

A Comparative Analysis Of Social And Economic Development Indicators In India And Bhutan

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Keywords: Trade Relations, Country's Growth, Moral Values, Environmental Concerns	ABSTRACT The friendship between India and Bhutan is not a new one. Apart from sharing a common boundary, the two nations share a history of rich culture and heritage. There exists friendly relation between Bhutan and India as per bilateral treaty of 1949. Both India and Bhutan being one of the founder members of the SAARC, they try to promote meaningful bilateral and multi- lateral trade relations. The friendly relations between the two countries have been going on since long and are strengthening further with the passage of time. However, the two countries differ in their outlook towards growth and development in the modern times. India is doing well as far as attracting foreign investment is concerned but Bhutan is strengthening its culture, working towards a healthy, happy and a clean environment. They believe that without happiness, moral and ethical values economic growth is just a number and wouldn't last long. Their approach to development is a more balanced one. Instead of the 3 P's of India (Public Private Partnership) their focus is on People Progress and Participation. What needs to be learnt from one another are ways of economic achievements which are concentrating on societal, moral and ethical values and how important in today's time is the need to take preserve the rich roots of one's own culture. Going by the strategic location of these two countries, good governance is required to achieve social and economic goals domestically and to achieve the growth targets in this era of increased globalization and privatization. Research Methodology: The trading history of the two nations is compared based on secondary data collected from the Embassy of India, in Thimpu, Bhutan. The indicators used for understanding the growth aspect of the two nations, are GNI Per Capita, HDI and GNH. The source used for the same would be World Bank Data reports for the year 2014-15. The other sources for making comparisons based on social factors are The SAARC Reports, 2013& the UNDP Human Development Reports, 2016. The data taken from the World Happiness Report, 2017, will be studied and analysis of the reasons behind the social and economic indicators will be put forth.
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"Bound by common interests and shared prosperity, India and Bhutan enjoy a unique and special relationship, which has been forged by ties of geography, history and culture. Therefore, Bhutan as the destination for my first visit abroad as a Prime Minister is a natural choice. Relations with Bhutan will be a key foreign policy priority of my government."

Prime Minister Sri Narendra Modi

INTRODUCTION :

The friendship between India and Bhutan is not a new one. Apart from sharing a common boundary, the two nations share a history of rich culture and heritage. Bhutan and India as per bilateral treaty of 1949. Both India and Bhutan being one of the founder members of the SAARC, they try to promote meaningful bilateral and multi- lateral trade relations. The friendly relations between the two countries have been going on since long and are strengthening further with the passage of time.

INDIA-BHUTAN TRADE

World's India-Bhutan Trade & their Transit Agreement was established in 1972 under a free-trade regime between the 02 Asian countries. This agreement also provided for the duty-free transit of exports to Bhutan to third or other

countries. In 2015, bilateral trade reached Rs/Nu. 8,550 cr. Imports from India were Rs/Nu. 5,374cr which constitutes 79% of the total imports done to Bhutan. The exports of Bhutan to India including electricity constituted 90% of the total exports. (Indian Embassy, Thimpu, Bhutan)

