangladesh and Nepal are also emerging as potential trade partners. The northern boundary which borders People's Republic of China is not open for trade and transit.

Bhutan has made tremendous progress towards achieving the UN millennium goals. It has focus at health, education, sanitation, electricity and rural water supply. It is expected to achieve the millennium development goals at least one-year ahead of 2015 deadline.

Despite these phenomenal achievements Bhutan is faced with development related diseases as elsewhere in the world. It is reeling under corruption, nepotism, crony capitalism and the widening gap between the top 10% and bottom 10% income brackets in gini income index. The lacunas for these shortcomings are attributed to the lack of democratic culture, freedom of press and independence of the Judiciary.

Poverty

Despite the tall claim by Bhutan government for achieving the millennium development goals, poverty does exist in the rural areas. It is reported that the rural poverty is about 30% and the urban poverty is about 1.5%. According to the statistical bureau of statistics, about 22% of the population in the country spends Nu 1100 per month, which is not adequate to provide calorie intake of 2,124 Kcal per day. The incidence of poverty is the highest in Samchi, followed by Monger, Gasa and Shemagang dzongkhags.

Contribution of agriculture is little more than one-third in the gross domestic product. Cereal crops, cash crops and horticulture crops are produced in Bhutan. There is a diminishing trend in agricultural production because of rural-urban migration. In the remote areas traditional methods of farming is still in practice which is labor intensive, and crop yields are not commensurate to the opportunity cost of efforts. The pockets poverty in the rural areas is because of remoteness from the market, lack of infra-structures for marketing, ignorance of the farmers about the benefits of good agricultural practices.

Economic Development

Bhutan is a donor dependent country. Therefore, the time and speed of alleviation of poverty depends upon the generosity of the International community. As recently as on 2nd October 2012, the World Bank approved USD 36million to reduce the incidence of poverty in Bhutan. Likewise

there are WFP, UNDP, UNICEF and other bilateral donors helping Bhutan in the process of socio-economic development. India, which used to be the lead donor, has shifted its focus at infrastructure development, primarily in harnessing hydropower resources. Bhutan's electricity supply is integrated with India's national grid. It exports 88% of total electricity production to India.

The World Bank reports gross domestic production of USD 1.732 billion for 2011 with per capita income of plus USD 2,000. This income level may make a whopping jump by 2030 if Bhutan tapped fully the economically exploitable hydropower potential of 23,000 MW and use the earned revenue from electricity sale for the development of tourism and other sectors in the economy.

Today, Bhutan is considered a lower middle income country with good educational and health infrastructure base for sustained socio-economic development. It is considered a darling country for development assistance, despite the gross violation of human rights of ethnic Nepali people in South Bhutan. Switzerland, Austria, Denmark, and more recently Japan, have emerged as the key development partners in Bhutan, replacing the traditional space reserved for India.

Youth unemployment and trade balance with India are emerging as the key concerns for Bhutan government. The government has significant trade imbalance with India, it continues to face rupee crises to maintain comfortable balance of payments with India, and its external debt is about USD 1.3 billion. Overseas employment and tourism are some of the options for the young and restless Bhutanese. The country has limited industrial base and it has limited capacity to create remunerating jobs in the economy.

Every year 100s of youths are graduating with college degrees with ambition to have a standard of living as compared with the privileged groups in the royal civil service. The management of unemployed youths and narrowing down the trade balance with India would be a tight-rope walking for the government. Bhutan has shown remarkable maturity in managing the economy in the past; it will require re-engineering of economic diplomacy and institutionalization of the fledgling democracy to keep the tempo of economic growth of the past, which was recorded at 8% on the average.

Security

Bhutan's diplomacy has worked thus far but it is difficult to predict about the kind of success it had in the future. It has continued to maintain the image of the Shangrila Nation: the King promoting the concept of gross national happiness, and the red-robe wearing monks chanting "Om Mane Padme Hoo" for welfare of all the sentient beings.

Bhutan does not practice what is said in public. Cultural identity, freedom of press and equal treatment to all citizens are said to be some of the core components of gross national happiness. In fact, the people of Nepali ethnicity are denied rights to practice their own culture, learn their own language, and 80,000 individuals are kept in suspense, denying them with national identity cards, which mean depriving this group access to education, health and other rights and privileges available to Bhutanese citizen. The people of Nepali ethnicity are not yet integrated under the purview of gross national happiness!

The international community has overlooked the calibrated ethnic cleansing policy of Bhutan government in exchange for donor friendly environment. Bhutan managed to silence the Indian voice in exchange for development of hydro resources in Bhutan despite the fact that refugees had to travel through India to take refuge in the UNHCR organized camps in Nepal. In total there were 110,000 Bhutanese refugees in Nepal out of the total population of hardly 700,000 in Bhutan.

