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Bhutan: The Need to tackle recent problems of Corruption with a firm hand: Update No. 111

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For a young democracy that is moving along in a stable environment with all its institutions doing reasonably well, it is surprising that corruption has started rearing its ugly head with many seniors involved. Unless this is met with a firm hand there is the danger of the problem getting out of hand as it has happened in other neighbouring countries of the region.

First, there was the case of the ex foreign minister who in his earlier capacity misused his official position for private purposes and the case is being taken to the appellate court as he stood acquitted in the lower court. The surprising factor in this issue was that he was not suspended but allowed "leave of absence" by the government all along until the case was disposed of by the court.

There was another case of a high official grabbing choice land in the name of his wife to start a resort in Tongsa and the case is now before the Prosecutor General.

The worst was the den of corruption involving officials- customs, Police and private entities near the entry point to the country at Phuntsoeling cheating the government of millions of Indian rupees that would legitimately have gone to the country that was starved of Indian currency. The government has arrested a large number of traders and officials and the operations are still going on. Many of the establishments have been ordered to be closed.

The newly appointed ACC Chairperson Kinley Yangzom appears to be a “no nonsense” official and judging from her recent interview to Kuensel, it looks that she would deal with the corruption cases with a firm hand.

Bhutan Treated unfairly :

A Foreign-based Institute of Economics and Peace, in its release of Global Peace Index for 2015 ranked Bhutan as the 18th peaceful nation of the 162 countries surveyed. The factors that were used in the assessment include violent crimes, involvement in crimes and the degree of militarization etc.

While we have no quarrel with this assessment, the Institute has gone completely berserk in placing Bhutan almost at the bottom just above Afghanistan on the well-being index. Anybody who has visited Bhutan recently would have found such a report vicious, unjust, unfair and provocative.

The best way to treat such reports would have been to ignore them, but the Centre for Bhutan Studies in Thimpu has seriously taken up the issue and questioned the credentials of both the reports.

GNH Survey of 2010 and 2015. (Gross National Happiness)

The GNH survey of 2010 which was a more realistic one had found after a comprehensive study that–

- * 89 percent of people do not suffer from any long term disability
- * 74 percent reported their health condition as good.
- * 86 percent have reported of normal well being
- * 93 percent have reported good family relationship
- * 96 percent have never been victims of crime
- * 76 percent have reported good community relationship
- * 65 percent have reported low negative emotion

The list goes on. The GNH (Gross National Happiness) for the year 2015 has just been completed and the results are yet to be collated and assessed. But those who took the survey have given some observations which are very relevant to decide on the well being of the country. The points noted were

- * Visible changes in the landscape with more development of roads drastically reducing the walking distance.

- * concern over increasing unemployment
- * Socialising is getting reduced with many not participating in community functions and instead getting glued to the TVs
- * general distrust of the political process
- * People take a narrower view of the functioning of democracy limited to their region and not on the larger aspects of sovereignty, national goals, justice, rule of law etc.

GDP Growth, Fiscal Policy and the Economy:

Overall, the people appear to be happy despite the economy not doing so well with the continuing problem of unemployment. The GDP growth rate last year was the worst with just 2.05 and the growth in the first three months this year has not been encouraging either with just 2.1 percent. The monetary policy is being stream lined, a step that was long overdue. The fiscal policy detailed by the government includes-

- * The country's non Hydro debt ceiling not to exceed 35 percent of the GDP. Future upcoming hydro power projects will not cross the 70-30 debt to equity ratio.
- * The debt service of the government shall not exceed 22 percent of the domestic revenue in any fiscal year.
- * Short term external debt will be capped at 10 percent of surplus reserves and sovereign guarantees issued by the Govt. shall not exceed 5 percent of the GDP.
- * On Hydro loans which make a major dent on the economy, the decision is that the ratio of debt service to hydro export revenue will be within 40 percent in any given year.
- * The Debt Service Coverage ration (DLSR) needed to meet the annual interest and principal payments would be maintained at the ratio of 1: 2.

The Royal Monetary Authority of Bhutan has revealed that the country's total outstanding loans as of March this year stood at US Dollars 1.8 Billion of which 74 percent is Indian Rupee denominated. The loan amount due is not high and well within the manageable limits. But the country's problems with the Indian Rupee holdings continue to hobble the economy.

Bhutan-China Border Talks:

The 23rd round of boundary talks between Bhutan and China were held at Thimpu on 24th of August and as before after a brief discussion, decided to meet again and that will be in China.

The eleven member Chinese delegation was led by the Chinese Foreign affairs Vice Minister Liu Zhengmin and the Bhutanese delegation was led by its newly appointed Foreign minister along with the officials of the Foreign Ministry and the International Boundaries Secretariat.

This meeting was preceded by two rounds of meeting by the Experts Group one in Thimpu in October last year and the second in Beijing in March this year.

Prior to the boundary talks, Prime Minister Tobgay personally visited the disputed areas running to 269 square Kilometers in Western Bhutan that included Dramana, Shakhatoe, Sinchulung and Doklam.

Progress in the border talks as in the case of India with China appear to be very slow.

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