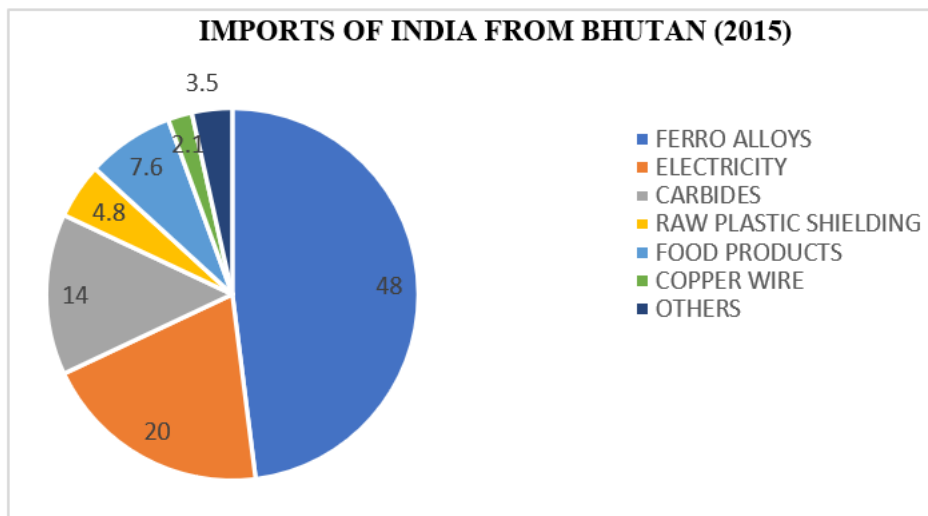
TABLE 1: INDIA-BHUTAN TRADE

Particulars	2013 (Rs. Cr)	2014 (Rs. Cr)	2015 (Rs. Cr.)
Exports to Bhutan (Import from India)	4389	4785	5374
Exports to Bhutan from India as a % to Bhutanese import	82.4%	84.1%	79%
Imports from Bhutan (Exports to India) (Rs. Cr)	2898	3180	3180
Imports from Bhutan to India as a % to total Bhutanese export	91%	89.4%	90.3%

Source: Indian Embassy, Thimpu, Bhutan

Bilateral based trade with Bhutan is conducted in INR or we can say in Indian Rupees, which has full convertibility to Bhutanese Ngultrum at par. The main export from Bhutan to India is Electricity, which accounts for 1/3rd of its exports. Bhutan also exports cardamom and is trying to sell off-season vegetables in India. Bhutan sources majority of its import requirements from India.

FIGURE 1



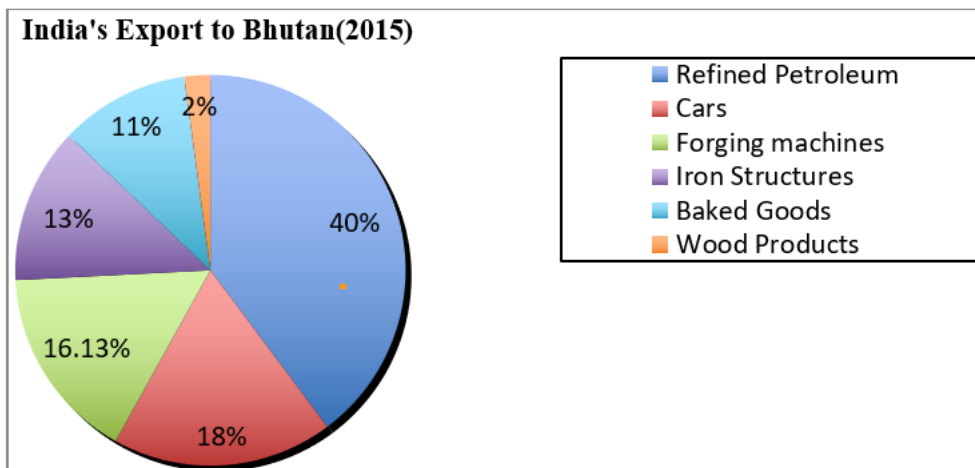
Source: MIT Atlas

Out of all these imports, the ones that are most talked about are: Electricity and Organic foodstuffs. Out of the electricity much of it comes in the form of hydropower. The backbone of India-Bhutan cooperation is Hydropower development in Bhutan. To build hydropower projects, India is helping Bhutan by providing finance, grants and loans, technical support to design and construct the projects. In return Bhutan exports its surplus power to India. Thus, India is able to get cheap power from Bhutan.

“Cooperation in the hydropower sector between India and Bhutan is a true example of mutually beneficial relationship, providing clean electricity to India, generating export revenue for Bhutan, and further strengthening the bilateral economic linkages. The two countries have successfully concluded several power sharing agreements.”

Bhutanese Embassy, New Delhi, India

FIGURE 2



Source: MIT Atlas

Bhutan, a majorly agrarian economy has most exports coming from its neighbor India with major exports being refined petroleum and cars. On the other hand, major imports of India from Bhutan are ferro-alloys and electricity. Both the countries try to gain from this mutually advantageous bilateral trade and the friendly relations get further strengthened. Bhutan utilizing its rich natural resources of rivers generates revenue for itself and electricity for India and India leaves no stone unturned to urbanize Bhutan by offering metals, tools, machinery, equipment and cars. Although, in production of hydropower, textiles & herb-based pharmaceuticals. Bhutan has comparative advantage but it lacks in capital, the technical expertise & technology. India on the other hand, is enhancing its capabilities in the field of technology, skill-based training, technological knowhow and IT enabled services. However, India lacks hydropower, organic products (herbs and vegetables) which can be traded from her friendly neighbor Bhutan.

