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## **Bhutan: Current Developments: Update No. 103**

Submitted by asiaadmin2 on Thu, 01/09/2014 - 10:10

**Note No. 707**

**Dated 09-Jan-2014**

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Prime Minister Tobgay, gave a frank review of his first hundred days and discussed in detail various issues that were fully implemented, some partially fulfilled and some not implemented at all.

For the first time, there was some news about the former prime minister Jigme Thinley who had disappeared from the scene and the media ever since he relinquished his office after the surprise defeat of his party.

The National day of December 17 was celebrated in a big way with the King Gyalpo 5 addressing a huge gathering at the Changlithang stadium.

In keeping with past traditions, the King and Queen are making an official visit to India for a regular exchange of views and development of Indo Bhutan relations.

One jarring note has been the “critical” review of the Mckinsey’s report by the Royal Audit Authority which now appears to be a waste of money and time. But PM Tobgay was gracious enough not to apportion the blame on his predecessor, for the debacle.

On the refugee issue, repatriation to third countries continued. Though no official figures are available, 73,382 refugees are said to have been resettled in eight countries and there are still 38,100 in the camps.

### **The First Hundred Days:**

It has become a fashion to review the “first hundred” days for any new government. The new government in Maldives with President

Yameen is also undertaking a similar review. Normally what one would expect is for the government to exaggerate its own achievements within the short time to prove how sincere they were on the election promises. But PM Tobgay was candid enough to give a real picture rather than making any attempt to falsify his own achievements.

The government claimed that it had fulfilled 25 of the 34 pledges it made before the elections. These included revised minimum wage to 125 Nu a day, student discounts and free electricity to rural household. Tax exemptions for small and rural business was instituted.

Those issues which were “partially fulfilled” included the pay revision of the civil servants and also grant of HRA. The government has constituted a pay commission with 7 members to go into all aspects. The government should first tackle its bloated bureaucracy of 23000 civil servants and 1500 local leaders. To the credit of the legislators, they have not so far accepted any increase in their salaries.

Those not fulfilled will include the revival of the lottery scheme which would bring considerable amount of cash to the exchequer.

One good news is that the rupee shortage has slightly eased with the government having over 5.6 billion Indian rupees. Economic growth is robust though the cumulative inflation rate in the last three years adds upto 21 percent.

### **Jigme Thinley Resurfaces:**

It was good to see Jigme Thinley resurfacing after an absence of over three months. It was even rumored that he was under “house arrest.” On the 4<sup>th</sup> of December, the presidentship of the DPT was taken over by Dr. Pema Gyantsho. In his farewell, Jigme Thinley declared that it is not ideal for one person to lead a party for lifelong in a democratic setup and it is wise for the party to a President who is in Parliament.

Thinley said in the party meeting- “I have served the country for so long and whatever knowledge, capability I had, I emptied them” into his work and that the need of the hour was something new and different.

It is sad to see Thinley to have voluntarily resigned his membership of the parliament and then the leadership of the party too. Literally he has taken leave of politics. With an overwhelming majority, in the first five years, he always took the opposition and the National Council into confidence in deciding on vital issues. He of course then had the support of Gyalpo 5. I still remember the wonderful speech he gave to the Bhutanese students in Orissa a few months before the second election. To his credit, Thinley consolidated democracy in Bhutan and he would always be remembered.

### **The National Day:**

The national day on December 17 marks the day of the enthronement of the first Gyalpo of Bhutan in 1907. In a largely attended gathering at Changlimthang Stadium the King addressed the gathering. He referred to the fast progress the country had made in all spheres and

discussed at length the economic challenges facing the country. The issue he referred to, included rising national debt, rupee shortage, trade deficit and high inflation. He also mentioned about the “problem of administrative institutions asserting independence and seeking greater autonomy at the expense of overall harmony.” It was not clear which issue he was referring to, but it is obvious that this issue is troubling him. He did refer to the contribution made by his father Gyalpo 4 though one would have expected a more detailed discourse on the unique idea of “gross national happiness” - the brain child of Gyalpo 4.

### **Bhutan and Mckinsey:**

In a recent book on Mckinsey now available in India (The Firm-The story of Mckinsey and its secret influence), the author while listing many success stories, has noted some major failures. It looks that Bhutan’s experience with Mckinsey and its failure should also be added to that reputed and expensive firm.

In the year 2009, former Prime Minister Jigme Thinley in his exuberance to catapult Bhutan into a modern state, gave a contract to Mckinsey for US\$ 9.1 million for accelerating Bhutan’s socio economic development programme. The Royal Audit report of the expenditure on the Mckinsey gives a scathing criticism of the failure of the consultants in fulfilling its contract.

There were three major issues that were to be dealt with by the Consultants. These included 1. Improving public service by providing critical public service cheaper, faster and at high quality level. 2. Generally increase by 90000 jobs in the 10<sup>th</sup> plan and 3. Enabling and managing change to ensure real and sustained impact to do with mainly management tools.

Despite the high-sounding objectives and generous usage of acronyms, the “firm’s” report has had very little impact on the ground. This in essence is what the audit report has said.

Specifically, the consultant, the audit report said, had proposed activities without proper scrutiny and assessment on their feasibility and availability of resources resulting in some of the proposals being dropped from the performance compact.

Mckinsey’s promise to propel Bhutan to the top 50 nations in the “ease of doing business” in world index, actually plummeted to 148 among 185 countries. In the programme ABSD (Accelerated Bhutan’s Socio Economic Development), in several projects original goals could not be met and in other cases were drastically changed.

In another G2C ( Government to Citizens) programme to provide on line public service proved ineffective as the people were not aware of its existence and lack of knowledge of English proved another hurdle in implementation. In agriculture several original targets had to be considerably scaled down or postponed and an Indian firm recommended for improvement in irrigations was found to be lacking the expertise in that field. On the idea of setting up of 5 federal cooperatives, only one could materialise.

The consultants did not even send regular monthly reports to monitor the activities and the government was unable to keep track of recommendations that were mostly unrealistic.

There is a lesson for a small country like Bhutan as there are many experts in Bhutan and in India who could have done a better job as they would have been more attuned to the situation on the ground in the country.

As said earlier the new government was gracious enough not to blame or indict anyone in the previous administration.

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