The international community under the leadership of the United States of America decided to airlift almost the entire Bhutanese refugee population in Nepal, and to date more than 75,000 individuals are resettled in overseas countries, notably USA, Australia, Canada and European countries. These resettled refugees are busy adjusting in the new environment; retooling themselves for jobs, and focusing at education of their children. Once that phase is over they could start a search for their identity, which may mean resurgence of political activities in Bhutan.

Of the total 110,000 refugees in the camps perhaps 10,000 to 15,000 are unlikely to seek third country resettlement option. Together with them are the activists' leaders who have their own organization with membership spread around the world. The examples are not far to see when resource starts flowing. Bhutan cannot afford repeat of Northern Sri Lanka situation in South Bhutan, which has been already sensitized since the early 1990s because of the presence of Northeast militants.

In the past there had been sporadic incidences of militancy in South Bhutan either by miscreants across the border or by organized outfits from Nepal. Bhutan Communist Party, United Revolutionary Front of Bhutan and Bhutan Tiger Force had made several attempts to get a foothold in the Bhutanese territory. More recently Bhutan United Socialist Democratic Party (BUSDP) has announced armed revolution in Bhutan starting from 8th July 2011. There had been occasional report of killing and kidnap in the country with the objective of spreading physical and psychological fear in the minds of Bhutanese people. The militant groups from northeast India have again become active in south Bhutan. Bhutan could may again face a major security problem if the northeast militants joined hands with BUSDP or other radical groups to wage hit-and-run struggle in South Bhutan.

Also, Bhutan has not recovered fully from the trauma of operation “All Clear” in 2003. Since then no Bhutanese vehicle ply freely on the linking roads in India with Bhutan border. *Jawans* of *Sema Suraksha Bal* (SSB) escort Bhutanese vehicles plying from the main exit points in Bhutan to the National Highway in Assam. There are occasional reports of kidnapping and murder of Bhutanese people in the adjoining areas with Bodoland Territory in Assam.

The Bhutan-Nepal dialogue has not taken place since 2003 after the scuffle with JVT members in Khudunabari camps. The international community has not yet paid attention at the importance of finding an amicable solution of this political problem although they have done a great service on humanitarian grounds for giving temporary relief to Bhutan and the Bhutanese refugee community.

Prolonging of the refugee issue should not be in the interest of anybody and the international community may regret later not pushing hard Bhutan to bring a political solution guaranteeing the cultural rights of ethnic Nepali Bhutanese and repatriation of those refugees who are unwilling to opt for third country resettlement.

Freedom and Democracy

Bhutan had first adult franchise election in 2008. The next election is due in 2013. So far the remote control of the power is retained within the royal family circle and most of the cabinet ministers are either from the earlier regime or protégé of the regime. There are two cabinet ministers from the Lhotsampa community, one from Samchi and the other from Sarbhang. The

proportional representation of ethnic minority either in the parliament or in the cabinet council has not been yet in practice.

Bhutan's constitution permits two-party systems, one in the ruling and the other in opposition. There are two rounds of election: primary and final. In the primary election many political parties could contest, but the two which score the highest and the second highest are permitted to contest in the final round. The election is selection of two parties for the final round. There is a provision for government budget for election campaign. Fund raising is not permitted either within the country or from outside. In the previous election the ruling party had made landslide victory.

The media is still under the control of the government. Civil society does not exist; hardly any NGOs are functioning with fundraising from outside the country. Royal family members fully control non-governmental organizations. The state controls to large extent the freedom of press, and there are no institutions which can speak their minds with regards to minority rights. The Nepali language is not taught in the schools, and *Sanskrit pathshalas* are not allowed to function properly.

More recently the government has relaxed its hostile attitude towards the people of Nepali ethnicity. The children are permitted to attend schools; development works are again back in South Bhutan. Reportedly, King Jigme Gyaser Wangchuck travels around the country and examines citizenship issue of Nepali Bhutanese on case-by-case basis. It is yet to be seen whether the efforts are an eye-wash to the international community or genuine initiative to bring back the Nepali Bhutanese community into the mainstream Bhutanese society.

Obviously, it is a leap forward in political reforms in Bhutan as compared to what it was in the early 1990s. The pending issues are the repatriation of willing refugees from the camps, status of the third country resettled population, addressing the issue of Nepali language and culture and political space to the exiled dissident organizations.

Conclusion

Bhutan has many challenges to overcome. Bhutan needs to focus at addressing the issue of Bhutanese refugees in Nepal and elsewhere in the world, institutionalizing the democratic culture in management of the political system, control on corruption and nepotism, and narrowing down the gap between the richest population in the top 10% income bracket and the poorest population

in the bottom 10% income bracket. Creation of employment opportunities for the youths and winning the minds and hearts of the traumatized Nepali population in the south are the difficult challenges of the future. Repatriation of willing refugees to Bhutan and recognition of resettled refugees in overseas countries as Non-Resident Bhutanese would be a way forward in finding an amicable solution of this political problem.

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