GROWTH PATH

The indicators GNI per capita, HDI and GNH helps to analyses these two countries progress on their respective growth paths and what lessons can be learnt from each other. GNI of a country records the total domestic & its foreign output claimed by the country's residents & its a better indicator of the actual standard of living of the people of the country than the GDP of the country. GNI per capita shows the average income of country population. It is derived by dividing national income by total population of the country. The objective of choosing GNI per capita in the present article is since it is closely linked with other indicators it is able to measure the wellbeing of the country's population.

GNI PER CAPITA

TABLE 2: GNI PER CAPITA

Economy	Atlas Method (U.S Dollars)	Ranking	PPP Method (International Dollars)	Ranking
Bhutan	2,380	158	7,630	143
India	1,590	170	6,030	152

Source: World Development Indicators Database, World Bank, 28 April 2017

GNI Per capita of Bhutan is higher compared to India. According to the SAARC Group of Statistics, GNI is closely linked to the economic, social and environmental health of its people. A look at some indicators shown in Table 3 shows that reasons of higher per capita GNI of Bhutan as compared to India are low population growth rate, higher expenditure on health and education as % of GDP.

TABLE 3: SOCIAL INDICATORS

Indicator	Bhutan	India
1.Population Figures		
Population (in 000)	720	1210193
Population Growth Rate (%)	1.7	1.6
Population Density	18.8	382
Sex Ratio	109.1	94
Crude Birth Rate	20.4	22.1
Crude Death Rate	6.9(2005)	7.2
Total Fertility Rate (TFR)	2.4(2005)	2.5
Life Expectancy at birth, Males	62.6	72.6
Life Expectancy at birth, females	67.8	64.2
2. Child & Maternal Health care		
Infant mortality (per 1000 live births)	61.5	59
Underweight children under 5 years (%)	18.7	42.5
Maternal Mortality Ratio (Per 100000 live births)	200	212
3.Health Care and Resources		
Total health expenditure as a % of GDP	5.5	4.1
4.Education & Literacy		
Net enrolment rate in primary education %	95	98.3
Survival rate to last grade of primary education (%)	94	78
Education Expenditure as a % of GDP	4.8	3.1

Source: SAARC in figures, SAARC Group on Statistics, 2013

Table 3 shows the various social indicators of the two countries and the comparison is clearly indicating the stark difference in the way of living of the people of the two nations. It is undeniable that India faces many constraints in meeting its social targets because of the huge population pressure on its land and capital resources. However, with limited land and even more limited capital resources, Bhutan is doing a comparatively better job at meeting its social commitments.

Sex Ratio shows a stark variation in both the countries which clearly indicates that the place of women in the society of Bhutan is much more respectful and dignified than that in India. Life expectancy at birth for females, is not only more than that of males in Bhutan but higher than India reiterating the stark divide and unequal treatment of women in India. The health indicators also show a better picture of the Bhutanese citizens, where the maternal deaths are lower and so are the infant deaths as compared to India. The health expenditure of Bhutan as a % of its GDP is more than India. The education sector also shows results favoring Bhutan. Though in primary education the net enrolment rate is higher in India & the rate of survival to the last grade of basic primary education shows the stability in the social and education structure of Bhutan. These figures, give us a clear picture that somewhere in the economic progress and the urge to become technologically advanced, well equipped, globalized in every sense, there is something being lost by India which is much more precious than the gains of economy being reaped by Indians.

HDI (HUMAN DEVELOPMENT INDEX)

HDI, which was a tool developed to focus on the people and their capabilities, should be one of the major factors for assessing the development and welfare of a country, and not economic growth and progress alone. To calculate the HDI means to take a summary evaluation of the average achievements in main areas & dimensions of various human development such as Long & healthy life, being aware, having knowledge & having a basic & decent way of standard of living. Various tools to measure the education, health dimension is taken such as mean years of schooling and GNI per capita and so on. When the HDI of the two countries is compared, it is seen that both countries fare relatively same with a difference of only 1 ranking point between them.

TABLE 4: HDI RANKING OF INDIA AND BHUTAN

Year	Country	HDI	Ranking
2016	India		131
2016	Bhutan		132

Source: UNDP, Human Development Reports, 2016

India ranks better than Bhutan due to the trade flows and the technical expertise it possesses. According to a press release from UNDP, "Bhutan's Human Development Index (HDI) increased by six percent while the life expectancy at birth increased by 17.4, the mean years of school by 0.8 years and expected years of schooling by 7.1 years. Gross National Income per capita also increased by 236.2 percent between 1990 and 2015".

India on the other hand, slipped by 1 rank from 130 to 131. Among the SAARC nations it ranks 3rd in HDI only after Sri Lanka and Maldives. The report praised of Indian National Reservation Policy and remarked that it had a positive effect in education of the children and as well as higher education for the youth. It also hailed the MGNREGA employment guarantee scheme of India saying that it is a 'prime example' of where social security measures encloses proper employment strategies. However, South Asian countries have highest gender gap in the world with female HDI value 20% lower than male HDI. It shows us that both the countries realize the importance of the social indicators and are working towards the social security of their citizens. However due to so many constraints faced by these countries geographically, geo politically, internally the progress has been slow and not so steady. What needs to be now understood is how the Government can work towards a better and more sustained and a happy environment so that apart from the economic progress, social progress is also evaluated. In this case, Bhutan's GNH gives a cleared and an appropriate picture of how development can take place keeping the culture and the values intact, society can be made a better place to live in. Reducing crime rates, increasing community living, environmental conservation and so on.

Findings of the Study

The research show that happiness is way more than being able to have positive trade balance or being the third largest economy in the world. A country's growth can take place but the idea of development and a more recent sustainable development needs to be focused at GDP per capita to social security in a country, Bhutan ranks better than India. Bhutanese people being way more generous than the Indians are also something to ponder upon. Trust here is explained by the perceptions of corruption, which are abysmal in India. Although, India is much more technologically advanced and has huge capital and technical expertise as compared to Bhutan still Bhutan is doing much better than India, in terms of human development.

CONCLUSION

Bhutan is contributing a lot towards environmental conservation as well. A thick blanket of trees wraps around the mountains of Bhutan, a sight less likely to be seen in India. So how did Bhutan manage to get where it is? Credit goes to the fourth king of Bhutan, Jigme Singye Wangchuk, who was a visionary. From recognizing the importance of Happiness to realizing the folly of the rest of the world and their obsession with the GDP, he wanted to take care of his people as well as his environment. According to the fourth king "rules were passed according to it was mandatory for every household to take permission for extracting firewood". To protect the trees and its environment Bhutan has restricted the inflow of visitors by making the tourists pay \$250 per day except the Indians. Instead of fossil fuels Bhutan chose to use hydropower to generate electricity. A point, which can benefit both the countries, is worth a mention. India known for its ancient yogic practices and sadhanas, and Bhutan known for its rich culture and heritage of spirituality and inner peace can trade in these fields as well. This will not only generate employment for both the countries,

increasing the GDP Per capita and the GNI per capita it will also result in alternative education opportunities, new ways of looking at health and most importantly a better way of living rather than just a better standard of living. India has capital, technology and Bhutan has a balanced approach towards life, thus combining the respective PPPs of the two countries – Public Private Partnership (India) & People Progress & Participation (Bhutan) social progress could lead to benefits, which are beyond the better metrics.

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TABLE: INDIA’S EXPORT TO BHUTAN IN 2015

Particulars	Major Export in %age
Refined Petroleum	22
Cars	9.3
Forging machines	6.6
Iron Structures	3.8
Broadcasting Accessories	3.1
Machinery having individual functions	2.8
Coal Briquettes	2.5
Baked Goods	2.2

TABLE: INDIA’S IMPORT TO BHUTAN IN 2015

Particulars	Major Import in %age
Ferroalloys	48
Electricity	20
Carbides	14
Raw Plastic Sheeting	4.8
Copper wire	2.1
Particle Board	1.8
Hydrogen	1.7